

Registered as Marshall & Sterling Wealth Advisors, Inc. (CRD No. 164345)



ADV 2A – Firm Disclosure Brochure

110 Main Street
Poughkeepsie, NY 12601

(845) 554-1046
www.ms-wealth.com

March 18, 2021

This brochure provides information about the qualifications and business practices of Marshall & Sterling Wealth Advisors. If you have any questions about the contents of this brochure, please contact us by telephone at (845) 554-1046 or by email at info@ms-wealth.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. We are an SEC-registered investment adviser. Our registration as an investment adviser does not imply any level of skill or training. The oral and written communications we provide to you, including this brochure, serve as information you use to evaluate us, and should factor in your decision either to hire us or uphold the maintenance of a mutually beneficial relationship. Additional information about Marshall & Sterling Wealth Advisors is available on the SEC's website www.adviserinfo.sec.gov.

Item 2. Material Changes

In this Item, Marshall & Sterling is required to discuss any material changes that have been made to the brochure since the last annual amendment dated March 28, 2020.

We will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the firm's fiscal year-end (12/31). In addition, we will disclose material changes promptly as they occur and offer an amended brochure without charge.

Item 3. Table of Contents

Item 1. Cover Page.....	1
Item 2. Material Changes.....	2
Item 3. Table of Contents.....	3
Item 4. Advisory Business	4
Item 5. Fees and Compensation	9
Item 6. Performance-Based Fees and Side-by-Side Management.....	13
Item 7. Types of Clients.....	13
Item 8. Methods of Analysis, Investment Strategies and Risk of Loss	13
Item 9. Disciplinary Information	19
Item 10. Other Financial Industry Activities and Affiliations	19
Item 11. Code of Ethics	20
Item 12. Brokerage Practices	22
Item 13. Review of Accounts.....	24
Item 14. Client Referrals and Other Compensation.....	24
Item 15. Custody	24
Item 16. Investment Discretion.....	25
Item 17. Voting Client Securities.....	25
Item 18. Financial Information	25
Appendix 1 - Wrap Fee Program Brochure	26

Item 4. Advisory Business

Marshall & Sterling (the “Firm”), a wholly owned subsidiary of Marshall & Sterling Enterprises, Inc., has been a registered investment adviser since 2012. As detailed below, the Firm primarily offers investment management and financial planning services to individuals, pension and profit-sharing plans, trusts, estates, corporations and other business entities. Marshall & Sterling works with its clients to develop an investment strategy that is customized to their individual goals and objectives.

Prior to engaging Marshall & Sterling to provide any of the foregoing investment advisory services, the client is required to enter into one or more written agreements with Marshall & Sterling setting forth the terms and conditions under which the Firm renders its services (collectively the “Agreement”).

As of December 31, 2020, Marshall & Sterling manages the following assets:

Assets Under Management	Assets
Discretionary Assets	\$183,120,491
Non-Discretionary Assets	\$157,187,062
Total	\$340,307,553

This Disclosure Brochure describes the business of Marshall & Sterling. Certain sections will also describe the activities of Supervised Persons. Supervised Persons are any of Marshall & Sterling’s officers, partners, directors (or other persons occupying a similar status or performing similar functions), or employees, or any other person who provides investment advice on Marshall & Sterling’s behalf and is subject to the Firm’s supervision or control.

Investment Management and Wealth Management Services

The Firm manages client investment portfolios on a discretionary basis. In addition, the Firm provides certain clients with wealth management services which include a broad range of financial planning and consulting services as well as discretionary management of investment portfolios. The Firm generally provides these services through the Marshall & Sterling Wrap Fee Program (“the Program”). For more information regarding the Program, please see the Firm’s wrap fee disclosure brochure.

In the provision of investment management services within the Program, Marshall & Sterling primarily allocates clients’ investment management assets among no-load mutual funds and exchange-traded funds (“ETFs”). The Firm primarily manages assets through the use of disciplined investment strategies. Tailored allocations are built for clients utilizing diversified model portfolio(s) within the following strategy themes based on the clients’ needs: Core Capital, Income, Growth and Specialty. Marshall & Sterling also provides advice about any type of investment held in clients’ portfolios, as necessary.

The Firm tailors its advisory services to the individual needs of clients. The Firm consults with clients initially and on an ongoing basis to determine risk tolerance, time horizon and other factors that may impact the client. Marshall & Sterling ensures that clients’ investments are suitable for their investment needs, goals, objectives and risk tolerance.

Clients are advised to promptly notify Marshall & Sterling if there are changes in their financial situation or investment objectives or if they wish to impose any reasonable restrictions upon Marshall & Sterling’s management services. Clients may impose reasonable restrictions or mandates on the management of their account (e.g., require that a portion of their assets be invested in socially responsible funds) if, in Marshall &

Sterling's sole discretion, the conditions will not materially impact the performance of a portfolio strategy or prove overly burdensome to its management efforts. The Firm currently only provides investment management services on a discretionary basis, but also reserves the right to offer these services on a non- discretionary basis.

Marshall & Sterling provides advisory services through certain programs sponsored by LPL Financial LLC ("LPL"), a registered investment adviser and broker-dealer. Below is a brief description of each LPL advisory program offered through Marshall & Sterling. For more information regarding the LPL programs, including more information on the advisory services and fees that apply, the types of investments available in the programs and the potential conflicts of interest presented by the programs, please see the program account packet (which includes the account agreement and LPL Form ADV program brochure) and the Form ADV, Part 2A of LPL or the applicable program.

- **Model Wealth Portfolios Program ("MWP")**

MWP offers clients a professionally managed mutual fund asset allocation program. Marshall & Sterling will obtain the necessary financial data from the client, assist the client in determining the suitability of the MWP program and assist the client in setting an appropriate investment objective. Marshall & Sterling will initiate the steps necessary to open an MWP account and have discretion to select a model portfolio designed by LPL's Research Department consistent with the client's stated investment objective. LPL's Research Department or third-party portfolio strategists are responsible for selecting the mutual funds or ETFs within a model portfolio and for making changes to the mutual funds or ETFs selected. The client will authorize LPL to act on a discretionary basis to purchase and sell mutual funds and ETFs and to liquidate previously purchased securities. The client will also authorize LPL to effect rebalancing for MWP accounts.

- **Guided Wealth Portfolios ("GWP")**

GWP offers clients the ability to participate in a centrally managed, algorithm-based investment program, which is made available to users and clients through a web-based, interactive account management portal ("Investor Portal"). Investment recommendations to buy and sell open-end mutual funds and exchange- traded funds are generated through proprietary, automated, computer algorithms (collectively, the "Algorithm") of Xulu, Inc., doing business as FutureAdvisor ("FutureAdvisor"), based upon model portfolios constructed by LPL and selected for the account as described below (such model portfolio selected for the account, the "Model Portfolio"). Communications concerning GWP are intended to occur primarily through electronic means (including but not limited to, through email communications or through the Investor Portal), although Marshall & Sterling will be available to discuss investment strategies, objectives or the account in general in person or via telephone. A preview of the Program (the "Educational Tool") is provided for a period of up to forty-five (45) days to help users determine whether they would like to become advisory clients and receive ongoing financial advice from LPL, FutureAdvisor and Marshall & Sterling by enrolling in the advisory service (the "Managed Service"). The Educational Tool and Managed Service are described in more detail in the GWP Program Brochure. Users of the Educational Tool are not considered to be advisory clients of LPL, FutureAdvisor or Marshall & Sterling, do not enter into an advisory agreement with LPL, FutureAdvisor or Marshall & Sterling, do not receive ongoing investment advice or supervisions of their assets, and do not receive any trading services.

- **Manager Access Select Program (“MAS”)**

MAS is a separate account platform that offers clients access to custom strategies and a variety of institutional managers for lower fees and account minimums than traditionally available. MAS combines several investment services into a custom-tailored wealth management platform. MAS includes investment planning, strategy development, manager selection, portfolio construction, ongoing management and monitoring, trade execution, and performance measurement. Marshall & Sterling generally receives compensation as a result of a client’s participation in these LPL programs. As such, a conflict of interest exists as Marshall & Sterling has an incentive to recommend these programs to its clients. Depending on, among other things, the type and size of the account, type of securities held in the account, changes in its value over time, the ability to negotiate fees or commissions, the historical or expected size or number of transactions, and the number and range of supplementary advisory and client-related services provided to the client, the amount of this compensation may be more or less than what Marshall & Sterling would receive if the client participated in other programs, whether through LPL or another sponsor, or paid separately for investment advice, brokerage and other services.

Wrap Fee Program

Marshall & Sterling includes securities transaction fees together with its investment advisory fees. Including these fees into a single asset-based fee is considered a “Wrap Fee Program”. The Advisor customizes its investment management services for its Clients. The Advisor sponsors the Marshall & Sterling Wealth Advisors Wrap Fee Programs solely as a supplemental disclosure regarding the combination of fees. Depending on the level of trading required for the Client’s account[s] in a particular year, the Client may pay more or less in total fees than if the Client paid its own transaction fees. Please see Appendix 1 –Wrap Fee Program Brochure, which is included as a supplement to this Disclosure Brochure (Page 26).

Financial Planning Services

As stated above, Marshall & Sterling offers its clients a broad range of comprehensive financial planning services. For those clients participating in the Program and receiving the broad range of financial planning services, these services include, advice on investments, insurance, retirement, education, estate and tax planning, cash flow, and, as appropriate, business continuity planning. For other clients participating in the program, they may receive any of those services, upon request. The Firm may also provide any of these financial planning services on a standalone basis to clients not receiving investment management services or participating in the Program.

In performing its services, Marshall & Sterling is not required to verify any information received from the client or from the client’s other professionals (e.g., attorney, accountant, etc.) and is expressly authorized to rely on such information. Marshall & Sterling recommends the services of itself, its Supervised Persons in their individual capacities as insurance agents or registered representatives of a broker-dealer and/or other professionals to implement its recommendations. Clients are advised that a conflict of interest exists if Marshall & Sterling recommends its own services. The client is under no obligation to act upon any of the recommendations made by the Firm under a financial planning engagement or to engage the services of any such recommended professional, including Marshall & Sterling itself. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any of Marshall & Sterling’s recommendations. Clients are advised that it remains their responsibility to promptly notify Marshall & Sterling if there is ever any change in their financial situation or investment objectives for the purpose of reviewing, evaluating, or revising Marshall & Sterling’s previous recommendations and/or services.

Retirement Plan Consulting Services

Investment advisor representatives assist clients that are trustees or other fiduciaries to retirement plans (“Plans”) by providing fee-based consulting and/or advisory services.

ERISA 3(21) – Non-Discretionary

Marshall & Sterling Wealth Advisors can provide research and analysis with regard to investment advice and fiduciary due diligence services for the Client. The goal of the investment due diligence process is to establish a logical, technical, and prudent process that is consistently employed in the selection and ongoing monitoring of funds for plan sponsors and individuals, accompanied by an investment policy statement (for plan sponsors only), that defines the process utilized to recommend prudent investment actions to plan fiduciaries, or their representatives. In providing the investment advice to the Client’s plan the Adviser will follow the investment policy statement and undertake procedural due diligence to arrive upon, or facilitate, prudent investment-related recommendations. However, services provided by the Adviser under this Agreement will not include any services with respect to employer securities, company stock, or the design and monitoring of asset allocation model glide paths or other custom asset allocation management services or solutions, whether available through the Adviser or an affiliate thereof

Marshall & Sterling Wealth Advisors acknowledges that it is a fiduciary with respect to the Plan under Section 3(21)(A)(ii) of the Employee Retirement Income Security Act of 1974, as amended (ERISA) and, as such, is a co-fiduciary with the plan sponsor fiduciary(ies) of the Client’s Plan solely with respect to (a) the provision of investment education of the employer and/or plan participants (depending on the specific advisory services provided); (b) the periodic reporting on, and analysis of, the investment options available under the Plan, excluding company stock and investments made available through a brokerage account/window or similar such investment vehicle; and (c) the provision of advice to the plan sponsor fiduciary(ies) regarding the elimination or addition of investment options available under the Plan; provided, however, that the plan sponsor fiduciary(ies) acknowledge and agree that the plan sponsor fiduciary(ies) have the final and conclusive responsibility for the investment options selected to be available under the Plan. The Adviser will not be responsible for investment decisions made by the Plan participants with respect to the investment of their individual accounts.

ERISA 3(38) – Discretionary

Marshall & Sterling Wealth Advisors maintains discretion, for the selection, mapping, and ongoing monitoring, of investments offered within the Plan sponsored by the Client. The Adviser hereby accepts fiduciary responsibility for such duties. The Client engages the Adviser for management of Plan assets and shall delegate specified authority and discretion to the Adviser for the selection, mapping, and ongoing monitoring (including replacement, as prudent), of investments offered within the plan. However, services provided by the Adviser under this Agreement will not include any services with respect to employer securities, company stock, or the design and monitoring of asset allocation model glide paths or other custom asset allocation management services or solutions, whether available through the Adviser or an affiliate thereof. The Adviser shall also provide documentation supporting the investment due diligence in a regularly prepared Fiduciary Investment Review report.

Marshall & Sterling Wealth Advisors acknowledges that it is a fiduciary with respect to the Plan under Section 3(38) of ERISA and, as such, is a fiduciary to the Client's Plan solely with respect to the selection, mapping, monitoring, and replacement of plan investment options for which the it has explicit authorized discretionary control. The Adviser will not be responsible for investment decisions made by individual Plan participants with respect to the investment of their accounts and/or investment into a model portfolio managed by Adviser, if applicable.

Participant Education (Plan and Participant Level)

Marshall & Sterling Wealth Advisors can assist with developing an education and communication strategy for the Plan's participants that includes developing a calendar of educational meetings, determining appropriate topics, establishing meeting dates and schedule, prioritizing group versus one-on-one meetings, and so on.

Marshall & Sterling Wealth Advisors can meet with participants, regularly or as requested, to present information regarding the benefits of Plan participation; the impact of pre-retirement withdrawals on retirement income, investment objectives, and philosophies; and risk/return characteristics. Adviser may provide nonfiduciary education, but not advice, concerning the availability of withdrawals and rollovers from the Plan at any group meetings held for Plan participants but will not discuss the advisability of withdrawals or rollovers at such meetings. The Adviser may provide written general financial information related to investment concepts such as diversification, dollar-cost averaging, estimating future retirement income needs, and assessing risk tolerance. The Adviser may furnish investment materials, such as worksheets or questionnaires, which allow participants to estimate future income needs and assess different asset allocation models. For these services the Client acknowledges that Adviser will not be acting as a fiduciary to the Plan under ERISA, or any regulations promulgated thereunder.

Participant Advice (Participant Level)

Marshall & Sterling Wealth Advisors can either conduct in-person one-on-one meetings to be coordinated with the Client, or via alternative means of communication (via the telephone, electronically, etc.) as is deemed optimal by the Adviser, the Client, and each individual participant in the Plan wishing to engage the Adviser for individual investment advice. The Adviser will determine the Plan participant's investment return objectives, risk tolerance, time horizon, and other preferences; recommend a suitable asset allocation model for the participant; and advise the participant to periodically rebalance his or her asset allocation mix to maintain consistency with the asset allocation model.

For these services, and only these services described as Investment Advice (Participant Level), the Adviser acknowledges that it will be a fiduciary to the Plan under ERISA section 3(21)(a)(i). Adviser's fiduciary responsibilities to the Plan, however, will be limited to the advice provided to each individual participant. The Adviser does not possess discretionary control and thus will not be responsible for actual investment elections made by the Plan participants if not in accordance with the advice provided. The Adviser assumes no other fiduciary responsibilities under this Agreement other than those specifically outlined herein.

Item 5. Fees and Compensation

The Firm offers its services on a fee basis, which may include fixed fees and/or hourly fees as well as fees based upon assets under management. Additionally, certain of the Firm's Supervised Persons, in their individual capacities, offer securities brokerage services and/or insurance products under a separate commission-based arrangement.

Investment Management and Wealth Management Fees

For clients participating in the Program, the Firm's investment management and wealth management fees are described in the Firm's wrap fee disclosure brochure. Marshall & Sterling's annual investment management fee, for those clients not in the Firm's wrap fee program, is exclusive of, and in addition to brokerage commissions, transaction fees, and other related costs and expenses which are incurred by the client. Marshall & Sterling does not, however, receive any portion of these commissions, fees, and costs. The Firm's annual fee is prorated and charged quarterly, in advance, based upon the market value of the assets being managed by the Firm on the last day of the previous quarter. The annual fee varies between 0.50% and 1.80% depending upon the market value of the assets under management and the type of investment services to be rendered. The Firm may charge a fee at the higher end of the range for the momentum strategy described above.

Fees for LPL Advisory Programs

The account fee charged to the client for each LPL advisory program is negotiable, subject to the following maximum account fees:

LPL Program	Maximum Account Fee
SWM II	2.5%
MAS	2.5%***
MWP	2.83%*
GWP	1.35%**

* The MWP account fee consists of an LPL program fee, a strategist fee (if applicable) and an advisor fee of up to 2.00%. Accounts remaining under the legacy fee structure may be charged one aggregate account fee, for which the maximum account fee is 2.50%. See the MWP program brochure for more information.

** GWP Managed Service clients are charged an account fee consisting of an LPL program fee of 0.35% and an advisor fee of up to 1.00%. In the future, a strategist fee may apply. However, LPL Research currently serves as the sole portfolio strategist and does not charge a fee for its services. FutureAdvisor is compensated directly by LPL for its services, including the Algorithm and related software, through an annual sub-advisory fee (tiered based on assets under management by FutureAdvisor, at a rate ranging from 0.10% to 0.17%). As each asset tier is reached, LPL's share of the compensation shall increase, and clients will not benefit from such asset tiers.

*** The MAS program fee consists of a platform fee, manager fee, and adviser fee.

GWP Educational Tool provides access to sample recommendations at no charge to users. However, if users decide to implement sample recommendations by executing trades, they will be charged fees, commissions, or

expenses by the applicable broker or adviser, as well as underlying investment fees and expenses. Account fees are payable quarterly in advance, except that the SMS fee is paid in arrears on the frequency agreed to between client and Advisor.

Excluding GWP, LPL serves as program sponsor, investment advisor and broker-dealer for the LPL advisory programs. In the Managed Service of GWP, LPL is appointed by each client as custodian of account assets and broker-dealer with respect to processing securities transactions for the accounts. In general, FutureAdvisor, in its capacity as investment advisor, will submit transactions through LPL; however, FutureAdvisor may choose to execute transactions through a broker-dealer other than LPL, subject to its duty to seek to achieve best execution. When securities transactions are effected through LPL, there are no brokerage commissions charged to the account. If FutureAdvisor chooses to execute a transaction through a broker-dealer other than LPL, the execution price may include a commission or fee imposed by the executing broker-dealer. In evaluating whether to execute a trade through a broker-dealer other than LPL, Future Advisor will consider the fact that the account will not be charged a commission if the transaction is effected through LPL.

Marshall & Sterling and LPL may share in the account fee and other fees associated with program accounts. Associated persons of Marshall & Sterling may also be registered representatives of LPL. The account fee may be higher than the fees charged by other investment advisors for similar services. For instance, FutureAdvisor offers direct-to-consumer services similar to GWP. Therefore, clients could generally pay a lower advisory fee for algorithm-driven, automated (“robo”) investment advisory services through FutureAdvisor or other robo providers. However, clients using such direct robo services will forgo opportunities to utilize LPL-constructed model portfolios or to work directly with a financial advisor. Clients should consider the level and complexity of the advisory services to be provided when negotiating the account fee (or the advisor fee portion of the account fee, as applicable) with Marshall & Sterling.

Mutual Fund 12b-1 Fees

Section 206 of the Investment Advisers Act of 1940 (“Advisers Act”) imposes a fiduciary duty to act in a client’s best interests and specifically prohibits investment advisers, directly or indirectly, from engaging in any transaction, practice, or course of business which operates as a fraud or deceit upon any client or prospective client. However, the fiduciary duty to which advisers are subject is not specifically defined in the Advisers Act or the Commission rules but reflects a Congressional recognition “of the delicate fiduciary nature of an investment advisory relationship” as well as a Congressional intent to eliminate, or at least expose, all conflicts of interest which might incline an investment adviser, consciously or unconsciously, to render advice which was not disinterested.

All 12b-1 fees incurred by client accounts are retained by LPL Financial LLC (LPL) as the qualified custodian. The purpose of 12b-1 fees, as approved by the SEC, are to cover marketing expenses and shareholder services such as the support services provided by LPL to offer the hybrid platform as well as “other expenses” such as the legal, accounting and administrative services also provided by LPL for a hybrid firm to leverage. The more beneficial share class depends on an analysis of all fees including ticket charges and expected 12b-1 fees. Investing in a 12b-1 fee paying share class can be less expensive for a client than investing in a share class with a lower expense ratio if the ticket charges on the lower-cost share class exceed the amount of ongoing 12b-1 fees.

Depending on the anticipated trading volume, and the asset management fee that is determined based on account size, complexity and time requirements, investment advisor representatives have a fiduciary duty to

determine the mutual fund share class that is in the best interest of each client as part of the overall fee analysis.

For a wrap fee account, a different conflict of interest is introduced because the advisor now has an incentive to not trade as frequently (reverse churning) to avoid the ticket charges which can compromise the active management of an advisory account. This conflict is mitigated by an investment adviser representative's fiduciary duty to act in a client's best interest while also considering the higher asset management fee charged for wrap fee accounts.

Financial Planning Fees

The Firm charges a fixed fee for financial planning services. These fees are negotiable, but generally range from \$500 to \$5,000 on a fixed fee basis, depending upon the level and scope of the services as well as the professional rendering the financial planning services. Prior to engaging the Firm to provide financial planning services, the client is required to enter into a written agreement with Marshall & Sterling setting forth the terms and conditions of the engagement. Generally, the Firm requires one-half of the financial planning fee payable upon entering into the written agreement. The balance is generally due upon delivery of the financial plan or completion of the agreed upon services.

Retirement Plan Consulting Fees

Marshall & Sterling charges an asset-based fee to provide clients with retirement plan consulting services. Each engagement is individually negotiated and tailored to accommodate the needs of the individual plan sponsor, as memorialized in the agreement. These fees vary within a range of 24 and 100 basis points (0.24% - 1.00%), depending on the scope of services to be rendered and the amount of assets to be managed.

Fees Charged by Financial Institutions

As further discussed in response to Item 12 (below), Marshall & Sterling generally recommends that clients utilize the brokerage and clearing services of an independent broker-dealer for investment management accounts. The Firm may only implement its investment management recommendations after the client has arranged for and furnished Marshall & Sterling with all information and authorization regarding accounts with appropriate financial institutions. Financial institutions include but are not limited to any broker-dealers recommended by Marshall & Sterling, broker-dealers directed by the client, trust companies, banks etc. (collectively referred to herein as the "Financial Institutions").

Clients will incur certain charges imposed by the Financial Institutions and other third parties such as custodial fees, charges imposed directly by a mutual fund or ETF in the account, which are disclosed in the fund's prospectus (e.g., fund management fees and other fund expenses), deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Additionally, those clients not in the Firm's wrap fee program will incur brokerage commissions and other transaction costs. Such charges, fees and commissions are exclusive of, and in addition to Marshall & Sterling's fee. In many circumstances, Marshall & Sterling's Agreement and the separate agreement with any Financial Institution authorize Marshall & Sterling or the Financial Institution (including the custodian) to debit the client's account for the amount of Marshall & Sterling's fee and to directly remit that management fee to Marshall & Sterling. Any Financial Institutions recommended by the Firm have agreed to send a statement to the client, at least quarterly, indicating all amounts disbursed from the account including the

amount of management fees paid directly to Marshall & Sterling.

Fees for Management During Partial Quarters of Service

For the initial period of investment management services, the fees are calculated on a pro rata basis. The Agreement between Marshall & Sterling and the client will continue in effect until terminated by either party pursuant to the terms of the Agreement. Marshall & Sterling's fees are prorated through the date of termination and any remaining balance is charged or refunded to the client, as appropriate.

Clients may make additions to and withdrawals from their account at any time, subject to the Firm's right to terminate an account. The Firm's practices regarding additional deposits or withdrawals after fees have been calculated will depend upon the custodian of the account. For accounts held at LPL Financial, if Assets are deposited to or withdrawn from an Account after the inception of a quarter the Management Fee payable with respect to the Assets will be prorated based on the number of days remaining in the quarter. For accounts held at other custodians, if Assets are deposited to or withdrawn from an Account after the inception of a quarter the Management Fee payable with respect to the Assets will not be prorated based on the number of days remaining in the quarter.

Additions may be in cash or securities provided that Marshall & Sterling reserves the right to liquidate any transferred securities or decline to accept particular securities into a client's account. Client withdrawals are subject to the usual and customary securities settlement procedures. However, Marshall & Sterling designs its portfolios as long-term investments and the withdrawal of assets may impair the achievement of a client's investment objectives. As necessary, the Firm will consult with its clients about the options and ramifications of transferring securities. Clients are advised that when transferred securities are liquidated, they are subject to transaction fees, fees assessed at the mutual fund level (i.e. contingent deferred sales charge) and/or tax ramifications.

Commissions and Sales Charges for Recommendations of Securities

Clients can engage certain persons associated with Marshall & Sterling (but not the Firm directly) to render securities brokerage services under a separate commission-based arrangement. Clients are under no obligation to engage such persons and may choose brokers or agents not affiliated with Marshall & Sterling.

Under this arrangement, the Firm's Supervised Persons, in their individual capacities as registered representatives of LPL Financial ("LPL") and doing business as Marshall & Sterling Wealth Management, provide securities brokerage services and implement securities transactions under a separate commission based arrangement (the "Brokerage Relationship"). Supervised Persons are entitled to a portion of the brokerage commissions paid to LPL, as well as a share of any ongoing distribution or service (trail) fees from the sale of mutual funds through the Brokerage Relationship. Where appropriate, Marshall & Sterling also recommends no-load or load-waived funds, where no sales charges are assessed. Prior to effecting any transactions, clients are required to enter into a separate account agreement with LPL.

A conflict of interest exists to the extent a supervised person of the Firm recommends the purchase or sale of securities through the Brokerage Relationship where such Supervised Persons receive commissions or other additional compensation as a result of such recommendations.

Clients should understand that the transactions effected through the Brokerage Relationship are not receiving advisory services from the Firm. Therefore, the Firm does not have a fiduciary duty to the client with respect to such transactions. For certain accounts covered by the Employee Retirement Income Security Act of 1974 (“ERISA”) and such others that Marshall & Sterling, in its sole discretion, deems appropriate, Marshall & Sterling provides its investment advisory services on a fee-offset basis. In this scenario, Marshall & Sterling offsets its fees by an amount equal to the aggregate commissions and 12b-1 fees earned by the Firm’s Supervised Persons in their individual capacities as registered representatives of LPL.

Item 6. Performance-Based Fees and Side-by-Side Management

Marshall & Sterling does not provide any services for a performance-based fee (i.e., a fee based on a share of capital gains or capital appreciation of a client’s assets).

Item 7. Types of Clients

The Firm provides its services to individuals, pension and profit-sharing plans, trusts, estates, corporations and other business entities. The Firm does not require a minimum account size or minimum fee for opening or maintaining an account with the Firm. LPL may require a minimum amount of investable assets to open and maintain an account:

- A minimum initial account value of \$25,000 is suggested for SWM II. In certain instances, Marshall & Sterling may permit a lower minimum account value.
- MWP requires a minimum asset value for a program account to be managed. The minimums vary depending on the portfolio(s) selected and the account’s allocation amongst portfolios. The lowest minimum for a portfolio is \$25,000. In certain instances, a lower minimum for a portfolio is permitted.
- A minimum account value of \$5,000 is required to enroll in the GWP Managed Service.
- The MAS (Manager Access Select) requires a minimum asset value for the program to be managed. The minimums vary based on money manager and strategy, starting at \$50,000.

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

Methods of Analysis

Marshall & Sterling manages assets through the use of model portfolios with a focus on Core Capital, Income, Growth and Specialty to build a tailored strategy for clients. Marshall & Sterling will primarily utilize a combination of fundamental and technical analysis.

Fundamental analysis involves the fundamental financial condition and competitive position of a company. The Firm will analyze the financial condition, capabilities of management, earnings, new products and services, as well as the company’s markets and position amongst its competitors in order to determine the recommendations made to clients. The primary risk in using fundamental analysis is that while the overall health and positing of a company may be good, market conditions may negatively impact the security.

Technical analysis involves the examination of past market data rather than specific issuer information in determining the recommendations made to clients. Technical analysis may involve the use of mathematical based indicators and charts, such as moving averages and price correlations, to identify market patterns and trends

which may be based on investor sentiment rather than the fundamentals of the company. A substantial risk in relying upon technical analysis is that spotting historical trends may not help to predict such trends in the future. Even if the trend will eventually reoccur, there is no guarantee that Marshall & Sterling will be able to accurately predict such a reoccurrence.

Investment Strategies

The Firm primarily allocates clients' investment management assets among no-load mutual funds and ETFs. The Firm constructs tailored allocations for clients and may also provide advice about any type of investment held in clients' portfolios, as necessary.

Risk of Loss

Investing in securities involves certain investment risks. Securities may fluctuate in value or lose value. Clients should be prepared to bear the potential risk of loss. Marshall & Sterling Wealth Advisors will assist Clients in determining an appropriate strategy based on their tolerance for risk and other factors noted above. However, there is no guarantee that a Client will meet their investment goals. While the methods of analysis help the Advisor in evaluating a potential investment, it does not guarantee that the investment will increase in value. Assets meeting the investment criteria utilized in these methods of analysis may lose value and may have negative investment performance. The Advisor monitors these economic indicators to determine if adjustments to strategic allocations are appropriate. More details on the Advisor's review process are included below in "Item 13 – Review of Accounts".

Each Client engagement will entail a review of the Client's investment goals, financial situation, time horizon, tolerance for risk and other factors to develop an appropriate strategy for managing a Client's account. Client participation in this process, including full and accurate disclosure of requested information, is essential for the analysis of a Client's account. The Advisor shall rely on the financial and other information provided by the Client or their designees without the duty or obligation to validate the accuracy and completeness of the provided information. It is the responsibility of the Client to inform the Advisor of any changes in financial condition, goals or other factors that may affect this analysis. The risks associated with a particular strategy are provided to each Client in advance of investing Client accounts. The Advisor will work with each Client to determine their tolerance for risk as part of the portfolio construction process. The firms' methods of analysis and investment strategies do not represent any significant or unusual risks however all strategies have inherent risks and performance limitations. Clients should be aware of the following types of risks that apply to investing and are encouraged to discuss the specific risks applicable to their account holdings:

- **Market Risk** – the risk that the value of securities may go up or down, sometimes rapidly or unpredictably, due to factors affecting securities markets generally or particular industries.
- **Interest Rate Risk** – the risk that fixed income securities will decline in value because of an increase in interest rates; a bond or a fixed income fund with a longer duration will be more sensitive to changes in interest rates than a bond or bond fund with a shorter duration.
- **Credit Risk** – the risk that an investor could lose money if the issuer or guarantor of a fixed income security is unable or unwilling to meet its financial obligations.

- **Business Risk** – the measure of risk associated with a particular security. It is also known as unsystematic risk and refers to the risk associated with a specific issuer of a security. Generally speaking, all businesses in the same industry have similar types of business risk. More specifically, business risk refers to the possibility that the issuer of a particular company stock or a bond may go bankrupt or be unable to pay the interest or principal in the case of bonds.
- **Taxability Risk** – the risk that a security that was issued with tax-exempt status could potentially lose that status prior to maturity. Since municipal bonds carry a lower interest rate than fully taxable bonds, the bond holders would end up with a lower after-tax yield than originally planned.
- **Call Risk** – the risk specific to bond issues and refers to the possibility that a debt security will be called prior to maturity. Call risk usually goes hand in hand with reinvestment risk because the bondholder must find an investment that provides the same level of income for equal risk. Call risk is most prevalent when interest rates are falling, as companies trying to save money will usually redeem bond issues with higher coupons and replace them on the bond market with issues with lower interest rates.
- **Inflationary Risk** – the risk that future inflation will cause the purchasing power of cash flow from an investment to decline.
- **Liquidity Risk** – the possibility that an investor may not be able to buy or sell an investment as and when desired or in sufficient quantities because opportunities are limited.
- **Market Risk** – the risk that will affect all securities in the same manner caused by some factor that cannot be controlled by diversification.
- **Reinvestment Risk** – the risk that falling interest rates will lead to a decline in cash flow from an investment when its principal and interest payments are reinvested at lower rates.
- **Social/Political** – the possibility of nationalization, unfavorable government action or social changes resulting in a loss of value.
- **Legislative Risk** – the risk of a legislative ruling resulting in adverse consequences.
- **Currency/Exchange Rate Risk** – the risk of a change in the price of one currency against another.
- **Pandemic Risk** – Large-scale outbreaks of infectious disease that can greatly increase morbidity and mortality over a wide geographic area, crossing international boundaries, and causing significant economic social, and political disruption.

There are different types of investments that involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy will be profitable or equal any specific performance level(s). Past performance is not indicative of future results.

Types of Investments (Examples, not limitations)

- **Mutual Funds** – a pool of funds collected from many investors for the purpose of investing in securities such as stocks, bonds, money market instruments and similar assets.
- **Open-End Mutual Funds** – a type of mutual fund that does not have restrictions on the amount of shares the fund will issue and will buy back shares when investors wish to sell. 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.
- **Closed-End Mutual Funds** – a type of mutual fund that raises a fixed amount of capital through an initial public offering (IPO). The fund is then structured, listed and traded like a stock on a stock exchange. Clients should be aware that closed-end funds available within the program are not readily marketable. In an effort to provide invest or liquidity, the funds may offer to repurchase a certain percentage of shares at net asset value on a periodic basis. Thus, clients may be unable to liquidate all or a portion of their shares in these types of funds.
- **Alternative Strategy Mutual Funds** – Certain mutual funds available in the program invest primarily in alternative investments and/or strategies. Investing in alternative investments and/or strategies may not be suitable for all investors and involves special risks, such as risks associated with commodities, real estate, leverage, selling securities short, the use of derivatives, potential adverse market forces, regulatory changes and potential illiquidity. There are special risks associated with mutual funds that invest principally in real estate securities, such as sensitivity to changes in real estate values and interest rates and price volatility because of the fund’s concentration in the real estate industry.
- **Unit Investment Trust (UIT)** – An investment company that offers a fixed, unmanaged portfolio, generally of stocks and bonds, as redeemable "units" to investors for a specific period of time. It is designed to provide capital appreciation and/or dividend income. UITs can be resold in the secondary market. A UIT may be either a regulated investment corporation (RIC) or a grantor trust. The former is a corporation in which the investors are joint owners; the latter grants investors proportional ownership in the UIT's underlying securities.
- **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 environment.
- **Exchange Traded Funds (ETFs)** – An ETF is a portfolio of securities invested to track a market index like an index mutual fund, but the shares are traded on an exchange like an equity. An ETF share price fluctuates intraday depending on market conditions instead of having a net asset value (NAV) that is calculated once at the end of the day. The shares may trade at a premium or discount; and as a result, investors pay more or less when purchasing shares and receive more or less than

when selling shares. The supply of ETF shares is regulated through a mechanism known as creation and redemption that involves large specialized investors, known as authorized participants (APs). Authorized participants are large financial institutions with a high degree of buying power, such as market makers, banks or investment companies that provide market liquidity. When there is a shortage of shares in the market, the authorized participant creates more (creation). Conversely, the authorized participant will reduce shares in circulation (redemption) when supply falls short of demand. Multiple authorized participants help improve the liquidity of a particular ETF and stabilize the share price. To the extent that authorized participants cannot or are otherwise unwilling to engage in creation and redemption transactions, shares of an ETF tend to trade at a significant discount or premium and may face trading halts and delisting from the exchange.

The performance of ETFs is subject to market risk, including the complete loss of principal. ETFs also have a trading risk based on cost inefficiency if the ETFs are actively traded and a liquidity risk if the ETFs has a large price spread and low trading volume. In addition, investors buying or selling shares in the secondary market pay brokerage commissions, which is a cost not incurred by mutual funds. Like mutual funds, shares of an ETF represent a partial ownership of an underlying portfolio of securities.

- **Exchange-Traded Notes (ETNs)** – An ETN is a senior unsecured debt obligation designed to track the total return of an underlying market index or other benchmark. ETNs may be linked to a variety of assets, for example, commodity futures, foreign currency and equities. ETNs are similar to ETFs in that they are listed on an exchange and can typically be bought or sold throughout the trading day. However, an ETN is not a mutual fund and does not have a net asset value; the ETN trades at the prevailing market price. Some of the more common risks of an ETN are as follows. The repayment of the principal, interest (if any), and the payment of any returns at maturity or upon redemption are dependent upon the ETN issuer's ability to pay. In addition, the trading price of the ETN in the secondary market may be adversely impacted if the issuer's credit rating is downgraded. The index or asset class for performance replication in an ETN may or may not be concentrated in a specific sector, asset class or country and may therefore carry specific risks.
- **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.
- **Options** – Certain types of option trading are permitted in order to generate income or hedge a security held in the program account; namely, the selling (writing) of covered call options or the purchasing of put

options on a security held in the program account. Client should be aware that the use of options involves additional risks. The risks of covered call writing include the potential for the market to rise sharply. In such case, the security may be called away and the program account will no longer hold the security. The risk of buying long puts is limited to the loss of the premium paid for the purchase of the put if the option is not exercised or otherwise sold by the program account.

- **Options Trading/Writing** – is a securities transaction that involves buying or selling (writing) an option. If you write an option and the buyer exercises the option, you are obligated to purchase or deliver a specified number of shares at a specified price at the expiration of the option regardless of the market value of the security at expiration of the option. Buying an option gives you the right to purchase or sell a specified number of shares at a specified price until the date of expiration of the option regardless of the market value of the security at expiration of the option. Our investment strategies and advice may vary depending upon each client's specific financial situation. As such, we determine investments and allocations based upon your predefined objectives, risk tolerance, time horizon, financial horizon, financial information, liquidity needs, and other various suitability factors. Your restrictions and guidelines may affect the composition of your portfolio.
- **Structured Products** – Structured products are securities derived from another asset, such as a security or a basket of securities, an index, a commodity, a debt issuance, or a foreign currency. Structured products frequently limit the upside participation in the reference asset. Structured products are senior unsecured debt of the issuing bank and subject to the credit risk associated with that issuer. This credit risk exists whether or not the investment held in the account offers principal protection. The creditworthiness of the issuer does not affect or enhance the likely performance of the investment other than the ability of the issuer to meet its obligations. Any payments due at maturity are dependent on the issuer's ability to pay. In addition, the trading price of the security in the secondary market, if there is one, may be adversely impacted if the issuer's credit rating is downgraded. Some structured products offer full protection of the principal invested, others offer only partial or no protection. Investors may be sacrificing a higher yield to obtain the principal guarantee. In addition, the principal guarantee relates to nominal principal and does not offer inflation protection. An investor in a structured product never has a claim on the underlying investment, whether a security, zero coupon bond, or option. There may be little or no secondary market for the securities and information regarding independent market pricing for the securities may be limited. This is true even if the product has a ticker symbol or has been approved for listing on an exchange. Tax treatment of structured products may be different from other investments held in the account (e.g., income may be taxed as ordinary income even though payment is not received until maturity). Structured CDs that are insured by the FDIC are subject to applicable FDIC limits.
- **Hedge Funds and Managed Futures** – Hedge and managed futures funds are available for purchase in the program by clients meeting certain qualification standards. Investing in these funds involves additional risks including, but not limited to, the risk of investment loss due to the use of leveraging and other speculative investment practices and the lack of liquidity and ^[1]~~SEP~~ performance volatility. In addition, these funds are not required to provide periodic pricing or valuation information to investors and may involve complex tax structures and delays in distributing important tax information. Client should be aware that these funds are not liquid as there is no secondary trading market available. At the absolute discretion of

the issuer of the fund, there may be certain repurchase offers made from time to time. However, there is no guarantee that client will be able to redeem the fund during the repurchase offer.

- **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.
- **Variable Annuities** – If client purchases a variable annuity that is part of the program, client will receive a prospectus and should rely solely on the disclosure contained in the prospectus with respect to the terms and conditions of the variable annuity. Client should also be aware that certain riders purchased with a variable annuity may limit the investment options and the ability to manage the subaccounts.
- **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.
- **Margin Accounts** – Client should be aware that margin borrowing involves additional risks. Margin borrowing will result in increased gain if the value of the securities in the account go up but will result in increased losses if the value of the securities in the account goes down. The custodian, acting as the client's creditor, will have the authority to liquidate all or part of the account to repay any portion of the margin loan, even if the timing would be disadvantageous to the client. For performance illustration purposes, the margin interest charge will be treated as a withdrawal and will, therefore, not negatively impact the performance figures reflected on the quarterly advisory reports.
- **Long-Term Purchases** – are securities purchased with the expectation that the value of those securities will grow over a relatively long period of time, generally greater than one year.
- **Short-Term Purchases** – are securities purchased with the expectation that they will be sold within a relatively short period of time, generally less than one year, to take advantage of the securities' short-term price fluctuations. Other investment types may be included as appropriate for a particular client and their respective trading objectives.

Item 9. Disciplinary Information

The Firm is required to disclose the facts of any legal or disciplinary events that are material to a client's evaluation of its advisory business or the integrity of management. Marshall & Sterling does not have any required disclosures to this Item.

Item 10. Other Financial Industry Activities and Affiliations

Related Insurance Agencies

Marshall & Sterling is under common control with insurance agencies Marshall & Sterling, Inc., Marshall &

Sterling Upstate, Inc., Marshall & Sterling St. Croix, Inc., and Marshall & Sterling St. Thomas, Inc., all of which refer clients to Marshall & Sterling. Certain of Marshall & Sterling's Supervised Persons, in their individual capacities, are also licensed insurance agents with Marshall & Sterling, Inc., and various insurance companies, and in such capacity, recommend, on a fully disclosed commission basis, the purchase of certain insurance products where appropriate. Clients are under no obligation to engage such persons and may choose brokers or agents not affiliated with Marshall & Sterling.

A conflict of interest exists to the extent that Marshall & Sterling recommends the purchase of insurance products where Marshall & Sterling's Supervised Persons receive or other additional compensation. In addition, a conflict of interest exists where the related companies refer clients to the Firm. The Firm has procedures in place whereby it seeks to ensure that all recommendations are made in its clients' best interests regardless of any such affiliations.

Registered Representatives of a Broker/Dealer

Certain of the Firm's Supervised Persons are registered representatives of LPL and provide clients with securities brokerage services under a separate commission-based arrangement. This arrangement is described at length in Item 5. Clients are under no obligation to engage such persons and may choose brokers or agents not affiliated with Marshall & Sterling. The Firm will continue to review clients that have a commission arrangement with Firm Supervised Persons to ensure the relationship is in the best interest of those clients.

Item 11. Code of Ethics

Marshall & Sterling and persons associated with Marshall & Sterling ("Associated Persons") are permitted to buy or sell securities that they also recommend to clients consistent with Marshall & Sterling's policies and procedures.

Marshall & Sterling has adopted a code of ethics that sets forth the standards of conduct expected of its associated persons and requires compliance with applicable securities laws ("Code of Ethics"). When Marshall & Sterling is purchasing or considering for purchase any security on behalf of a client, no Covered Person (as defined below) may effect a transaction in that security prior to the completion of the purchase or until a decision has been made not to purchase such security. Similarly, when Marshall & Sterling is selling or considering the sale of any security on behalf of a client, no Covered Person may effect a transaction in that security prior to the completion of the sale or until a decision has been made not to sell such security.

Unless specifically defined in Marshall & Sterling's procedures (summarized above), neither Marshall & Sterling nor any of Marshall & Sterling's Associated Persons may effect for himself or herself, for an Associated Person's immediate family (i.e., spouse, minor children, and adults living in the same household as the Associated Person), or for trusts for which the Associated Person serves as a trustee or in which the Associated Person has a beneficial interest (collectively "Covered Persons"), any transactions in a security which is being actively purchased or sold, or is being considered for purchase or sale, on behalf of any of Marshall & Sterling's clients.

The foregoing policies and procedures are not applicable to (a) transactions effected in any account over which neither Marshall & Sterling nor any of its Associated Persons has any direct or indirect influence or control; and (b) transactions in securities that are: direct obligations of the government of the United States; bankers'

acceptances, bank certificates of deposit, commercial paper, and high quality short-term debt instruments, including repurchase agreements; or shares issued by registered open-end investment companies. Moreover, the Firm does permit Associated Persons to effect a transaction in a security at the same time as its clients if the transaction is done as part of a batch trade (described below).

Transactions for each client generally will be effected independently, unless the Firm decides to purchase or sell the same securities for several clients at approximately the same time. In this situation, the Firm may “batch” such orders to obtain best execution, to negotiate more favorable commission rates, or to allocate equitably among Marshall & Sterling’s clients differences in prices and commissions or other transaction costs that might not have been obtained had such orders been placed independently. Under this procedure, transactions will generally be averaged as to price and allocated among Marshall & Sterling’s clients pro rata to the purchase and sale orders placed for each client on any given day. To the extent Marshall & Sterling determines to aggregate client orders for the purchase or sale of securities, including securities in which the Firm’s Associated Persons may invest, the Firm does so in accordance with applicable rules promulgated under the Advisers Act and no-action guidance provided by the staff of the Securities and Exchange Commission and applicable state law. Marshall & Sterling does not receive any additional compensation or remuneration as a result of the aggregation. In the event that Marshall & Sterling determines that a prorated allocation is not appropriate under the particular circumstances, the allocation will be made based upon other relevant factors, which may include:

- (i) when only a small percentage of the order is executed, shares will be allocated to the account with the smallest order or the smallest position or to an account that is out of line with respect to security or sector weightings relative to other portfolios, with similar mandates;
- (ii) allocations may be given to one account when such account has limitations in its investment guidelines which prohibit it from purchasing other securities which are expected to produce similar investment results and can be purchased by other accounts;
- (iii) if an account reaches an investment guideline limit and cannot participate in an allocation, shares will be reallocated to other accounts (this may be due to unforeseen changes in an account’s assets after an order is placed);
- (iv) with respect to sale allocations, allocations will be given to accounts low in cash;
- (v) in cases when a pro rata allocation of a potential execution would result in a de minimis allocation in one or more accounts, Marshall & Sterling will exclude the account(s) from the allocation; the transactions will be executed on a pro rata basis among the remaining accounts; or
- (vi) in cases where a small proportion of an order is executed in all accounts, shares will be allocated to one or more accounts on a random basis.

This policy has been established recognizing that some securities being considered for purchase and sale on behalf of Marshall & Sterling’s clients trade in sufficiently broad markets to permit transactions by clients to be completed without any appreciable impact on the markets of such securities. Under a certain limited set of circumstances, exceptions may be made to the policies stated above. Marshall & Sterling will maintain records of these trades, including the reasons for any exceptions.

In accordance with Section 204A of the Advisers Act, Marshall & Sterling also maintains and enforces written policies reasonably designed to prevent the unlawful use of material non-public information by Marshall & Sterling or any of its Associated Persons. Clients and prospective clients may contact Marshall & Sterling to request a copy of its Code of Ethics.

Item 12. Brokerage Practices

Recommendation of Broker-Dealers for Client Transactions

Marshall & Sterling generally recommends that clients utilize the brokerage and clearing services of Fidelity Institutional Wealth Services (“Fidelity”), or LPL for investment management accounts. Nonetheless, neither the Firm nor any of its supervised persons have the discretionary authority to choose the broker/dealer used for transactions, or commission rates to be paid.

Factors which Marshall & Sterling considers in recommending Fidelity, LPL or any other broker-dealer to clients include their respective financial strength, reputation, execution, pricing, research and service. Fidelity, and LPL enable Marshall & Sterling to obtain many mutual funds and ETFs without transaction charges and other securities at nominal transaction charges.

The commissions paid by Marshall & Sterling’s clients comply with Marshall & Sterling’s duty to obtain “best execution.” Clients may pay commissions that are higher than another qualified Financial Institution might charge to effect the same transaction where Marshall & Sterling determines that the commissions are reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a Financial Institution’s services, including among others, the value of research provided, execution capability, commission rates, and responsiveness. Marshall & Sterling seeks competitive rates but may not necessarily obtain the lowest possible commission rates for client transactions.

Marshall & Sterling periodically and systematically reviews its policies and procedures regarding its recommendation of Financial Institutions in light of its duty to obtain best execution.

The client may direct Marshall & Sterling in writing to use a particular Financial Institution to execute some or all transactions for the client. In that case, the client will negotiate terms and arrangements for the account with that Financial Institution, and Marshall & Sterling will not seek better execution services or prices from other Financial Institutions or be able to “batch” client transactions for execution through other Financial Institutions with orders for other accounts managed by Marshall & Sterling (as described below). As a result, the client may pay higher transaction costs (including, among others, commission and spreads), or receive less favorable net prices, on transactions for the account than would otherwise be the case. Subject to its duty of best execution, Marshall & Sterling may decline a client’s request to direct brokerage if, in Marshall & Sterling’s sole discretion, such directed brokerage arrangements would result in additional operational difficulties.

Consistent with obtaining best execution, brokerage transactions may be directed to certain broker-dealers in return for investment research products and/or services which assist Marshall & Sterling in its investment decision-making process. Such research generally will be used to service all of Marshall & Sterling’s clients, but brokerage commissions paid by one client may be used to pay for research that is not used in managing that client’s portfolio. The receipt of investment research products and/or services as well as the allocation of the

benefit of such investment research products and/or services poses a conflict of interest because Marshall & Sterling does not have to produce or pay for the products or services.

Software and Support Provided by Financial Institutions

The Firm may receive from Fidelity and LPL, without cost to Marshall & Sterling, computer software and related systems support, which allow Marshall & Sterling to better monitor client accounts maintained at Fidelity and LPL. The Firm may receive the software and related support without cost because Marshall & Sterling renders investment management services to clients that maintain assets at Fidelity and LPL. The software and support are not provided in connection with securities transactions of clients (i.e. not “soft dollars”). The software and related systems support may benefit Marshall & Sterling, but not its clients directly. Certain associated persons of the Firm are registered representatives of LPL Financial. As a result of this relationship, LPL Financial may have access to certain confidential information (e.g., financial information, investment objectives, transactions and holdings) about the Firm’s clients, even if the client does not establish any account through LPL. If you would like a copy of the LPL Financial privacy policy, please contact Craig Pesce (845-554-1046).

Marshall & Sterling receives support services and/or products from LPL Financial, many of which assist Marshall & Sterling to better monitor and service program accounts maintained at LPL Financial; however, some of the services and products benefit Marshall & Sterling and not client accounts. These support services and/or products may be received without cost, at a discount, and/or at a negotiated rate, and may include the following:

- Investment-related research
- Pricing information and market data
- Software and other technology that provide access to client account data
- Compliance and/or practice management-related publications
- Consulting services
- Attendance at conferences, meetings, and other educational and/or social events
- Marketing support
- Computer hardware and/or software
- Other products and services used by the Firm in furtherance of its investment advisory business operations

In addition, the Firm received financial support from LPL for transitioning business to LPL and starting a relationship as a “hybrid adviser” because the Firm has affiliated registered representatives. The support was used to offset transfer fees for client accounts charged to transfer to LPL from another custodian. This support results in a conflict of interest to recommend LPL for brokerage services.

In fulfilling its duties to its clients, Marshall & Sterling endeavors at all times to put the interests of its clients first. Clients should be aware; however, that Marshall & Sterling’s receipt of economic benefits from a broker-dealer creates a conflict of interest since these benefits create an incentive for Marshall & Sterling to choose one broker-dealer over another broker-dealer that does not furnish similar software, systems support, or services.

Additionally, the Firm may receive the following benefits from Fidelity and LPL through their divisions that

work with investment advisers: receipt of duplicate client confirmations and bundled duplicate statements; access to a trading desk that exclusively services its participants; access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts; and access to an electronic communication network for client order entry and account information.

Item 13. Review of Accounts

For those clients to whom Marshall & Sterling provides investment management services, the Firm monitors those portfolios as part of an ongoing process while regular account reviews are conducted on at least a quarterly basis. For those clients to whom Marshall & Sterling provides financial planning services, reviews are conducted on an “as needed” basis. Such reviews are conducted by one of the Firm’s investment adviser representatives. All investment advisory clients are encouraged to discuss their needs, goals, and objectives with the Firm and to keep the Firm informed of any changes thereto. Marshall & Sterling contacts ongoing investment advisory clients at least annually to review its previous services and/or recommendations and to discuss the impact resulting from any changes in the client’s financial situation and/or investment objectives.

Unless otherwise agreed upon, clients are provided with transaction confirmation notices and regular summary account statements directly from the broker-dealer or custodian for the client accounts.

Item 14. Client Referrals and Other Compensation

Client Referrals

Marshall & Sterling compensates third parties for client referrals. If a client is introduced to Marshall & Sterling by either an unaffiliated or an affiliated solicitor, Marshall & Sterling may pay that solicitor a referral fee in accordance with the requirements of Rule 206(4)-3 of the Advisers Act and any corresponding state securities law requirements. Any such referral fee is paid solely from Marshall & Sterling’s investment management fee and does not result in any additional charge to the client. If the client is introduced to Marshall & Sterling by an unaffiliated solicitor, the solicitor provides the client with a copy of Marshall & Sterling’s written disclosure brochure which meets the requirements of Rule 204-3 of the Advisers Act and a copy of the solicitor’s disclosure statement containing the terms and conditions of the solicitation arrangement including compensation. Any affiliated solicitor of Marshall & Sterling discloses the nature of his/her relationship to prospective clients at the time of the solicitation and will provide all prospective clients with a copy of Marshall & Sterling’s written disclosure brochure at the time of the solicitation.

Other Economics Benefits

In addition, Marshall & Sterling is required to disclose any relationship or arrangement where it receives an economic benefit from a third party (non-client) for providing advisory services. This type of relationship poses a conflict of interest and any such relationship is disclosed in response to Item 12, above.

Item 15. Custody

Marshall & Sterling’s Agreement and/or the separate agreement with any Financial Institution may authorize Marshall & Sterling or the Financial Institution (including the custodian) to debit the client’s account for the amount of Marshall & Sterling’s fee and to directly remit that management fee to Marshall & Sterling in accordance with applicable custody rules.

The Financial Institutions recommended by Marshall & Sterling have agreed to send a statement to the client, at

least quarterly, indicating all amounts disbursed from the account including the amount of management fees paid directly to Marshall & Sterling. Clients should carefully review the statements sent directly by the Financial Institutions and compare them to the invoices received from Marshall & Sterling.

Item 16. Investment Discretion

Marshall & Sterling is given the authority to exercise discretion on behalf of clients. Marshall & Sterling is considered to exercise investment discretion over a client's account if it can effect transactions for the client without first having to seek the client's consent. Marshall & Sterling is given this authority through a power-of-attorney included in the executed agreement between Marshall & Sterling and the client. Clients may request a limitation on this authority (including that certain securities not be bought or sold). Marshall & Sterling takes discretion over the following activities:

- The securities to be purchased or sold;
- The amount of securities to be purchased or sold; and,
- When transactions are made.

Item 17. Voting Client Securities

Declination of Proxy Voting Authority

Marshall & Sterling does not accept the authority to vote a client's securities (i.e., proxies) on their behalf. Clients receive proxies directly from the Financial Institutions where their assets are custodied and may contact the Firm at the contact information on the cover of this brochure with questions about any such issuer solicitations.

Item 18. Financial Information

The Firm is not required to disclose any financial information pursuant to this Item due to the following:

- The Firm does not require or solicit the prepayment of more than \$1,200 in fees six months or more in advance;
- The Firm does not have a financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients; and,
- The Firm has not been the subject of a bankruptcy petition at any time during the past ten years.

Registered as Marshall & Sterling Wealth Advisors, Inc. (CRD No. 164345)



Appendix 1 – Wrap Fee Program Brochure

110 Main Street
Poughkeepsie, NY 12601

(845) 554-1046
www.ms-wealth.com

March 18, 2021

This Wrap Fee Program Brochure provides information about the qualifications and business practices of Marshall & Sterling Wealth Advisors. If you have any questions about the contents of this brochure, please contact Tim Gaarder at (845) 554-1046 or by email at info@ms-wealth.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 Investors Financial Group is also available on the Internet at www.adviserinfo.sec.gov. You can view our firm's information on this website by searching for our firm name, Marshall & Sterling Wealth Advisors or by our firm's CRD number, which is **164345**. Registration as an investment advisor does not imply a certain level of skill or training.

Item 2. Material Changes

In this Item, Marshall & Sterling is required to discuss any material changes that have been made to the brochure since the last annual amendment dated March 28, 2020.

Item 3 – Table of Contents

Item 1 – Cover Page 26

Item 2 - Material Changes 27

Item 3 – Table of Contents 28

Item 4 – Services, Fees and Compensation 29

Item 5 – Account Requirments and Types of Clients 29

Item 6 - Portfolio Manager Selection and Evaluation 30

Item 7 – Client Information Provided by Portfolio Managers 30

Item 8 – Client Contact with Portfolio Managers 30

Item 9 – Additional Information 30

Item 4. Services, Fees and Compensation

Marshall & Sterling Wealth Advisors (the “Firm”), provides customized investment advisory services for its Clients. This Wrap Fee Program Brochure is provided as a supplement to the Marshall & Sterling Wealth Advisors Disclosure Brochure (Form ADV 2A). This Wrap Fee Program Brochure is provided along with the complete Disclosure Brochure to provide full details of the business practices and fees when selecting Marshall & Sterling Wealth Advisors as your investment advisor.

As part of the investment advisory fees noted in Item 5 of the Disclosure Brochure, Marshall & Sterling Wealth Advisors includes normal securities transaction fees as part of the overall investment advisory fee. Securities regulations often refer to this combined fee structure as a “Wrap Fee Program”. The Advisor sponsors the Marshall & Sterling Wealth Advisors Wrap Fee Program.

The sole purpose of this Wrap Fee Program Brochure is to provide additional disclosure relating the combination of securities transaction fees into the single “bundled” investment advisory fee. This Wrap Fee Program Brochure references back to the Marshall & Sterling Wealth Advisors Disclosure Brochure in which this Wrap Fee Program Brochure serves as an Appendix. Please see Item 4 – Advisory Services of the Disclosure Brochure for details on Marshall & Sterling Wealth Advisors’s investment philosophy and related services.

Strategic Wealth Management Program II (“SWM II”)

SWM II offers clients an asset management account that allows Marshall & Sterling to direct and manage specified client assets. The SWM II program also allows the client to select a third-party investment manager to manage the client’s assets. In the SWM II program, clients pay a single wrap fee for advisory services and execution of transactions. Although clients do not pay a transaction charge for transactions in a SWM II account, clients should be aware that Marshall & Sterling pays LPL a fixed transaction charge based on the account value. In many instances, LPL makes available mutual funds in a SWM II account that offer various classes of shares, including shares designated as Class A Shares and shares designed for advisory programs, which can be titled, for example, as “Class I,” “institutional,” “investor,” “retail,” “service,” “administrative” or “platform” share classes (“Platform Shares”). The Platform Share class offered for a particular mutual fund in SWM II in many cases will not be the least expensive share class that the mutual fund makes available, and was selected by LPL in certain cases because the share class pays LPL compensation for the administrative and recordkeeping services LPL provides to the mutual fund. Client should understand that another financial services firm may offer the same mutual fund at a lower overall cost to the investor than is available through SWM II. In other instances, a mutual fund may offer only Class A Shares, but another similar mutual fund may be available that offers Platform Shares. Class A Shares typically pay LPL a 12b-1 fee for providing shareholder services, distribution, and marketing expenses (“brokerage-related services”) to the mutual funds. Platform Shares generally are not subject to 12b-1 fees. As a result of the different expenses of the mutual fund share classes, it is generally more expensive for a client to own Class A Shares than Platform Shares. An investor in Platform Shares will pay lower fees over time and keep more of his or her investment returns than an investor who holds Class A Shares of the same fund.

Item 5. Account Requirements and Types of Clients

Please see Item 7 – Types of Clients in the ADV 2A Disclosure Brochure.

Item 6. Portfolio Manager Selection and Evaluation

Marshall & Sterling Wealth Advisors serves as sponsor and as portfolio manager for the services under this Wrap Fee Program.

Item 7. Client Information Provided by Portfolio Managers

Marshall & Sterling Wealth Advisors is the sponsor and sole portfolio manager for the Program. The Advisor does not share Client information with other portfolio managers because it is the sole portfolio manager for this Wrap Fee Program. Please also see the Marshall & Sterling Wealth Advisors Privacy Policy (included after this Wrap Fee Program Brochure).

Item 8. Client Contact with Portfolio Managers Methods of Analysis

Marshall & Sterling Wealth Advisors is a full-service investment management advisory firm. Clients always have direct access to the Portfolio Managers at Marshall & Sterling Wealth Advisors.

Item 9. Additional Information

Disciplinary Information and Other Financial Industry Activities and Affiliations

Marshall & Sterling Wealth Advisors does not have any disciplinary information to disclose.

Other Financial Activities and Affiliations

Please see Items 10 and 14 of the Form ADV Part 2A – Disclosure Brochure.

Code of Ethics, Review of Accounts, Client Referrals, and Financial Information

Marshall & Sterling Wealth Advisors has implemented a Code of Ethics that defines our fiduciary commitment to each Client. This Code of Ethics applies to all persons subject to Marshall & Sterling Wealth Advisors' compliance program (our "Supervised Persons"). Complete details on the Marshall & Sterling Wealth Advisors Code of Ethics can be found under Item 11 – Code of Ethics, Participation in Client Transactions and Personal Trading in the Disclosure Brochure.

Review of Accounts

Investments in Client accounts are monitored on a regular and continuous basis by Advisory Persons of Marshall & Sterling Wealth Advisors under the supervision of the Chief Compliance Officer ("CCO"). Details of the review policies and practices are provided in Item 13 of the Form ADV Part 2A – Disclosure Brochure.

Other Compensation

Please see Item 14 – Other Compensation in the Form ADV Part 2A – Disclosure Brochure (included with this Wrap Fee Brochure) for details on additional compensation that may be received by Marshall & Sterling Wealth Advisors or its Advisory Persons. Each Advisory Person's Brochure Supplement (also included with this Wrap Fee Brochure) provides details on any outside business activities and the associated compensation.

Client Referrals from Solicitors

If a Client is introduced to Marshall & Sterling Wealth Advisors by an unaffiliated party (solicitor) the firm will pay that solicitor a referral fee in accordance with the requirements of Rule 206(4)-3 of the Investment Advisers Act of 1940, and any corresponding state securities law requirements. Any such referral fee shall be paid solely from the investment management fees earned by Marshall & Sterling Wealth Advisors and shall not result in any additional charge to the Client.

Financial Information

Neither Marshall & Sterling Wealth Advisors, nor its management has any adverse financial situations that would reasonably impair the ability of Marshall & Sterling Wealth Advisors to meet all obligations to its Clients.

Neither Marshall & Sterling Wealth Advisors, nor any of its Advisory Persons, has been subject to a bankruptcy or financial compromise.

Marshall & Sterling Wealth Advisors is not required to deliver a balance sheet along with this Disclosure Brochure, as the firm does not collect advance fees of \$1,200 or more for services to be performed six months or more in advance. Please see Item 18 of the Form ADV Part 2A – Disclosure Brochure.