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# STONY POINT

## WEALTH MANAGEMENT

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CRD# 210519/SEC# 801-108723

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### **FORM ADV WRAP FEE PROGRAM BROCHURE**

**March 12, 2021**

This wrap fee program brochure provides information about the qualifications and business practices of Stony Point Wealth Management Inc. If you have any questions about the contents of this brochure, please contact us at (804) 332-6574 or via email at [elizabeth@stonypointwealth.com](mailto:elizabeth@stonypointwealth.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. Our registration does not imply a certain level of skill or training.

Additional information about Stony Point Wealth Management Inc. (CRD# 210519) is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Item 2: Material Changes

Since Stony Point's most recent annual amendment, dated March 25, 2020, this Wrap Fee Program Brochure has been revised as follows:

- At Item 4 to clarify details regarding the fee schedules applicable to individual account and held-away assets
- At Item 4 to revise disclosure of compensation received by Stony Point's related persons
- At Items 4 and 5 to revise Stony Point's minimum household account value for wrap fee services
- At Item 6 to incorporate revisions to Stony Point's methods of analysis and investment strategies

In the future, we will ensure that clients of the Firm will receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of the Firm's fiscal year.

DISCLOSURES: Stony Point may, at any time, update this Wrap Fee Brochure. A copy of the Wrap Fee Brochure or an offer to send a copy of this Wrap Fee Brochure (either by electronic means (e-mail) or in hard copy form) may be sent if a material change occurs in the future. A person may view the current brochures online at the SEC's Investment Adviser Public Disclosure website: [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Select the option for a "Firm" search and enter 210519 (Stony Point's CRD number) in the field labeled "Firm Name or CRD/SEC#". This will provide access to Form ADV Part 1, Part 2A, the Wrap Fee Program Brochure and Form CRS.

A person may request a copy of the brochures at any time by contacting the Chief Compliance Officer via email at [elizabeth@stonypointwealth.com](mailto:elizabeth@stonypointwealth.com) or via telephone at (804) 332-6574. There is no charge for this service.

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## Item 4: Services, Fees, and Compensation

The Stony Point Wrap Program (the "Program") is a wrap fee program sponsored by Stony Point Wealth Management Inc. ("Stony Point") which has been in business since May 2015. Matthew Daniel, Elizabeth King and Stuart Daniel are the firm's principal owners. Together, the owners have been in the financial services industry for over 50 years. Since March 2018, Elizabeth King has served as Chief Compliance Officer.

Stony Point provides personalized asset management, portfolio monitoring and financial planning services. All available services may be offered together or on an individualized basis at the client's discretion. The Firm provides investment advice to individuals, families, trusts, charitable organizations and foundations, pensions and corporations. We believe that working with multiple generations of the same family can enhance the depth to which we understand a client and their financial situation. As such, we encourage multi-generational families to align their goals but the potential for conflicts of interest exist with the exchange of intergenerational information. Stony Point attempts to minimize these conflicts by treating each household as its own fiduciary relationship. Information can only be shared across generations with each household's consent. Stony Point strives to provide clients with a high level of individual attention by getting to know the client and tailoring the services to their needs.

Wealth should continue to build steadily over time, and Stony Point's view is that steady growth over a period of years will be more beneficial to clients than shooting for unattainable returns year after year. We look at a client's entire financial picture, ask targeted questions and listen closely to your answers. Our goal is for you to experience financial confidence now and in retirement.

### A. Description of the Program

Stony Point serves as a program sponsor and portfolio manager for its own wrap fee program, the *Stony Point Wrap Fee Program* (the "Program"). Stony Point clients are primarily managed through the Program. When a client participates in the Program, they will pay a single fee which includes asset management and portfolio monitoring, the custodial and administrative costs incurred within their account(s) as well as Stony Point's advisory fee. The minimum household size for participation in the Program is generally \$500,000. This minimum house size requirement may be waived or reduced at our sole discretion based on a variety of factors, including the scope and complexity of the engagement; the anticipated number of meetings and servicing needs; related accounts; future earning capacity; anticipated future additional assets; the professional(s) rendering the service(s); and negotiations with the client. Financial planning and financial plan management services may be provided as well but is done under a separate financial planning agreement.

Fees in the wrap program include transaction costs for the purchase or sale of securities, but do not include expenses related to the use of margin, wire transfer fees, the fees charged to shareholders of mutual funds or ETFs, mark-ups and mark-downs, spreads, odd-lot differentials, fees charged by regulatory agencies, and any transaction fees for securities trades executed by a broker-dealer other than the agreed upon custodian.

Because of the nature of a wrap fee program, where wrap fees are not tied to an account's frequency of trading and apply to generally all assets in the account, the wrap fee program client may pay more or less than if the client had compensated Stony Point outside of the wrap fee program. For example, if a client's account is rarely traded, the transaction fees the client would have paid would be minimal, thus limiting the benefits of "wrapping" advisory fees and transaction fees. Clients whose accounts will be rarely traded should carefully consider whether the Wrap Program is appropriate.

When managing a client's account on a wrap fee basis, Stony Point receives as payment for its investment advisory services, the balance of the wrap fee after all other costs incorporated into the wrap fee have been deducted. **Conflict of Interest:** Because wrap program transaction fees and/or commissions are being paid by Stony Point to the account custodian/broker-dealer, Stony Point has an economic incentive to minimize the number of trades in the client's account.

### Assets Under Management

As of December 31, 2020, Stony Point has \$287,517,685 in assets under management. Approximately \$287,061,848 is managed on a discretionary basis and \$455,837 is managed on a non-discretionary basis.

### Schwab's Brokerage Services

In addition to the foregoing portfolio management and other services, the Program includes the brokerage services of Charles Schwab & Co., Inc. ("Schwab") a broker-dealer registered with the Securities and Exchange Commission and a member of FINRA and SIPC. Stony Point is an independently owned and operated and not affiliated with Schwab. Schwab

will act solely as custodian and not as a broker or investment adviser to you. It will have no discretion over your account and will act solely on instructions it receives from us [or you]. Schwab has no responsibility for our services and undertakes no duty to you to monitor our management of your account or other services we provide to you. Schwab will hold your assets in a brokerage account and buy and sell securities and execute other transactions when we [or you] instruct them to. While we require that you use Schwab as custodian/broker to participate in our program, you will decide whether to do so and open your account with Schwab by entering into an account agreement directly with them. We do not open the account for you. If you do not wish to place your assets with Schwab, then we cannot manage your account in the program. Not all advisers require their clients to use a particular broker-dealer or other custodian selected by the adviser. Even though your account is maintained at Schwab, we can still use other brokers to execute trades for your account, as described below.

## **B. Fees and Compensation**

### Advisory Fees

Fees for investment advisory services are based on assets under management. The Advisory Fee for the initial period will be paid, on a pro rata basis based on the number of days remaining in the billing period, in arrears, based on the billing period ending value of the Client's managed assets, in accordance with the fee schedule listed in an Investment Advisory Agreement between Stony Point and the client. For subsequent periods, the Advisory Fee will be assessed and payable each billing period, in advance, based on the balance of the Client's managed assets as of the prior period-end, in accordance with the fee schedule listed in an Investment Advisory Agreement. The billing cycle for individual accounts is monthly, in advance.

For individual accounts, Stony Point's fee is applied to the entire account value. That is, a client placing \$750,000 under Stony Point's management in an individual account engagement will incur a 1.00% annual fee on the entire account value. Stony Point's Advisory Fee schedule for individual account asset management services will typically be as follows:

Household AUM	Annual Fee
Up to \$300,000	1.25%
\$300,001 to \$500,000	1.10%
\$500,001 to \$1,000,000	1.00%
\$1,000,001 to \$1,500,000	0.90%
\$1,500,001 to \$2,000,000	0.80%
\$2,000,001 and greater	0.70%

For 401k accounts and other held-away assets, the client's fee will generally adhere to the above schedule, but fee rates will be applied in tiers. That is, a client placing \$350,000 of held-away assets under Stony Point's management will incur a 1.25% annual fee on the first \$300,000 of assets and a 1.10% annual fee on the remaining \$50,000 of assets. The billing cycle for 401k accounts is quarterly, in advance. Investment management services for held-away accounts are generally not available on a wrap fee basis.

The fee schedule reflected here is a guide. Fees are negotiable based on the nature of the account. Factors affecting client's fee schedule may include the size of the account, complexity of asset structures, and other factors. All clients, but especially those with smaller accounts, should be advised they may receive similar services from other professionals for higher or lower overall costs. When a client engages Stony Point to manage held-away assets, a reduced Advisory Fee may be charged. This will be documented in the client's Investment Advisory Agreement.

Fees paid to Stony Point are separate and distinct from the fees and expenses charged by mutual funds and exchange-traded funds to their shareholders.

### Financial Planning Fees

A financial plan is designed to help the client with all aspects of financial planning with or without on-going investment management after the financial plan is completed. Fees for financial planning services may be offered on an hourly or fixed fee basis.

**Hourly:** For clients needing advice with a limited scope, financial planning services can be done on an hourly basis. Hourly rates range from \$150 – \$350 for all investment professionals at Stony Point. The hourly rate is dependent upon a number of factors, most importantly the complexity of the assignment and the skill level of the investment professional engaged. An estimate of total hours to complete the assignment will be determined at the start of the engagement. A deposit of fifty percent (50%) of the estimate will be payable upon signing the Financial Planning Agreement. The final amount due will be based upon actual hours expended.

**Fixed Fee:** For clients requiring a complete financial plan, services will be provided on a fixed fee basis. Fixed fees will typically range from \$2,500 to \$15,000 depending upon the nature and complexity of the assignment. For example, a client with complex estate planning issues, multiple sources of investment income, and special needs heirs will have a more complex plan (and therefore a higher fixed fee) than a client with no estate planning issues, a single heir and a single source of income. Fees are negotiable based on the nature of the assignment. A deposit of fifty percent (50%) of the estimate will be payable upon signing the Financial Planning Agreement. The final amount due will be fifty percent (50%) of the fixed fee upon delivery of the financial plan.

### Fee Terms

The following terms apply to client accounts with asset-based fees. All advisory fees and household minimum requirements may be waived at the discretion of the Firm. Stony Point may offer discounted rates to its employees and their families as well as to institutional and ultra-high-net-worth clients with substantial account balances. Financial planning services may be offered to clients with a household balance in excess of \$1,000,000 at no charge based upon the complexity of the client's financial situation.

For clients, whose assets are managed by the Firm, investment Advisory Fees will be debited directly from each client's account. The values used for fee calculations will be based on the valuations reported in the Firm's billing software, which is generally derived from valuations of the qualified custodian which holds your assets. Cash, cash equivalents, and accrued interest will be included in the value for the purpose of calculating fees. To the extent utilized, any margin balance is disregarded when calculating a client's fee. Once the calculation is made, we will instruct your account custodian to deduct the fee from your account and remit it to Stony Point. While almost all of our clients choose to have their fee debited from their account, we will invoice clients upon request. Payment is due within 15 days of receipt of the invoice.

Clients whose fees are directly debited will provide written authorization to debit Advisory Fees from their accounts held by a qualified custodian chosen by the client. Stony Point generates an itemized fee invoice which is then uploaded to the client portal for ease of access. It is a Client's responsibility to review this calculation as well as compare it to the withdrawal amount listed on the custodial statement. The fee invoice itemizes the fees to be debited, including the formula used to calculate the fee, the amount of assets upon which the fee is based, and the time period covered by the fee. The invoice will also state that the fee has not been independently calculated by the custodian.

Upon termination of any account, any prepaid, unearned Advisory Fees will be refunded on a pro rata basis, based on the number of days remaining in the billing period. Stony Point will cease to perform services, including processing trades and distributions, upon termination. Client accounts will be "de-linked" upon receipt of the termination notice - meaning the accounts will no longer be visible to Stony Point and will become a retail account with the custodian.

### Fees We Pay Schwab

In addition to compensating us for our portfolio management, other investment advisory, and other services to you, the wrap fees you pay us also allow us to pay Schwab for the brokerage services it provides to you, as described above, as well as additional services Schwab provides us, as described below. The fees we pay Schwab consist primarily of transaction fees for the purchase or sale of a mutual fund or Exchange Traded Fund, or commissions for the purchase or sale of a stock. Expenses of a fund will not be included in management fees, as they are deducted from the value of the shares by the mutual fund manager. For complete discussion of expenses related to each mutual fund, you should read a copy of the prospectus issued by that fund. Stony Point can provide or direct you to a copy of the prospectus for any fund that we recommend to you.

The fees we pay Schwab may be more than what we would pay solely for Schwab's brokerage services. In addition to those brokerage services, for the fees we pay Schwab we also receive from a Schwab affiliate a software system and related support services called the "Integrated Office," which helps us manage our client relationships and client investment portfolios. More detail on this arrangement appears below under "Additional Compensation We Receive."

### Cost of Our Wrap Fee Program to You

The program may cost you more or less than purchasing our investment advice and Schwab's brokerage services separately. The relative cost of our wrap fee program to you is influenced by various factors, including the cost of our investment advice and Schwab's brokerage services if you purchased them separately, the types of investments held in your account, and the frequency and size of trades we make for your account. For example, if the number of transactions in your account is low enough, the wrap fee you pay us may exceed the stand-alone investment advisory fee and separate brokerage commissions that you otherwise would have paid. In addition, because the fees we pay Schwab and those that comprise a portion of the wrap fee you pay us include certain transaction fees, client accounts that trade relatively frequently could disproportionately benefit from the program compared to accounts that trade less frequently. Our fees for stand-alone investment advisory services that are comparable to those we provide as part of the program fall in the same range as fees for account in the Program.

#### **C. Additional Fees and Costs You May Pay**

Our wrap fee does not cover the fees and costs listed below, which may apply to assets in your enrolled accounts to which our wrap fee also applies, and to certain transactions in your accounts. Commissions and other fees for services provided by broker-dealers other than Schwab for transactions executed or effected by or through them that settle into or from your account at Schwab such as through our use of Schwab's Prime Brokerage or Trade Away Services. You will be responsible for paying any commissions and other fees or compensation charged by broker-dealers other than Schwab. Because our compensation is based on the net of your wrap fee, less the costs of trades executed through Schwab, we have an incentive to execute transactions for your accounts through a broker other than Schwab, and this incentive could, in some circumstances, conflict with our duty to seek best execution.

Mutual funds, exchanged-traded funds and annuities all charge internal management fees and other expenses, which are disclosed in a fund's or annuity's prospectus or equivalent disclosure document and are directly deducted from the value of such investment vehicles. Stony Point does not retain 12b-1 fees or other sales charges and commissions on the accounts of advisory clients. In addition, certain sub-advisers engaged by Stony Point for the management of client accounts may assess fees that are separate from and in addition to the fees charged by Stony Point. Any such additional sub-advisory fees will be fully disclosed to the client.

Fees charged by mutual fund companies, unit investment trusts (UITs), closed-end funds and other collective investment vehicles, including, but not limited to, sales loads (a portion of which are paid to Schwab) and/or charges and short-term redemption fees. Short-term redemption fees charged by Schwab for funds other than those available through the Schwab Mutual Fund OneSource<sup>®</sup> service.

Markups and markdowns, bid-ask spreads, selling concessions and the like are received by Schwab in connection with transactions it executes as principal by selling or buying securities to or from you for its own account. Principal transactions contrast with those in which Schwab acts as your agent in effecting trades between you and a third party. Schwab may make a profit or incur a loss on trades in which it acts as principal. Markups and markdowns and bid-ask spreads are not separate fees, but rather are reflected in the net price at which a trade order is executed. Transfer taxes, odd-lot differentials, certificate delivery fees, reorganization fees, fees required by law, and any other fees or charges similar to those described above.

A complete list of Schwab's charges and fees is contained in the Charles Schwab Institutional Pricing Guide, which you will receive promptly following the opening of your account with Schwab.

#### **D. Compensation Received by Stony Point's Related Persons**

Stony Point's related persons do not receive special compensation as a result of a client's participation in the Stony Point Wrap Fee Program.

## **Item 5: Account Requirement and Type of Clients**

Clients advised may include individuals, families, trusts, charitable organizations and foundations, pensions, and corporations. There are no household minimums for us to provide advice on a client account. However, there is a minimum household balance requirement of \$500,000 to participate in the wrap fee program. This minimum house size requirement may be waived or reduced at our sole discretion based on a variety of factors, including the scope and complexity of the engagement; the

anticipated number of meetings and servicing needs; related accounts; future earning capacity; anticipated future additional assets; the professional(s) rendering the service(s); and negotiations with the client..

## **Item 6: Portfolio Manager Selection and Evaluation**

The wrap fee program offered by Stony Point is sponsored by the firm, and Stony Point is the only portfolio manager. The only fees covered under the wrap fee program are transaction fees associated with the purchase and sale of securities in an account managed by Stony Point. All client accounts managed by Stony Point, including wrap fee program clients, are managed with similar processes, although account recommendations may differ. You may at any time place restrictions on the types of investments we may use on your behalf, or on the allocations to each security type.

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

It is important for you to know and remember that all investments carry risks. Investing in securities involves risk of loss that clients should be prepared to bear.

#### Methods of Analysis

Stony Point may use any of the following methods of analysis in formulating their investment advice and/or managing client assets:

Fundamental Analysis. We attempt to measure the intrinsic value of a security by looking at economic and financial factors (including the overall economy, industry conditions and the financial condition and management of the company itself) to determine if the company is underpriced (indicating it may be a good time to buy) or overpriced (indicating it may be time to sell). Fundamental analysis does not attempt to anticipate market movements. Doing so presents a potential risk, as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the stock.

Asset Allocation. Rather than focusing primarily on securities selection, we attempt to identify an appropriate ratio of securities, fixed income, and cash suitable to the client's investment goals and risk tolerance. A risk of asset allocation is that the client may not participate in sharp increases in a particular security, industry, or market sector. Another risk is that the ratio of securities, fixed income, and cash will change over time due to stock and market movements and, if not corrected, will no longer be appropriate for the client's goals.

Mutual Fund and/or ETF Analysis. We look at the experience and track record of the manager of the mutual fund or ETF in an attempt to determine if that manager has demonstrated an ability to invest over a period of time and in different economic conditions. We also look at the underlying assets in a mutual fund or ETF in an attempt to determine if there is significant overlap in the underlying investments held in other fund(s) in the client's portfolio. We also monitor the funds or ETFs in an attempt to determine if they are continuing to follow their stated investment strategy. A risk of mutual fund and/or ETF analysis is that, as in all securities investments, past performance does not guarantee future results. A manager who has been successful may not be able to replicate that success in the future. In addition, as we do not control the underlying investments in a fund or ETF, managers of different funds held by the client may purchase the same security, increasing the risk to the client if that security were to fall in value. There is also a risk that a manager may deviate from the stated investment mandate or strategy of the fund or ETF, which could make the holding(s) less suitable for the client's portfolio.

Our securities analysis methods rely on the assumption that the companies whose securities we purchase and sell, the rating agencies that review these securities, and other publicly available sources of information about these securities are providing accurate and unbiased data. While we are alert to indications that data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information.

#### Investment Strategy

Our approach to asset management has multiple aspects. We primarily invest in stocks and exchange-traded funds ("ETFs"), as we believe that fewer and fewer fund managers are really adding value for the fees, as evidenced by their failure to beat their benchmarks. When this is the case, an investor adds risk related to that manager's judgement, without adding return versus an ETF or stock. Stocks and ETFs provide clients with a lower cost option, while mutual funds have to overcome higher expenses to give investors acceptable returns. If we feel that a mutual fund is the correct fit for a client, there are many factors that are

involved in picking the correct manager, but Stony Point focuses on the tenure and even more importantly the track record of the manager.

The specific securities we recommend for your account will depend on market conditions and our research at the time. Generally, we recommend a mix of stocks, ETFs, and mutual funds. When used, specific funds are chosen based on where its investment objective fits into the asset allocation recommended by Stony Point, its risk parameters, past performance, peer rankings, fees, expenses, and any other aspects of the fund Stony Point deems relevant to that particular fund. We base our conclusions on predominantly publicly available research, such as regulatory filings, press releases, competitor analyses, and in some cases research we receive from our custodian or other market analyses. We will also utilize technical analyses, which means that we will review the past behaviors of the security and the markets in which it trades for signals as to what might happen in the future.

Each client's portfolio will be invested according to that client's investment objectives. We determine these objectives by interviewing the client and/or asking the client to put these objectives in writing. Once we ascertain your objectives for each account, we will develop a set of asset allocation guidelines. An asset allocation strategy is a percentage-based allocation to different investment types. For example, a client may have an asset allocation strategy that calls for 40-60% of the portfolio to be invested in equity securities, with 20% of that allocated to international equities and the remaining balance in fixed income. Another client may have an asset allocation of 50- 60% in fixed income securities and the remainder equities. The percentages in each type that we recommend are based on the typical behavior of that security type, individual securities we follow, current market conditions, your current financial situation, your financial goals, and the timeline to get you to those goals. Because we develop an investment strategy based on your personal situation and financial goals, your asset allocation guidelines may be similar to or different from another client's. Once we agree on allocation guidelines, risk tolerance, time horizon, and how to achieve these results, we will develop an asset allocation recommendation to guide all parties involved in the execution of these goals, including but not limited to, Stony Point, the client, the custodian, and the investment managers.

We will periodically recommend securities transactions in your portfolio to meet the guidelines of the asset allocation strategy. It is important to remember that because market conditions can vary greatly, your asset allocation guidelines are not necessarily strict rules. Rather, we review accounts individually, and may deviate from the guidelines as we believe necessary.

Most clients will place their assets with Schwab Advisor Services, our recommended custodian. However, some clients will place their assets with a custodian or broker dealer of their choosing. This will not affect the investment decision making process for the client's account. However, the process for executing trades in an account may differ for assets held with our recommended custodian.

### Risk of Loss

There are always risks to investing. Clients should be aware that all investments carry various types of risk including the potential loss of principal that clients should be prepared to bear. Among the risks are the following:

- **Political Risks.** Most investments have a global component, even domestic stocks. Political events anywhere in the world may have unforeseen consequences to markets around the world.
- **General Market Risks.** Markets can, as a whole, go up or down on various news releases or for no understandable reason at all. This sometimes means that the price of specific securities could go up or down without real reason and may take some time to recover any lost value. Adding additional securities does not help to minimize this risk since all securities may be affected by market fluctuations.
- **Currency Risk.** When investing in another country using another currency, the changes in the value of the currency can change the value of your security value in your portfolio.
- **Regulatory Risk.** Changes in laws and regulations from any government can change the value of a given company and its accompanying securities. Certain industries are more susceptible to government regulation. Changes in zoning, tax structure or laws impact the return on these investments.
- **Tax Risks Related to Short Term Trading:** Clients should note that Stony Point may engage in short-term trading transactions. These transactions may result in short term gains or losses for federal and state tax purposes, which may be

taxed at a higher rate than long term strategies. Stony Point endeavors to invest client assets in a tax efficient manner, but all clients are advised to consult with their tax professionals regarding the transactions in client accounts.

- **Purchasing Power Risk.** Purchasing power risk is the risk that your investment's value will decline as the price of goods rises (inflation). The investment's value itself does not decline, but its relative value does, which is the same thing. Inflation can happen for a variety of complex reasons, including a growing economy and a rising money supply.
- **Business Risk.** This can be thought of as certainty or uncertainty of income. Management comes under business risk. Cyclical companies (like automobile companies) have more business risk because of the less steady income stream. On the other hand, fast food chains tend to have steadier income streams and therefore, less business risk.
- **Financial Risk.** The amount of debt or leverage determines the financial risk of a company.
- **Default Risk.** This risk pertains to the ability of a company to service their debt. Ratings provided by several rating services help to identify those companies with more risk. Obligations of the U.S. government are said to be free of default risk.
- **Margin Risk.** "Margin" is a tool used to maximize returns on a given investment by using securities in a client account as collateral for a loan from the custodian to the client. The proceeds of that loan are then used to buy more securities. In a positive result, the additional securities provide additional return on the same initial investment. In a negative result, the additional securities provide additional losses. Margin therefore carries a higher degree of risk than investing without margin. Any client account that will use margin will do so in accordance with Regulation T. Stony Point may utilize margin on a limited basis for clients with higher risk tolerances.
- **Risks specific to private placements, sub-advisers, and other managers.** If we invest some of your assets with another adviser, including a private placement, there are additional risks. These include risks that the other manager is not as qualified as we believe them to be, that the investments they use are not as liquid as we would normally use in your portfolio, or that their risk management guidelines are more liberal than we would normally employ.
- **Information Risk.** All investment professionals rely on research in order to make conclusions about investment options. This research is always a mix of both internal (proprietary) and external (provided by third parties) data and analyses. Even an adviser who says they rely solely on proprietary research must still collect data from third parties. This data, or outside research is chosen for its perceived reliability, but there is no guarantee that the data or research will be completely accurate. Failure in data accuracy or research will translate to a compromised ability by the adviser to reach satisfactory investment conclusions.
- **Small Companies.** Some investment opportunities in the marketplace involve smaller issuers. These companies may be starting up or are historically small. While these companies sometimes have potential for outsized returns, they also have the potential for losses because the reasons the company is small are also risks to the company's future. For example, a company's management may lack experience, or the company's capital for growth may be restricted. These small companies also tend to trade less frequently than larger companies, which can add to the risks associated with their securities because the ability to sell them at an appropriate price may be limited as compared to the markets as a whole. Not only do these companies have investment risk, if a client is invested in such small companies and requests immediate or short-term liquidity, these securities may require a significant discount to value in order to be sold in a shorter time frame.
- **Concentration Risk.** While Stony Point selects individual securities, including mutual funds, or client portfolios based on an individualized assessment of each security, this evaluation comes without an overlay of general economic or sector specific issue analysis. This means that a client's equity portfolio may be concentrated in a specific sector, geography, or sub-sector (among other types of potential concentrations), so that if an unexpected event occurs that affects that specific sector or geography, for example, the client's equity portfolio may be affected negatively, including significant losses.
- **Transition risk.** As assets are transitioned from a client's prior advisers to Stony Point there may be securities and other investments that do not fit within the asset allocation strategy selected for the client. Accordingly, these investments

will need to be sold in order to reposition the portfolio into the asset allocation strategy selected by Stony Point. However, this transition process may take some time to accomplish. Some investments may not be unwound for a lengthy period of time for a variety of reasons that may include unwarranted low share prices, restrictions on trading, contractual restrictions on liquidity, or market-related liquidity concerns. In some cases, there may be securities or investments that are never able to be sold. The inability to transition a client's holdings into recommendations of Stony Point may adversely affect the client's account values, as Stony Point's recommendations may not be able to be fully implemented.

- **Restriction Risk.** Clients may at all times place reasonable restrictions on the management of their accounts. However, placing these restrictions may make managing the accounts more difficult, thus lowering the potential for returns.
- **Risks Related to Investment Term & Liquidity.** Securities do not follow a straight line up in value. All securities will have periods of time when the current price of the security is not an accurate measure of its value. If you require us to liquidate your portfolio during one of these periods, you will not realize as much value as you would have had the investment had the opportunity to regain its value. Further, some investments are made with the intention of the investment appreciating over an extended period of time. Liquidating these investments prior to their intended time horizon may result in losses.
- **REITs:** Stony Point may recommend that portions of client portfolios be allocated to real estate investment trusts, otherwise known as "REITs". A REIT is an entity, typically a trust or corporation, that accepts investments from a number of investors, pools the money, and then uses that money to invest in real estate through either actual property purchases or mortgage loans. While there are some benefits to owning REITs, which include potential tax benefits, income and the relatively low barrier to invest in real estate as compared to directly investing in real estate, REITs also have some increased risks as compared to more traditional investments such as stocks, bonds, and mutual funds. First, real estate investing can be highly volatile. Second, the specific REIT chosen may have a focus such as commercial real estate or real estate in a given location. Such investment focus can be beneficial if the properties are successful but lose significant principal if the properties are not successful. REITs may also employ significant leverage for the purpose of purchasing more investments with fewer investment dollars, which can enhance returns but also enhances the risk of loss. The success of a REIT is highly dependent upon the manager of the REIT. Clients should ensure they understand the role of the REIT in their portfolio.
- **MLPs:** Stony Point may recommend that portions of client portfolios be allocated to master limited partnerships, otherwise known as "MLPs". An MLP is a publicly traded entity that is designed to provide tax benefits for the investor. In order to preserve these benefits, the MLP must derive most, if not all, of its income from real estate, natural resources, and commodities. While MLPs may add diversification and tax favored treatment to a client's portfolio, they all carry significant risks beyond more traditional investments such as stocks, bonds, and mutual funds. One such risk is management risk-the success of the MLP is dependent upon the manager's experience and judgment in selecting investments for the MLP. Another risk is the governance structure, which means the rules under which the entity is run. The investors are the limited partners of the MLP, with an affiliate of the manager typically the general partner. This means the manager has all of the control in running the entity, as opposed to an equity investment where shareholders vote on such matters as board composition. There is also a significant amount of risk with the underlying real estate, resources, or commodities investments. Clients should ask Stony Point any questions regarding the role of MLPs in their portfolio.
- **Structured Notes:** Stony Point may purchase structured notes for client accounts. A structured note is a financial instrument that combines two elements, a debt security and exposure to an underlying asset or assets. It is essentially a note, carrying counter party risk of the issuer. However, the return on the note is linked to the return of an underlying asset or assets (such as the S&P 500 Index or commodities). It is this latter feature that makes structured products unique, as the payout can be used to provide some degree of principal protection, leveraged returns (but usually with some cap on the maximum return), and be tailored to a specific market or economic view. In addition, investors may receive long-term capital gains tax treatment if certain underlying conditions are met and the note is held for more than one year. Finally, structured notes may also have liquidity constraints, such that the sale thereof before maturity may be limited. Structured notes do not pay interest, dividend payments, provide voting rights or guarantee any return of principal at maturity unless specifically provided through products that are designed with this purpose in mind. Most structured note payments are based on the performance of an underlying index (i.e., S&P 500) and if the underlying index were to decline 100% then the payment may result in a loss of a portion or all of a client's principal. Notes are not insured through any governmental agency or program and the return of principal and fulfillment of the terms negotiated by Stony Point on behalf of clients is dependent on the financial condition of the third party issuing the note and the issuer's ability to pay its obligations as they

become due. Structured notes purchased for clients will not be listed on any securities exchange. There may be no secondary market for such structured notes, and neither the issuer nor the agent will be required to purchase notes in the secondary market. Some of these structured financial products are callable by the issuer only, therefore the issuer (not the investor) can choose to call in the structured notes and redeem them before maturity. In addition, the maximum potential payment on structured notes will typically be limited to the redemption amount applicable for a payment date, regardless of the appreciation in the underlying index associated with the note. Since the level of the underlying index at various times during the term of the structured notes held by clients could be higher than on the valuation dates and at maturity, clients may receive a lower payment if redeemed early or at maturity than if a client would have invested directly in the underlying index. While the payment at maturity of any structured notes would be based on the full principal amount of any note sold by the issuer, the original issue price of any structured note purchased for clients includes an agent's commission and the cost of hedging the issuer's obligations under the note. As a result, the price, if any, at which an issuer will be willing to purchase structured notes from clients in a secondary market transaction, if at all, will likely be lower than the original issue price and any sale before the maturity date could result in a substantial loss. Structured notes will not be designed to be short-term trading instruments so clients should be willing to hold any notes to maturity.

#### Performance-Based Fees

Stony Point will not charge performance-based fees.

#### Voting Client Securities

From time to time, shareholders of stocks, mutual funds, exchange traded funds or other securities may be permitted to vote on various types of corporate actions. Examples of these actions include mergers, tender offers, or board elections. Clients are required to vote proxies related to their investments, or to choose not to vote their proxies. Stony Point will not accept authority to vote client securities. Clients will receive their proxies directly from the custodian for the client account. Stony Point will not give clients advice on how to vote proxies. Copies of our Proxy Voting Policies are available upon request.

## **Item 7: Client Information provided to Portfolio Managers**

Please see response to Item 6, above.

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

Clients may contact Stony Point, the only portfolio manager, at any time.

## **Item 9: Additional Information**

Disciplinary Information: Neither the firm nor any of its employees or principals has any disciplinary information to report.

Other Financial Industry Activities and Affiliations: Neither the principal of Stony Point, nor any related persons are registered, or have an application pending to register, as a broker dealer or as an associated person of the foregoing entities. Neither members of management, nor any related persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading adviser, or an associated person of the foregoing entities.

Relationship with Related Persons: This item is not applicable.

Recommendations of other Advisers: Stony Point does not receive any compensation for selecting other advisers or third-party money managers.

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

The employees of Stony Point have committed to a Code of Ethics that establishes a high standard of integrity and professional

ethics when conducting business with the Firm, its clients and its business vendors and partners. All employees are required to review and sign a formal Code of Ethics adopted to comply with Rule 204(A)-1.

The Code of Ethics provides for 1) a high ethical standard of conduct; 2) compliance with all state securities laws; and 3) policies and procedures for the reporting of personal securities transactions on a quarterly basis as well as upon hire, and annually for all employees. The Chief Compliance Officer reviews on a regular basis all employee personal trading accounts. The Chief Compliance Officer's trades are reviewed by the Chief Executive Officer or his designee. These reviews help ensure that the personal trading of employees complies with the Code of Ethics.

Stony Point does not recommend to clients that they invest in any security in which Stony Point or any principal thereof has any financial interest. An employee of Stony Point may purchase for his or her own account securities which are also recommended for clients. Our Code of Ethics details rules for employees regarding personal trading and avoiding conflicts of interest related to trading in one's own account. To avoid placing a trade before a client (in the case of a purchase) or after a client (in the case of a sale), all employee trades are reviewed by the Chief Compliance Officer. All employee trades must either take place in the same block as a client trade or sufficiently apart in time from the client trade, so the employee receives no added benefit. Employee statements are reviewed to confirm compliance with the trading procedures.

#### Review of Accounts

All accounts will be reviewed by a member of senior management on at least an annual basis. However, it is expected that market conditions, changes in a particular client's account, or changes to a client's circumstances will trigger a review of accounts. Reviews may vary in focus specific to a client's specific situation but may include performance reviews, changes that have been made since the last review, changes in a client's financial situation, current cash holdings, any known immediate need of investments, and risk tolerance. If a Client wishes to engage Stony Point for an additional or ongoing review of their financial plan, each review may require a new financial planning agreement. All clients will receive at least a quarterly statement for each account and confirmations of all trades directly from Schwab.

#### Client Referrals

Stony Point and its employees do not refer clients to any third-party money manager. Nor does the Firm directly or indirectly compensate any person who is not advisory personnel for client referrals.

However, see Item 12 of Stony Point's Form ADV Part 2A for information on the benefits Stony Point may receive from recommended qualified custodians, including Schwab. Stony Point's clients do not pay more for investment transactions effected and/or assets maintained at Schwab as a result of this arrangement. There is no corresponding commitment made by Stony Point to Schwab or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as a result of the above arrangement.

#### Other Compensation

Schwab Advisor Services (formerly called Schwab Institutional) is Schwab's business serving independent investment advisory firms like us. They provide us and our clients with access to its institutional brokerage – trading, custody, reporting and related services – many of which are not typically available to Schwab retail customers. Schwab also makes available various support services. Some of those services help us manage or administer our clients' accounts while others help us manage and grow our business. The availability to us of Schwab's products and services is not based on us giving particular investment advice, such as buying particular securities for our clients. Here is a more detailed description of Schwab's support services:

*Services That Benefit You:* Schwab's services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through Schwab include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients. Schwab's services described in this paragraph generally benefit you and your account.

*Services That May Not Directly Benefit You:* Schwab also makes available to us other products and services that benefit us but may not directly benefit you or your account. These products and services assist us in managing and administering our clients' accounts. They include investment research, both Schwab's own and that of third parties. We may use this research to service all or a substantial number of our clients' accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab also makes available software and other technology that:

- Provide access to client account data (such as duplicate trade confirmations and account statements)

- Facilitate trade execution and allocate aggregated trade orders for multiple client accounts
- Provide pricing and other market data
- Facilitate payment of our fees from our clients' accounts
- Assist with back-office functions, recordkeeping, and client reporting

*Services That Generally Benefit Only Us:* Schwab also offers other services intended to help us manage and further develop our business enterprise. These services include:

- Educational conferences and events
- Consulting on technology, compliance, legal, and business needs
- Publications and conferences on practice management and business succession
- Access to employee benefits providers, human capital consultants, and insurance providers

Schwab may provide some of these services directly to us. In other cases, it will arrange for third-party vendors to provide the services to us. Schwab may also discount or waive its fees for some of these services or pay all or a part of a third party's fees. Schwab may also provide us with other benefits, such as occasional business entertainment of our personnel.

*Our Interest in Schwab's Services:* The availability of the services described above from Schwab benefits us because we do not have to produce or purchase them. These services are not contingent upon us committing any specific amount of business to Schwab in trading commissions or assets in custody. The services provided may give us an incentive to require that you maintain your account with Schwab based on our interest in receiving Schwab's services and Schwab's payment for third-party services that benefit our business rather than based on your interest in receiving the best value in custody services and the most favorable execution of your transactions. This is a conflict of interest. We believe, however, that our selection of Schwab as custodian and broker is in the best interests of our clients. It is primarily supported by the scope, quality and price of Schwab's services and not Schwab's services and Schwab's payment for third party services that benefit only us. We do not consider whether Schwab or any other broker-dealer/custodian, refers clients to Stony Point as part of our evaluation of these broker-dealers.

#### Financial Information

Stony Point does not require the prepayment of fees more than six (6) months or more in advance and therefore has not provided a balance sheet with this brochure. There are no material financial circumstances or conditions that would reasonably be expected to impair our ability to meet our contractual obligations to our clients.

# **STONY POINT WEALTH MANAGEMENT INC.**

## **PRIVACY NOTICE**

This notice is being provided to you in accordance with the Securities and Exchange Commission's rule regarding the privacy of consumer financial information ("Regulation S-P"). Please take the time to read and understand the privacy policies and procedures that we have implemented to safeguard your nonpublic personal information.

### **INFORMATION WE COLLECT**

STONY POINT WEALTH MANAGEMENT INC. must collect certain personally identifiable financial information about its clients to ensure that it offers the highest quality financial services and products. The personally identifiable financial information which we gather during the normal course of doing business with you may include:

1. information we receive from you on applications or other forms;
2. information about your transactions with us, our affiliates, or others;
3. information collected through an Internet "cookie" (an information collecting device from a web server); and
4. information we receive from a consumer reporting agency.

### **INFORMATION WE DISCLOSE**

We do not disclose any nonpublic personal information about our clients or former clients to anyone, except as permitted by law. We do not disclose your personal information to any third party for the purpose of allowing that party to market other products to you. In accordance with Section 248.13 of Regulation S-P, we may disclose all of the information we collect, as described above, to certain nonaffiliated third parties such as attorneys, accountants, auditors and persons or entities that are assessing our compliance with industry standards. We enter into contractual agreements with all nonaffiliated third parties that prohibit such third parties from disclosing or using the information other than to carry out the purposes for which we disclose the information.

### **CONFIDENTIALITY AND SECURITY**

We restrict access to nonpublic personal information about you to those employees who need to know that information to provide financial products or services to you. We maintain physical, electronic, and procedural safeguards that comply with federal standards to guard your nonpublic personal information.