

# **Palumbo Wealth Management, LLC**

## **Form ADV Part 2A – Disclosure Brochure**

**Effective: March 10, 2022**

This Form ADV 2A (“Disclosure Brochure”) provides information about the qualifications and business practices of Palumbo Wealth Management, LLC (“PWM” or the “Advisor”). If you have any questions about the content of this Disclosure Brochure, please contact the Advisor at (516) 629-7536.

PWM is a registered investment advisor with the U.S. Securities and Exchange Commission (“SEC”). The information in this Disclosure Brochure has not been approved or verified by the SEC or any state securities authority. Registration of an investment advisor does not imply any specific level of skill or training. This Disclosure Brochure provides information through PWM to assist you in determining whether to retain the Advisor.

Additional information about PWM and its Advisory Persons is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) by searching with the Advisor’s firm name or CRD# 306548.

## Item 2 – Material Changes

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Form ADV 2 is divided into two parts: *Part 2A (the "Disclosure Brochure")* and *Part 2B (the "Brochure Supplement")*. The Disclosure Brochure provides information about a variety of topics relating to an Advisor's business practices and conflicts of interest. The Brochure Supplement provides information about the Advisory Persons of PWM.

PWM believes that communication and transparency are the foundation of its relationship with clients and will continually strive to provide you with complete and accurate information at all times. PWM encourages all current and prospective clients to read this Disclosure Brochure and discuss any questions you may have with the Advisor.

### Material Change

There have been no material changes to this Disclosure Brochure since the last filing and distribution to Clients.

### Future Changes

From time to time, the Advisor may amend this Disclosure Brochure to reflect changes in our business practices, changes in regulations, or routine annual updates as required by the securities regulators. This complete Disclosure Brochure or a Summary of Material Changes shall be provided to you annually and if a material change occurs in the business practices of PWM.

At any time, you may view the current Disclosure Brochure on-line at the SEC's Investment Adviser Public Disclosure website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) by searching with the Advisor's firm name or CRD # 306548. You may also request a copy of this Disclosure Brochure at any time by contacting the Advisor at (516) 629-7536.

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## Item 4 – Advisory Services

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### A. Firm Information

Palumbo Wealth Management, LLC (“PWM” or the “Advisor”) is a registered investment advisor with the U.S. Securities and Exchange Commission (“SEC”). PWM is organized as a Limited Liability Company under the laws of New York. PWM was founded in November 2019 and became a registered investment advisor in January 2020. PWM is owned by Philip G. Palumbo, CFP® (CEO, Founder, and Chief Investment Officer).

This Disclosure Brochure provides information regarding the qualifications, business practices, and the advisory services provided by PWM. For information regarding this Disclosure Brochure, please contact Killana Williams (Chief Compliance Officer) at (516) 629-7536.

### B. Advisory Services Offered

PWM offers investment advisory services to high-net-worth individuals, families, trusts, estates, and businesses (each referred to as a “Client”).

The Advisor serves as a fiduciary to Clients, as defined under the applicable laws and regulations. As a fiduciary, the Advisor upholds a duty of loyalty, fairness, and good faith towards each Client and seeks to mitigate potential conflicts of interest. PWM's fiduciary commitment is further described in the Advisor's Code of Ethics. For more information regarding the Code of Ethics, please see Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.

#### Wealth Management Services

PWM provides wealth management services for its Clients. These services generally include discretionary investment management services in connection with a broad range of financial planning services. These services are described below.

*Investment Management Services* – PWM provides customized investment advisory solutions for its Clients. This is achieved through continuous personal Client contact and interaction while providing discretionary investment management and related advisory services. PWM works with each Client to identify their investment goals and objectives, risk tolerance, and financial situation to create an investment strategy. PWM will then design an investment strategy that may include the Advisor's internal investment management and/or the use of independent managers and/or internal investment management.

*Retirement Accounts* – When the Advisor provides investment advice to Clients regarding ERISA retirement accounts or individual retirement accounts (“IRAs”), the Advisor is a fiduciary within the meaning of Title I of the Employee Retirement Income Security Act (“ERISA”) and/or the Internal Revenue Code (“IRC”), as applicable, which are laws governing retirement accounts. When deemed to be in the Client's best interest, the Advisor will provide investment advice to a Client regarding a distribution from an ERISA retirement account or to roll over the assets to an IRA, or recommend a similar transaction including rollovers from one ERISA sponsored Plan to another, one IRA to another IRA, or from one type of account to another account (e.g. commission-based account to fee-based account). Such a recommendation creates a conflict of interest if the Advisor will earn a new (or increase its current) advisory fee as a result of the transaction. No client is under any obligation to roll over a retirement account to an account managed by the Advisor.

*Internal Management* – PWM will construct Client portfolios utilizing mutual funds, exchange-traded funds (“ETFs”), mutual funds, individual equities, and individual bonds. The Advisor may also utilize options, private investments, and other types of investments, as appropriate, to meet certain clients' needs. The Advisor may retain certain legacy investments based on portfolio fit and/or tax considerations.

PWM will select, recommend and/or retain mutual funds on a fund-by-fund basis. Due to specific custodial and/or mutual fund company constraints, material tax consideration, and/or systematic investment plans, PWM will select, recommend and/or retain a mutual fund share class that does not have trading costs but does have higher internal expense ratios than institutional share classes. PWM will seek to select the lowest cost share

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class available in the best interest of each Client and ensure the selection aligns with the Client's financial objectives and stated investment guidelines.

PWM's investment approach is primarily long-term focused, but the Advisor may buy, sell, or re-allocate investments held for less than one year to meet the Client's objectives or due to market conditions. PWM will construct, implement, and monitor the portfolio to ensure it meets the Client's goals, objectives, circumstances, and risk tolerance agreed to by the Client. Each Client will have the opportunity to place reasonable restrictions on the types of investments to be held in their respective portfolio, subject to acceptance by the Advisor.

PWM evaluates and selects investments for inclusion in Client portfolios only after applying its internal due diligence process. PWM may recommend, on occasion, redistributing investment allocations to diversify the portfolio. PWM may recommend specific positions to increase sector or asset class weightings. The Advisor may recommend employing cash positions as a possible hedge against market movement. PWM may recommend selling positions for reasons that include, but are not limited to, harvesting capital gains or losses, business or sector risk exposure to a specific security or class of securities, overvaluation or overweighting of the position[s] in the portfolio, changes in risk tolerance of Client, generating cash to meet Client needs, or any risk deemed unacceptable for the Client's risk tolerance.

*Use of Independent Managers* – PWM may recommend that a Client utilize one or more unaffiliated investment managers or investment platforms (collectively "Independent Managers") for all or a portion of a Client's investment portfolio, based on the Client's needs and objectives. The Advisor will assist in the development of investment policy recommendations and managing the ongoing Client relationship. The Advisor will perform initial and ongoing oversight and due diligence over the selected Independent Manager[s] to ensure the Independent Managers' strategies and target allocations remain aligned with the Clients' investment objectives and overall best interests. The Client will be provided with the Independent Manager's Form ADV 2A (or a brochure that makes the appropriate disclosures).

At no time will PWM accept or maintain custody of a Client's funds or securities, except for the limited authority as detailed in Item 15 – Custody. All Client assets will be managed within their designated account [s] pursuant to the terms of the advisory agreement. Please see Item 12 – Brokerage Practices.

*Financial Planning Services* – PWM will typically provide a variety of financial planning services to Clients. Services may be provided as part of an overall wealth management engagement or pursuant to a separate written financial planning agreement. Services are offered in several areas of a Client's financial situation, depending on their goals and objectives. Generally, such financial planning services will involve preparing a financial plan or rendering a financial consultation based on the Client's financial goals and objectives. This planning or consulting may encompass one or more areas of need, including but not limited to investment planning, retirement planning, estate planning, personal savings, education savings, insurance needs, and other areas of a Client's financial situation.

A financial plan developed for or financial consultation rendered to the Client will usually include general recommendations for a course of activity or specific actions to be taken by the Client. For example, recommendations may be made that the Client start or revise their investment programs, commence, or alter retirement savings, establish education savings, and/or charitable giving programs. PWM may also refer Clients to an accountant, attorney, or other specialists, as appropriate for their unique situation. For certain financial planning engagements, the Advisor will provide a written summary of the Client's financial situation, observations, and recommendations. For consulting or ad-hoc engagements, the Advisor may not provide a written summary. Plans or consultations are typically completed within six months of the contract date, assuming all information and documents requested are provided promptly.

Financial planning and consulting recommendations pose a potential conflict between the interests of the Advisor and the interests of the Client. For example, the Advisor has an incentive to recommend that Clients engage the Advisor for investment management services or to increase the level of investment assets with the

Advisor, as it would increase the amount of advisory fees paid to the Advisor. Clients are not obligated to implement any recommendations made by the Advisor or maintain an ongoing relationship with the Advisor. If the Client elects to act on any of the recommendations made by the Advisor, the Client is under no obligation to implement the transaction through the Advisor.

### **C. Client Account Management**

Prior to engaging PWM to provide investment advisory services, each Client is required to enter into one or more advisory agreements with the Advisor that define the terms, conditions, authority, and responsibilities of the Advisor and the Client. These services may include:

- Establishing an Investment Strategy – PWM, in connection with the Client, will develop a strategy that seeks to achieve the Client's goals and objectives.
- Asset Allocation – PWM will develop a strategic asset allocation targeted to meet the investment objectives, time horizon, financial situation, and tolerance for risk for each Client.
- Portfolio Construction – PWM will develop a portfolio for the Client that is intended to meet the stated goals and objectives of the Client.
- Investment Management and Supervision – PWM will provide investment management and ongoing oversight of the Client's portfolio.

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

PWM does not manage or place Client assets into a wrap fee program. Investment management services are provided directly by PWM.

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

As of December 31, 2021, PWM manages \$218,619,572 of Client assets, all of which are managed on a discretionary basis. Clients may request more current information at any time by contacting the Advisor.

## **Item 5 – Fees and Compensation**

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The following paragraphs detail the fee structure and compensation methodology for services provided by the Advisor. Each Client shall sign one or more agreements that detail the responsibilities of PWM and the Client.

### **A. Fees for Advisory Services**

#### Wealth Management Services

Wealth Management fees are paid quarterly, in advance of each calendar quarter, pursuant to the terms of the Wealth Management agreement. Investment advisory fees are based on the market value of assets under management at the end of the prior calendar quarter. Wealth Management fees range from 0.50% to 1.75% annually based on several factors, including, but not limited to: the services offered to the Client, the complexity of the services to be provided, the level of Client assets managed by the Advisor, and/or the overall relationship with the Advisor.

The Wealth Management fee in the first quarter of service is prorated from the inception date of the account[s] to the end of the first quarter. Fees may be negotiable at the sole discretion of the Advisor. The Client's fees will take into consideration the aggregate assets under management with Advisor. The designated Custodian will independently value all securities held in accounts managed by PWM. The Advisor will conduct periodic reviews of the Custodian's valuations.

Clients may make additions to and withdrawals from their account[s] at any time, subject to PWM's right to terminate an account. Additions may be in cash or securities provided that PWM reserves the right to liquidate any transferred securities or decline to accept particular securities into a Client's account[s]. Clients may withdraw account assets on notice to PWM, subject to the usual and customary securities settlement procedures. However, PWM designs its portfolios as long-term investments, and the withdrawal of assets may impair the achievement of

a Client's investment objectives. PWM may consult with its Clients about the options and ramifications of transferring securities. However, 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.

The Advisor's fee is exclusive of and in addition to any applicable securities transaction and custody fees and other related costs and expenses described in Item 5.C below, which may be incurred by the Client. However, the Advisor shall not receive any portion of these commissions, fees, and costs.

#### Use of Independent Managers

As noted in Item 4, the Advisor may implement all or a portion of a Client's investment portfolio utilizing one or more Independent Managers. To eliminate any conflict of interest, the Advisor does not earn any compensation from an Independent Manager. The Advisor will only earn its wealth management fee as described above. The Advisor will allocate a portion of the advisory fee collected to the Independent Manager pursuant to the terms of the executed agreement between the Advisor and the Independent Manager. The total blended fee, including the Advisor's fee and the Independent Manager's fee, will not exceed 2.00% annually.

#### Financial Planning Services

PWM will typically include financial planning services in an overall wealth management engagement. For clients who choose to contract for these services separately, the Advisor offers its services as a separate fixed project fee ranging from \$1,000 to \$5,000. The Advisor's fee is based on the complexity of the services to be provided and the overall relationship to the Advisor. Fees may be negotiable at the sole discretion of the Advisor. An estimate for total costs will be provided to the Client prior to engaging in these services.

### **B. Fee Billing**

#### Wealth Management Services

Wealth Management fees will be calculated by the Advisor or its delegate and deducted from the Client's account[s] at the Custodian. The Advisor shall send an invoice to the Custodian indicating the fees to be deducted from the Client's account[s] at the respective quarter-end date. The amount due is calculated by applying the quarterly rate (annual rate divided by 4) to the total assets under management with PWM at the end of the prior quarter. Clients will be provided with a statement, at least quarterly, from the Custodian reflecting the investment advisory fee deduction. It is the responsibility of the Client to verify the accuracy of these fees as listed on the custodian's brokerage statement as the Custodian does not assume this responsibility. Clients provide written authorization permitting advisory fees to be deducted by PWM to be paid directly from their accounts held by the Custodian as part of the investment advisory agreement and separate account forms provided by the Custodian.

#### Use of Independent Managers

For Client accounts implemented through an Independent Manager, the Client's overall fees may include PWM's investment advisory fee (as noted above) plus investment management fees and/or platform fees charged by the Independent Manager[s], as applicable. In certain instances, the Independent Manager or the Advisor may assume responsibility for calculating the Client's fees and deduct all fees from the Client's account[s].

#### Financial Planning Services

Financial planning engagements may require an advance payment of fees up to 50% of the expected total cost of the engagement. Upon completion of the engagement deliverable[s], the remaining balance of the engagement fees shall be invoiced by the Advisor and are due upon receipt of the invoice. The Advisor does not collect advance fees of \$1,200 or more for any services that will be completed six (6) months or more in the future.

### **C. Other Fees and Expenses**

Clients may incur certain fees or charges imposed by third parties other than PWM in connection with investments made on behalf of the Client's account[s]. The Client is responsible for all securities execution and custody fees charged by the Custodian, if applicable. The Advisor's recommended Custodian does not charge securities transaction fees for ETF and equity trades in Client accounts, provided that the Client's accounts meet



the terms and conditions of the Custodian's brokerage requirements. However, the Custodian typically charges for mutual funds and other types of investments. The fees charged by PWM are separate and distinct from these custody and execution fees.

In addition, all fees paid to PWM for investment advisory services are separate and distinct from the expenses charged by mutual funds and ETFs to their shareholders, if applicable. These fees and expenses are described in each fund's prospectus. These fees and expenses will generally be used to pay management fees for the funds, other fund expenses, account administration (e.g., custody, brokerage, and account reporting), and a possible distribution fee. A Client may be able to invest in these products directly, without the services of PWM, but would not receive the services provided by PWM, which are designed, among other things, to assist the Client in determining which products or services are most appropriate for each Client's financial situation and objectives. Accordingly, the Client should review both the fees charged by the fund[s] and the fees charged by PWM to fully understand the total fees to be paid. Additionally, as noted above, the Advisor will select share classes that do not have trading costs but have higher internal expense ratios than institutional share classes. Please refer to Item 12 – Brokerage Practices for additional information.

#### **D. Advance Payment of Fees and Termination**

##### Wealth Management Services

PWM is compensated for its wealth management services in advance of the quarter in which services are rendered. Either party may request to terminate the wealth management agreement with PWM, at any time, by providing advance written notice to the other party. The Client shall be responsible for investment advisory fees up to and including the effective date of termination. Upon termination, the Advisor will promptly refund any unearned, prepaid advisory fees. The Client's investment advisory agreement with the Advisor is non-transferable without the Client's prior consent.

##### Use of Independent Managers

In the event that the Advisor has determined that an Independent Manager is no longer in the Client's best interest, the Advisor will have the discretion to terminate the relationship with the Independent Manager. The terms for termination are set forth in the respective agreements between the Advisor and the Independent Managers.

##### Financial Planning Services

PWM may be partially compensated for its financial planning services in advance of providing services. Either party may terminate the financial planning agreement, at any time, by providing advance written notice to the other party. The Client may also terminate the financial planning agreement within five (5) business days of signing the Advisor's agreement at no cost to the Client. After the five-day period, the Client will incur charges for bona fide advisory services rendered to the point of termination, and such fees will be due and payable by the Client. Upon termination, the Client shall be responsible for planning fees based on the percentage of the engagement deliverables completed. Upon termination, the Advisor will refund any unearned, prepaid fees from the effective date of termination. The Client's financial planning agreement with the Advisor is non-transferable without the Client's prior consent.

#### **E. Compensation for Sales of Securities**

PWM does not buy or sell securities to earn securities transaction fees and does not receive any compensation for securities transactions in any Client account other than the investment advisory fees noted above.

Certain Advisory Persons are also licensed as independent insurance professionals. As an independent insurance professional, an Advisory Person will earn commission-based compensation for selling insurance products, including insurance products they sell to Clients. Insurance commissions earned by the Advisory Person are separate and in addition to the advisory fees charged by PWM. This practice presents a conflict of interest because the Advisory Person providing investment advice on behalf of the Advisor, who is also an insurance agent, has an incentive to recommend insurance products to the Client for the purpose of generating



commissions rather than solely based on the Client's needs. However, the Client is under no obligation, contractually or otherwise, to purchase insurance products through any Advisory Person affiliated with the Advisor. Please see Item 10 – Other Financial Industry Activities and Affiliations.

Certain Advisory Persons are also registered representatives of Private Client Services LLC ("PCS"). PCS is a registered broker-dealer (CRD No. 120222), member FINRA, SIPC. In one's separate capacity as a registered representative of PCS, the Advisory Person will implement securities transactions under PCS and not through PWM. In such instances, the Advisory Person will receive commission-based compensation in connection with the purchase and sale of securities, including 12b-1 fees for the sale of investment company products. Compensation earned by the Advisory Person in one's capacity as a registered representative is separate and in addition to the Advisor's fees. This practice presents a conflict of interest because the Advisory Person, who is a registered representative, has an incentive to effect securities transactions for the purpose of generating commissions rather than solely based on the Client. Clients are not obligated to implement any recommendation provided by the Advisor nor Advisory Persons. Neither the Advisor nor Advisory Persons will earn ongoing investment advisory fees in connection with any products or services implemented in the Advisory Person's separate capacity as a registered representative. Please see Item 10 – Other Financial Industry Activities and Affiliations.

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

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PWM does not charge performance-based fees for its investment advisory services. The fees charged by PWM are described in Item 5 above and are not based upon the capital appreciation of the funds or securities held by any Client.

PWM does not manage any proprietary investment funds or limited partnerships (for example, a mutual fund or a hedge fund) and has no financial incentive to recommend any particular investment options to its Clients.

## **Item 7 – Types of Clients**

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PWM provides investment advisory services to high-net-worth individuals, families, trusts, estates, and businesses. The amount of each type of Client is available on PWM's Form ADV Part 1A. These amounts may change over time and are updated at least annually by the Advisor. PWM requires a minimum relationship size of \$500,000, which may be reduced at the Advisor's sole discretion.

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

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### **A. Methods of Analysis**

PWM primarily employs fundamental and technical analysis methods in developing investment strategies for its Clients. Research and analysis from PWM are derived from numerous sources, including financial media companies, third-party research materials, Internet sources, and review of company activities, including annual reports, prospectuses, press releases, and research prepared by others.

*Fundamental analysis* utilizes economic and business indicators as investment selection criteria. These criteria are generally ratios and trends that may indicate the entity's overall strength and financial viability being analyzed. Assets are deemed suitable if they meet certain criteria to indicate that they are a strong investment with a value discounted by the market. While this type of analysis helps 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 the fundamental 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.

*Technical analysis* involves the analysis of past market data rather than specific company data in determining the recommendations made to clients. Technical analysis may involve the use of charts to identify market patterns and trends, which may be based on investor sentiment rather than the fundamentals of the company.

The primary risk in using technical analysis is that spotting historical trends may not help predict such future trends. Even if the trend will eventually reoccur, there is no guarantee that PWM will accurately predict such a reoccurrence.

As noted above, PWM generally employs a long-term investment strategy for its Clients, as consistent with their financial goals. PWM will typically hold all or a portion of a security for more than a year but may hold for shorter periods to rebalance a portfolio or meet the cash needs of Clients. At times, PWM may also buy and sell positions that are more short-term in nature, depending on the goals of the Client and/or the fundamentals of the security, sector, or asset class.

## **B. 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. PWM 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.

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[s]. 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 a Client's account[s]. The Advisor will work with each Client to determine their tolerance for risk as part of the portfolio construction process. Following are some of the risks associated with the Advisor's investment approach:

*Market Risks* – The value of a Client's holdings may fluctuate in response to events specific to companies or markets, as well as economic, political, or social events in the U.S. and abroad. This risk is linked to the performance of the overall financial markets.

*ETF Risks* – The performance of ETFs is subject to market risk, including the possible loss of principal. The price of the ETFs will fluctuate with the price of the underlying securities that make up the funds. In addition, ETFs have a trading risk based on the loss of cost efficiency if the ETFs are traded actively and a liquidity risk if the ETFs have a large bid-ask spread and low trading volume. The price of an ETF fluctuates based upon the market movements and may dissociate from the index being tracked by the ETF or the price of the underlying investments. An ETF purchased or sold at one point in the day may have a different price than the same ETF purchased or sold a short time later.

*Bond ETFs* – Bond ETFs are subject to specific risks, including the following: (1) interest rate risks, i.e., the risk that bond prices will fall if interest rates rise, and vice versa, the risk depends on two things, the bond's time to maturity, and the coupon rate of the bond. (2) reinvestment risk, i.e., the risk that any profit gained must be reinvested at a lower rate than was previously being earned, (3) inflation risk, i.e., the risk that the cost of living and inflation increases at a rate that exceeds the income investment thereby decreasing the investor's rate of return, (4) credit default risk, i.e., the risk associated with purchasing a debt instrument which includes the possibility of the company defaulting on its repayment obligation, (5) rating downgrades, i.e., the risk associated with a rating agency's downgrade of the company's rating which impacts the investor's confidence in the company's ability to repay its debt and (6) Liquidity Risks, i.e., the risk that a bond may not be sold as quickly as there is no readily available market for the bond.

*Mutual Fund Risks* – The performance of mutual funds is subject to market risk, including the possible loss of principal. The price of the mutual funds will fluctuate with the value of the underlying securities that make up the

funds. The price of a mutual fund is typically set daily therefore, a mutual fund purchased at one point in the day will typically have the same price as a mutual fund purchased later that same day.

*Options Contracts* – Investments in options contracts have the risk of losing value in a relatively short period of time. Option contracts are leveraged instruments that allow the holder of a single contract to control many shares of an underlying stock. This leverage can compound gains or losses.

*Margin Borrowings* – The use of short-term margin borrowings may result in certain additional risks to a Client. For example, if securities pledged to brokers to secure a Client's margin accounts decline in value, the Client could be subject to a "margin call," pursuant to which it must either deposit additional funds with the broker or be the subject of mandatory liquidation of the pledged securities to compensate for the decline in value.

*Alternative Investments (Limited Partnerships)* – The performance of alternative investments (limited partnerships) can be volatile and may have limited liquidity. An investor could lose all or a portion of their investment. Such investments often have concentrated positions and investments that may carry higher risks. The Client should only have a portion of their assets in these investments.

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. **Past performance is not a guarantee of future returns. Investing in securities and other investments involves a risk of loss that each Client should understand and be willing to bear. Clients are reminded to discuss these risks with the Advisor.**

## **Item 9 – Disciplinary Information**

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**There are no legal, regulatory, or disciplinary events involving PWM or its owner.** PWM values the trust Clients place in the Advisor. The Advisor encourages Clients to perform the requisite due diligence on any advisor or service provider that the Client engages. The backgrounds of the Advisor and its Advisory Persons are available on the Investment Adviser Public Disclosure website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) by searching with the Advisor's firm name or CRD# 306548.

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

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### Use of Independent Managers

As noted in Item 4, the Advisor may implement all or a portion of a Client's investment portfolio with one or more Independent Managers. The Advisor does not receive any compensation, nor does this present a material conflict of interest. The Advisor will only earn its investment advisory fee as described in Item 5.A.

### Insurance Agency Affiliations

As noted in Item 5, certain Advisory Persons are also licensed, insurance professionals. Implementations of insurance recommendations are separate and apart from one's role with PWM. As an insurance professional, an Advisory Person will receive customary commissions and other related revenues from the various insurance companies whose products are sold. The Advisory Person is not required to offer the products of any particular insurance company. Commissions generated by insurance sales do not offset regular advisory fees. This practice presents a conflict of interest in recommending certain products of the insurance companies. Clients are under no obligation to implement any recommendations made by the Advisory Person or the Advisor.

### Broker-Dealer Affiliations

As noted in Item 5, certain Advisory Persons are also registered representatives of PCS. PCS is a registered broker-dealer, member FINRA, SIPC. In one's separate capacity as a registered representative, the Advisory Person will receive commissions for the implementation of recommendations for commissionable transactions. Clients are not obligated to implement any recommendation provided by the Advisory Person. Neither the Advisor nor the Advisory Person will earn ongoing investment advisory fees in connection with any services implemented in the Advisory Person's separate capacity as a registered representative.

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

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

PWM has implemented a Code of Ethics that defines the Advisor's fiduciary commitment to each Client. This Code of Ethics applies to all persons associated with PWM ("Supervised Persons"). The Code of Ethics was developed to provide general ethical guidelines and specific instructions regarding the Advisor's duties to the Client. PWM and its personnel owe a duty of loyalty, fairness, and good faith towards each Client. It is the obligation of PWM Supervised Persons to adhere not only to the specific provisions of the Code but also to the general principles that guide the Code. The Code of Ethics covers a range of topics that address employee ethics and conflicts of interest. To request a copy of the Code of Ethics, please contact the Advisor at (516) 629-7536.

### **B. Personal Trading with Material Interest**

PWM allows Supervised Persons to purchase or sell the same securities that may be recommended to and purchased on behalf of Clients. PWM does not act as principal in any transactions. In addition, the Advisor does not act as the general partner of a fund or advise an investment company. PWM does not have a material interest in any securities traded in Client accounts.

### **C. Personal Trading in Same Securities as Clients**

PWM allows Supervised Persons to purchase or sell the same securities that may be recommended to and purchased on behalf of Clients. Owning the same securities recommended (purchase or sell) to Clients presents a conflict of interest that, as fiduciaries, must be disclosed to Clients and mitigated through policies and procedures. As noted above, the Advisor has adopted a Code of Ethics, which addresses insider trading (material non-public information controls) and personal securities reporting procedures. When trading for personal accounts, Supervised Persons of PWM have a conflict of interest if trading in the same securities. The fiduciary duty to act in the best interest of its Clients can be violated if personal trades are made with more advantageous terms than Client trades or by trading based on material non-public information. This risk is mitigated by PWM requiring reporting of personal securities trades by its employees for review by the Chief Compliance Officer ("CCO") or delegate. The Advisor has also adopted written policies and procedures to detect the misuse of material, non-public information.

### **D. Personal Trading at Same Time as Client**

While PWM allows Supervised Persons to purchase or sell the same securities that may be recommended to and purchased on behalf of Clients, such trades are typically aggregated with Client orders or traded afterward. **At no time will PWM transact in any security to the detriment of any Client.**

## **Item 12 – Brokerage Practices**

### **A. Recommendation of Custodian[s]**

PWM does not have discretionary authority to select the broker-dealer/custodian for custody and execution services. The Client will engage the broker-dealer/custodian (herein the "Custodian") to safeguard Client assets and authorize PWM to direct trades to this Custodian as agreed in the investment advisory agreement. Further, PWM does not have the discretionary authority to negotiate commissions on behalf of Clients on a trade-by-trade basis.

Where PWM does not exercise discretion over the selection of the Custodian, it may recommend the Custodian to Clients for custody and execution services. PWM may recommend the Custodian based on criteria such as, but not limited to, the reasonableness of commissions charged to the Client, services made available to the Client, and its overall reputation. Clients are not obligated to use the Custodian recommended by the Advisor and will not incur any extra fee or cost associated with using a custodian not recommended by PWM. However, if the recommended Custodian is not engaged, PWM may be limited in the services it can provide comparable to other Clients.

PWM will generally recommend that Clients establish their account[s] at Pershing Advisor Solutions, a division of Pershing, LLC ("Pershing") or TD Ameritrade, Inc. ("TD Ameritrade"). Pershing and TD Ameritrade (each a "Custodian" and collectively the "Custodians") are FINRA-registered broker-dealers and members of SIPC and serve as the Client's "qualified custodian." PWM maintains an institutional relationship with the Custodians, whereby the Advisor receives certain economic benefits. Please see Item 14 below.

Following are additional details regarding the brokerage practices of the Advisor:

1. **Soft Dollars** - Soft dollars are revenue programs offered by broker-dealers/custodians whereby an advisor enters into an agreement to place security trades with the broker-dealer/custodian in exchange for research and other services. **PWM does not participate in soft dollar programs sponsored or offered by any broker-dealer. However, the Advisor does receive certain economic benefits from the Custodians. Please see Item 14 below.**
2. **Brokerage Referrals** - PWM does not receive any compensation from any third party in connection with the recommendation for establishing a brokerage account.
3. **Directed Brokerage** - All Clients are serviced on a "directed brokerage basis" where PWM will place trades within the established account[s] at the Custodian designated by the Client. Further, all Client accounts are traded within their respective account[s]. The Advisor will not engage in any principal transactions (i.e., trade of any security from or to the Advisor's own account) or cross transactions with other Client accounts (i.e., purchase of a security into one Client account from another Client's account[s]). In selecting the Custodian, PWM will not be obligated to select competitive bids on securities transactions and does not have an obligation to seek the lowest available transaction costs. The designated Custodian determines these costs.

## **B. Aggregating and Allocating Trades**

The primary objective in placing orders for the purchase and sale of securities for Client accounts is to obtain the most favorable net results taking into account such factors as 1) price, 2) size of the order, 3) difficulty of execution, 4) confidentiality and 5) skill required of the broker. PWM will execute its transactions through an unaffiliated broker-dealer selected by the Client.

PWM may aggregate orders in a block trade or trades when securities are purchased or sold through the custodian for multiple (discretionary) accounts. If a block trade cannot be executed in full at the same price or time, the securities actually purchased or sold by the close of each business day must be allocated in a manner that is consistent with the initial pre-allocation or other written statement. This must be done in a way that does not consistently advantage or disadvantage particular Clients' accounts.

## **Item 13 – Review of Accounts**

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### **A. Frequency of Reviews**

Securities in Client accounts are monitored on a regular and continuous basis by the Killana Williams, Chief Compliance Officer of PWM. Formal reviews are generally conducted at least annually or more frequently, depending on the needs of the Client.

### **B. Causes for Reviews**

In addition to the investment monitoring noted in Item 13.A., each Client account shall be reviewed at least annually. Reviews may be conducted more or less frequently at the Client's request. Accounts may be reviewed as a result of major changes in economic conditions, known changes in the Client's financial situation, and/or large deposits or withdrawals in the Client's account[s]. The Client is encouraged to notify PWM if changes occur in the Client's personal financial situation that might adversely affect the Client's investment plan. Additional reviews may be triggered by material market, economic or political events.



## C. Review Reports

The Client will receive brokerage statements no less than quarterly from the Custodian. These brokerage statements are sent directly from the Custodian to the Client. The Client may also establish electronic access to the Custodian's website to view these reports and their account activity. Client brokerage statements will include all positions, transactions, and fees relating to the Client's account[s]. The Advisor may also provide Clients with periodic reports regarding their holdings, allocations, and performance.

## Item 14 – Client Referrals and Other Compensation

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### A. Compensation Received by PWM

#### Participation in Institutional Advisor Platform (Pershing)

PWM has established an institutional relationship with Pershing to assist the Advisor in managing Client account[s]. Access to the Pershing platform is provided at no charge to the Advisor. The Advisor receives access to software and related support without cost because the Advisor renders investment management services to Clients that maintain assets at Pershing. The software and related systems support may benefit the Advisor, but not its Clients directly. In fulfilling its duties to its Clients, the Advisor endeavors at all times to put the interests of its Clients first. Clients should be aware, however, that the receipt of economic benefits from a Custodian creates a conflict of interest since these benefits may influence the Advisor's recommendation of this Custodian over one that does not furnish similar software, systems support, or services.

#### Participation in Institutional Advisor Platform (TD Ameritrade)

As disclosed under Item 12 above, the Advisor participates in TD Ameritrade's institutional customer program, and the Advisor may recommend TD Ameritrade to Clients for custody and brokerage services. There is no direct link between the Advisor's participation in the program and the investment advice it gives to its Clients, although the Advisor receives economic benefits through its participation in the program, typically not available to TD Ameritrade retail investors. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate Client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving the Advisor participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to Client accounts); the ability to have advisory fees deducted directly from Client accounts; access to an electronic communications network for Client order entry and account information; access to mutual funds with no transaction fees and certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to the Advisor by third-party vendors. TD Ameritrade may also have paid for business consulting and professional services received by the Advisor's related persons. Some of the products and services made available by TD Ameritrade through the program may benefit the Advisor but may not benefit its Client accounts. These products or services may assist the Advisor in managing and administering Client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help the Advisor manage and further develop its business enterprise. The benefits received by the Advisor or its personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of its fiduciary duties to clients, the Advisor endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by the Advisor or its related persons in and of itself creates a conflict of interest and may indirectly influence the Advisor's choice of TD Ameritrade for custody and brokerage services.

### B. Client Referrals from Solicitors

PWM may engage and compensate unaffiliated third-party referral sources (a "solicitor") for Client referrals. Clients will not pay a higher fee to PWM as a result of such payments to a solicitor. The Advisor shall enter into an agreement with the solicitor, which requires that full disclosure of the compensation and other conflicts is provided to the prospective Client prior to or at the time of entering into the advisory agreement.



## **Item 15 – Custody**

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PWM does not accept or maintain custody of any Client accounts, except for the authorized deduction of the Advisor's fees and certain money movement authority as described below. All Clients must place their assets with a "qualified custodian." Clients are required to engage the Custodian to retain their funds and securities and direct PWM to utilize that Custodian for the Client's security transactions. PWM encourages Clients to review statements provided by the account Custodian and compare them to any reports provided by PWM to ensure accuracy, as the Custodian does not perform this review. For more information about Custodians and brokerage practices, see Item 12 – Brokerage Practices.

If the Client gives the Advisor authority to move money from one account to another account, the Advisor may have custody of those assets. In order to avoid additional regulatory requirements, the Custodian and the Advisor have adopted safeguards to ensure that the money movements are completed in accordance with the Client's instructions.

## **Item 16 – Investment Discretion**

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PWM generally has discretion over the selection and amount of securities to be bought or sold in Client accounts without obtaining prior consent or approval from the Client. However, these purchases or sales may be subject to specified investment objectives, guidelines, or limitations previously set forth by the Client and agreed to by PWM. The discretionary authority will only be authorized upon full disclosure to the Client. The granting of such authority will be evidenced by the Client's execution of an investment advisory agreement containing all applicable limitations to such authority. All discretionary trades made by PWM will be in accordance with each Client's investment objectives and goals.

## **Item 17 – Voting Client Securities**

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PWM does not accept proxy-voting responsibility for any Client. Clients will receive proxy statements directly from the Custodian. The Advisor will assist in answering questions relating to proxies, however, the Client retains the sole responsibility for proxy decisions and voting.

## **Item 18 – Financial Information**

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Neither PWM nor its management has any adverse financial situations that would reasonably impair the ability of PWM to meet all obligations to its Clients. Neither PWM nor any of its Advisory Persons have been subject to a bankruptcy or financial compromise. PWM is not required to deliver a balance sheet along with this Disclosure Brochure as the Advisor does not collect fees of \$1,200 or more for services to be performed six months or more in advance.

## Privacy Policy

Effective Date: March 10, 2022

### Our Commitment to You

Palumbo Wealth Management, LLC ("PWM" or the "Advisor") is committed to safeguarding the use of personal information of our Clients (also referred to as "you" and "your") that we obtain as your Investment Advisor, as described here in our Privacy Policy ("Policy").

Our relationship with you is our most important asset. We understand that you have entrusted us with your private information, and we do everything that we can to maintain that trust. PWM (also referred to as "we," "our," and "us") protects the security and confidentiality of the personal information we have and implements controls to ensure that such information is used for proper business purposes in connection with the management or servicing of our relationship with you.

PWM does not sell your non-public personal information to anyone. Nor do we provide such information to others except for discrete and reasonable business purposes in connection with the servicing and management of our relationship with you, as discussed below.

Details of our approach to privacy and how your personal non-public information is collected and used are set forth in this Policy.

### Why do you need to know?

Registered Investment Advisors ("RIAs") must share some of your personal information in the course of servicing your account. Federal and State laws give you the right to limit some of this sharing and require RIAs to disclose how we collect, share, and protect your personal information.

### What information do we collect from you?

Social security or taxpayer identification number	Assets and liabilities
Name, address, and phone number[s]	Income and expenses
E-mail address[es]	Investment activity
Account information (including other institutions)	Investment experience and goals

### What Information do we collect from other sources?

Custody, brokerage, and advisory agreements	Account applications and forms
Other advisory agreements and legal documents	Investment questionnaires and suitability documents
Transactional information with us or others	Other information needed to service account

### How do we protect your information?

To safeguard your personal information from unauthorized access and use, we maintain physical, procedural, and electronic security measures. These include such safeguards as secure passwords, encrypted file storage, and a secure office environment. Our technology vendors provide security and access control over personal information and have policies over data transmission. Our associates are trained on their responsibilities to protect Clients' personal information.

We require third parties that assist in providing our services to you to protect the personal information they receive from us.

**Palumbo Wealth Management, LLC**  
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Phone: (516) 629-7073 | Fax: (516) 629-7073  
[www.palumbowm.com](http://www.palumbowm.com)

### How do we share your information?

An RIA shares Client personal information to implement its services effectively. The section below lists some reasons we may share your personal information.

Basis For Sharing	Do we share?	Can you limit?
<b>Servicing our Clients</b> We may share non-public personal information with non-affiliated third parties (such as administrators, brokers, custodians, regulators, credit agencies, other financial institutions) as necessary for us to provide agreed upon services to you, consistent with applicable law, including but not limited to: processing transactions; general account maintenance; responding to regulators or legal investigations; and credit reporting.  PWM shares Client information with Private Client Services (PCS). This sharing is due to the oversight PCS has over certain Supervised Persons of the Advisor. You may also contact us at any time for a copy of the PCS Privacy Policy.	Yes	No
<b>Marketing Purposes</b> PWM does not disclose and does not intend to disclose personal information with non-affiliated third parties to offer you services. Certain laws may give us the right to share your personal information with financial institutions where you are a customer and where PWM or the client has a formal agreement with the financial institution. <b>We will only share information for purposes of servicing your accounts, not for marketing purposes.</b>	No	Not Shared
<b>Authorized Users</b> Your non-public personal information may be disclosed to you and persons we believe to be your authorized agent[s] or representative[s].	Yes	Yes
<b>Information About Former Clients</b> PWM does not disclose and does not intend to disclose non-public personal information to non-affiliated third parties with respect to persons who are no longer our Clients.	No	Not Shared

### Changes to our Privacy Policy

We will send you a copy of this Policy annually for as long as you maintain an ongoing relationship with us.

Periodically we may revise this Policy and provide you with a revised Privacy Policy if the changes materially alter the previous Privacy Policy. However, we will not revise our Privacy Policy to permit the sharing of non-public personal information other than as described in this notice unless we first notify you and provide you with an opportunity to prevent the information sharing.

### Any Questions?

You may ask questions or voice any concerns, as well as obtain a copy of our current Privacy Policy by contacting us at (516) 629-7536.