

## Form ADV Part 2A Brochure



### Surience Private Wealth LLC

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March 16, 2022

**This Brochure provides information about the qualifications and business practices of Surience Private Wealth LLC. You should review this brochure to understand your relationship with our firm and help you determine to hire or retain us as your investment adviser. If you have any questions about the contents of this brochure, please contact us at (509) 853-1597. The information in this Brochure has not been approved or verified by the United States of America Securities and Exchange Commission (“SEC”) or by any state securities authority.**

**Additional information about Surience Private Wealth LLC also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by our firm name or by using a unique identifying number, known as a CRD number. The CRD number for Surience Private Wealth LLC is 313055.**

**Surience Private Wealth LLC is a registered investment adviser. Registration of an investment adviser does not imply any level of skill or training.**

## Item 2 – Material Changes

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

In this update, we added language to Items 4 and 5 to disclose services provided to plan sponsors.

Additionally, we have updated the Assets Under Management information of Item 4 in accordance with the filing of our Annual Updating Amendment on March 16, 2022.

We encourage you to carefully review this Brochure prior to entering into an investment advisory contract with our firm. You may receive an updated copy of this brochure at any time by contacting us at (509) 853-1597.

(Brochure Date: 03/16/2022)

(Date of Most Recent Annual Updating Amendment: 03/16/2022)

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## Item 4 – Advisory Business

### About Our Firm

Surience Private Wealth LLC ("SPW") is a registered investment adviser that provides investment management and financial advisory services to individual and institutional investors to help them achieve their financial needs and goals. SPW is wholly owned by Armand Doucette and began operations in 2021.

Our firm takes pride in providing personalized service to our clients and acknowledges that it is held to a fiduciary standard of care.

### Types of Advisory Services We Offer

SPW offers a variety of advisory services to individuals, high net worth individuals and families, pension and profit-sharing plans, trusts, estates, charitable institutions, foundations, corporations, and other business entities. These services include:

- Investment and wealth management
- Financial planning and consulting

We work with our clients to determine their investment objectives and risk profile and develop a customized investment plan based on their individual needs and goals. SPW will utilize the financial information provided by the client to analyze and develop strategies and solutions to assist the client in meeting their financial goals.

Prior to SPW rendering any of the foregoing services, clients are required to enter into one or more written advisory agreements with SPW setting forth the relevant terms and conditions of the advisory relationship.

### Investment and Wealth Management Services

SPW manages our clients' portfolios on a discretionary basis. Our investment and wealth management services are tailored to the needs of our clients and are based on a comprehensive understanding of each client's current situation, past experiences, and future goals. With this acquired knowledge, we place clients in one of our strategies. These strategies are actively managed using multiple data sources. Clients' portfolios will be reviewed on a periodic basis to ensure proper placement in our strategies.

Client assets are primarily allocated among individual equity and debt securities, and exchange-traded funds ("ETFs") in accordance with the strategies' structures and risk/volatility parameters. Where appropriate, SPW may also provide advice about many types of legacy positions or other investments held in client portfolios. Clients may also engage SPW to manage and/or advise on certain investment products that are not maintained at their primary custodian, such as variable life insurance and annuity contracts (to the extent permissible without an insurance license) and assets held in employer sponsored retirement plans and qualified tuition plans (i.e., 529 plans). In these situations, SPW will direct or make recommendations on a non-discretionary basis for the allocation of client assets among the various investment options available with the product. These assets are generally maintained at the underwriting insurance company or custodian for the plan trustee or administrator and clients retain responsibility for effecting trades in these accounts.

SPW consults with clients on an initial and ongoing basis to assess their specific risk tolerance, time horizon, liquidity constraints and other related factors relevant to their placement in our strategies. You should promptly notify us if there are changes in your financial situation or if you wish to place any limitations on the management of your account. You may impose reasonable restrictions or mandates on the management of your account if SPW determines, in our sole discretion, the conditions would not materially impact the performance of a management strategy or prove overly burdensome to the firm's management efforts.

### **Financial Planning and Consulting Services**

SPW offers different levels of financial planning and consulting services to help our clients identify, prioritize and work towards their goals and objectives. Our consulting services give our clients the ability to receive a broad range of financial advice and services, including specific security recommendations, for the duration of the advisory agreement.

Our process starts with an extensive review of a client's family situation, which includes assets and liabilities as well as estate, tax, and insurance needs. We then employ a risk tolerance and risk capacity-focused simulation to get a detailed cash flow analysis and proposed asset allocation. Together, this information is analyzed to develop a proposed financial plan, which is designed to be dynamic in nature, ever-evolving due to life changes, along with changes in cash flow needs, risk tolerance, time horizon, or investment objectives.

SPW's financial planning and consulting services may include any of the following topics:

- Cash Flow Analysis
- Financial Record Organizing
- Estate Planning
- Charitable Giving
- Education Planning
- Business Planning
- Concentrated Stock
- Federal Benefits & Health Care
- Death & Disability
- Divorce Planning
- Liability Management
- Investment Consulting
- Tax Planning
- Insurance Review
- Family Governance
- Retirement Plan Consulting and Employee Benefits Analysis

While each of these services is available on a stand-alone basis, certain services may also be rendered in conjunction with investment portfolio management services as part of a comprehensive wealth management engagement. In performing these services, SPW is not required to verify any information received from the client or from the client's other professionals (e.g., attorneys, accountants, etc.), and is expressly authorized to rely on such information. SPW may recommend clients engage the firm for additional related services, or we may recommend other professionals to implement our recommendations. These additional services by SPW or another professional are provided at an additional cost to you, which is based on the nature, extent, complexity, and other characteristics of the services. This creates a conflict of interest because we will have an incentive to recommend additional services based on the compensation to be received, rather than solely based on your needs, and in some cases, based on the prospect of cross-referrals of advisory clients from the other professional or his or her firm. Implementation of financial planning recommendations is entirely at your discretion. You have complete freedom in selecting a financial adviser to assist you

with implementing the recommendations made in your financial plan and are under no obligation to act on the advice of SPW. Financial planning recommendations are of a generic nature and are not limited to any specific product or service offered by a broker dealer or insurance company. Should you choose to implement the recommendations contained in the plan, SPW suggests you work closely with your attorney, accountant and/or insurance agent.

SPW will act solely in our capacity as a registered investment adviser and does not provide any legal, accounting or tax advice. You should seek the counsel of a qualified accountant and/or attorney when necessary. As part of our advisory services, we may assist clients with tax loss harvesting and will work with the client's tax specialist to answer any questions related to the client's portfolio.

### **Fiduciary and Non-Fiduciary Services for Plan Sponsors**

Retirement plan sponsors may retain our firm to provide advisory and consulting services for plan assets. Fiduciary services available to plan sponsors include:

- Reviewing and assisting in the establishment of investment policies and objectives on behalf of the plan
- Assistance with development of an Investment Policy Statement
- Recommending core investments to be offered to plan participants for selection by the plan sponsor
- Recommending investment managers, within the meaning of ERISA Section 3(38), on behalf of the plan, to be offered as investment options for plan participants
- Monitoring of the plan's investments or investment managers in accordance with the plan's Investment Policy Statement or other relevant guidelines

Non-fiduciary consulting services available to plan sponsors include:

- Educating plan participants on investment options available within the plan
- Preparation of periodic performance reports for the plan's investments
- Assistance with monitoring the reasonableness of the fees and expenses of the plan's investments or investment managers in accordance with the plan's Investment Policy Statement or other relevant guidelines
- Benchmarking existing plan service providers to industry peers, and where appropriate, conducting a search for new providers for the plan sponsor's consideration and providing our recommendation.

### **Portfolio Management Services for Wrap Fee Program**

SPW offers portfolio management services through a wrap fee program. A bundled or "wrap fee" program is an advisory fee program under which you pay one bundled fee to compensate SPW for portfolio management and trade execution. A wrap fee program may not be the lowest cost option if you would like to restrict your investments to open-end mutual funds or other long-term investment products. Please refer to our Wrap Brochure for further information on our wrap-fee program, which is provided as an Appendix to this Brochure.

### **Amount of Assets We Manage**

As of December 31, 2021, SPW managed \$134,469,209 on a discretionary basis and \$878,718 on a non-discretionary basis for a total of \$135,347,927 of assets under management.

## Item 5 – Fees and Compensation

### How We Are Compensated for Our Advisory Services

SPW offers our advisory services on a fee-only basis. Our fees vary among the different types of advisory services we offer and may be negotiated at our sole discretion. The specific fees and manner in which fees are charged and calculated are described in your investment advisory agreement. You should carefully review the investment advisory agreement prior to signing it.

Fees for our advisory services may be higher than fees charged by other advisers who offer similar services. You may be charged different fees than similarly situated clients for the same services. You should carefully review this brochure to understand the fees and other sources of compensation that exist among our services prior to entering into an investment advisory contract with our firm.

### Investment and Wealth Management Services

<u>Total Assets Under Management</u>	<u>Annual Fee*</u>
\$0 - \$999,999	1.75%
\$1,000,000 - \$2,499,000	1.45%
\$2,500,000 - \$9,999,999	1.15%
<u>\$10,000,000 - \$25,000,000</u>	<u>0.95%</u>

\* Minimum annual fee is \$2,500 and will be billed \$625 quarterly

Fees are generally billed in advance each calendar quarter based on the market value of the assets under management/advisement on the last day of the previous calendar quarter. SPW, in our sole discretion, may waive the minimum annual fee based upon certain criteria, including, but not limited to, anticipated future earning capacity and/or additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing client relationships, account retention, and pro bono activities. For investment and wealth management services SPW provides to certain clients or for specific client holdings (e.g., held-away assets, 529 plans, etc.), we may negotiate a fee rate that differs from our standard fee schedule.

As stated in the client's investment advisory agreement, if services are provided for less than a full a calendar quarter, the advisory fee will be prorated based on the number of days in the quarter the client received services or the assets were under SPW's management, and any pre-paid, unearned fees will be refunded. If a client has a significant one-off cash flow within a calendar quarter equal to \$100,000 or greater, the advisory fee will be prorated based on the number of days remaining in the quarter, unless the fee would generally be less than \$150.

Fees can be based on cumulative household assets under management. However, certain ERISA rules prevent householding corporate plans with personal assets for fee reductions. You should refer to your advisory agreement for your specific fee rate(s).

### Financial Planning and Consulting Services

Fees for financial planning and/or consulting services are billed on an hourly or fixed rate in advance. Hourly fees generally range up to \$500 per hour. There is no minimum fee required for financial planning or consulting services;

however financial planning and consulting fees shall generally not exceed \$20,000 annually. Fees are due and payable as incurred.

Factors we consider when determining our financial planning and consulting fees include, but are not limited to:

- The amount of time we expect to spend completing the financial planning or consulting services and providing related advice;
- The complexity of your goals, issues and/or needs;
- The extensiveness and complexity of the data needed regarding your personal financial information;
- Your net worth or the value of your investment accounts and/or other assets that are the subject of the financial planning or consulting services; and/or
- Special circumstances related to life changes, marital status, health or special income needs, or growth or decline of a personal business.

SPW may request a retainer to initiate financial planning and consulting services; however, we will not request the prepayment of fees more than \$1,200 in advisory fees more than six months in advance.

You may engage SPW for additional investment management services to assist with implementing one or more financial planning recommendations. You will incur additional fees if you retain our firm for such services. You have complete freedom in selecting an investment adviser to assist you in implementing any recommendations by SPW and are under no obligation to act upon the advice we provide.

For consulting services, the investment advisory agreement between SPW and the client will continue in effect until terminated by either party. For stand-alone financial planning services, the agreement between SPW and the client will terminate upon delivery of the plan or completion of the service.

#### **Fiduciary and Non-Fiduciary Services for Plan Sponsors**

Fees for retirement plan sponsors are either set at a flat rate or based upon the value of the plan assets that are the subject of the consulting services and are generally payable in arrears on a quarterly basis. Fees for one-time projects are payable either upon completion of the project or half paid upon execution of the agreement with the balance due upon completion of the project. A graduated fee schedule may be set by the firm for fees based on the value of plan assets, which will be described in your services agreement.

#### **Payment of Fees**

Clients authorize SPW to instruct the account custodian to directly debit fees from the client's account. Accounts initiated or terminated during a calendar quarter will be charged a prorated fee.

Fees for our advisory services generally require you to pay investment advisory fees in advance of receiving services. Upon termination of your advisory agreement with our firm, we will promptly refund any prepaid, unearned fees.



- For investment and wealth management services, refunds are calculated by taking the total advisory fee billed for the calendar quarter, dividing that amount by the number of days in the calendar quarter and multiplying that amount by the number of days services were not provided during the calendar quarter.
- For financial planning and consulting services, refunds are calculated based on the value of the services that were completed prior to termination of the advisory agreement.

### **Other Types of Fees and Expenses You May Incur**

Clients may incur certain charges imposed by custodians, brokers, third-party investments and other third parties, such as fees charged by Independent Managers, custodial fees, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Decisions to reallocate your account assets may result in you incurring a redemption fee imposed by one or more mutual funds held in your account. Mutual funds and exchange traded funds also charge internal management fees, which are disclosed in a fund's prospectus. Such charges, fees and commissions are exclusive of and in addition to SPW's fee. SPW shall not receive any portion of these commissions, fees, and costs, including any distribution or "12b-1" fees paid by the mutual funds in which your account assets are invested.

### **Other Types of Compensation We Receive**

SPW has contracted with Trade-PMR, Inc. ("Trade-PMR") for brokerage services, including trade processing, collection of management fees, marketing assistance and research. Item 12 – Brokerage Practices further describes the factors that SPW considers in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation (e.g., commissions).

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

SPW does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client) or participate in side-by-side management.

## **Item 7 – Types of Clients**

SPW provides portfolio management services to individuals, high net worth individuals and families, pension and profit-sharing plans, trusts, estates, charitable institutions, foundations, corporations, and other business entities.

SPW charges a minimum annual fee of \$2,500. This minimum annual fee may be negotiable under certain circumstances.

## **Item 8 – Methods of Analysis, Investment Strategies**

### **Methods of Analysis and Investment Strategies**

SPW utilizes proprietary investment strategies founded on the assumptions that markets are not efficient and trends are real. Our investment strategies use econo-physics based mathematical models combined with qualitative and quantitative analysis. The mathematical models are applied to several baskets of securities and predict which security within each basket will outperform over the next several weeks to months. By owning only the leading security in each basket, we attempt to avoid holding underperforming or losing positions. The models are run daily but positions are typically adjusted, if needed, at the beginning of each month. While the models are based on valid mathematical concepts, there is no guarantee that a selected security will perform as forecast. Our qualitative analysis models the “quality” of market movements and herd-behavior based upon cycle and wave theory combined with fractal pattern analysis. Our quantitative analysis is a predictive analysis approach that calculates numerous metrics on a wide range of market stratifications. The metrics are utilized to identify high probability major tops/bottoms in various indices. Our quantitative approach also includes econo-physics based metrics that measure persistency of trending properties (Hurst exponent). In periods of elevated market volatility, we can become more active in adjusting position allocations. SPW allocates client assets primarily among publicly traded securities, such as stocks, bonds, and ETFs. Nevertheless, individual client circumstances may dictate the use of other types of securities or alternative investments. Under specific and limited circumstances, we can also invest in leveraged or unleveraged inverse ETFs as well as inverse volatility ETFs.

### **Risk of Loss**

Investing in securities involves risk of loss that you should be prepared to bear. All investments present the risk of loss of principal – the risk that the value of securities (e.g., stocks, mutual funds, ETFs, bonds, etc.), when sold or otherwise disposed of, may be less than the price paid for the securities. Even when the value of the securities when sold is greater than the price paid, there is the risk that the appreciation will be less than inflation. In other words, the purchasing power of the proceeds may be less than the purchasing power of the original investment. There is no guarantee that investment recommendations made by SPW will be successful. We cannot assure that your account will increase, preserve capital, or generate income, nor can we assure that your investment objectives will be realized.

We may recommend a variety of security types for your account in an effort to achieve your individual needs and goals. This may include, but is not limited to, stocks, bonds, ETFs, hedge funds, private equity funds, venture capital funds, advisory accounts, real estate investment trusts, or other private alternative or other investment funds. An investment in such other funds or managers may present risks specific to the particular investment vehicle, such as long-term illiquidity, redemption notice periods or other restrictions on redemptions, capital calls, or periodic taxable income distribution.

Clients may have existing assets transferred in under our management that were not purchased or recommended by SPW. While SPW endeavors at all times to make appropriate recommendations pursuant to its fiduciary duty, we cannot warrant the appropriateness or reasonableness of assets not recommended by SPW. Clients should be aware of these risks when deciding to keep such investments.

We invest in and actively trade securities using strategies and investment techniques with risk characteristics, including risks arising from the volatility of the global equity markets, the risks of leverage, and the risk of loss from counterparty defaults. Described below are the material risks associated with investing in the types of securities and associated risks we generally use in client portfolios:

### **Equity Securities**

In general, prices of equity securities (common, convertible preferred stocks and other securities whose values are tied to the price of stocks, such as rights, warrants and convertible debt securities) are more volatile than those of fixed-income securities. The prices of equity securities could decline in value if the issuer's financial condition declines or in response to overall market and economic conditions. Investments in smaller companies and mid-size companies may involve greater risk and price volatility than investments in larger, more mature companies.

### **Fixed-Income Securities**

The return and principal value of bonds fluctuate with changes in market conditions. Fixed-income securities are subject to interest rate risk and credit quality risk. The market value of fixed-income securities generally declines when interest rates rise, and an issuer of fixed-income securities could default on its payment obligations. Changes in interest rates generally have a greater effect on bonds with longer maturities than on those with shorter maturities. If bonds are not held to maturity, they may be worth more or less than their original value. Credit risk refers to the possibility that the issuer of a bond will not be able to make principal and/or interest payments. High yield bonds, also known as "junk bonds," carry higher risk of loss of principal and income than higher rated investment grade bonds.

### **Exchange-Traded Funds (ETFs)**

ETFs are typically investment companies that are legally classified as open-end mutual funds or unit investment trusts. ETFs differ from traditional mutual funds in that ETF shares are listed on a securities exchange. Shares can be bought and sold throughout the trading day like shares of other publicly traded companies. ETF shares may trade at a discount or premium to their net asset value. This difference between the bid price and ask price is often referred to as the "spread." The spread varies over time based on the ETF's trading volume and market liquidity. It is generally lower if the ETF has high trading volume and market liquidity and higher if the ETF has low trading volume and market liquidity. Liquidity risks are higher for ETFs with a large spread. ETFs may be closed and liquidated at the discretion of the issuing company. Risks associated with leveraged or unleveraged inverse ETFs as well as inverse volatility ETFs include compounding risk, derivative securities risk, correlation risk and short sale exposure risk.

### **International Investing**

The risks of investing in foreign securities include loss of value as a result of political or economic instability; nationalization, expropriation or confiscatory taxation; changes in foreign exchange rates and foreign exchange restrictions; settlement delays; and limited government regulation (including less stringent reporting, accounting, and disclosure standards than are required of U.S. companies). These risks may be greater with investments in emerging markets. Certain investments utilized by SPW may also contain international securities.

### **Cash and Cash Equivalents**

A portion of your assets may be invested in cash or cash equivalents to achieve your investment objective, provide ongoing distributions, and/or take a defensive position. Cash holdings may result in a loss of market exposure.

### **Alternative Investments**

Alternative investments are illiquid investments and do not trade on a national securities exchange. Alternative investments typically include investments in direct participation program securities (partnerships, limited liability companies, business development companies or real estate investment trusts), commodity pools, private equity, private debt, or hedge funds. Alternative investments are subject to various risks, such as illiquidity and property devaluation based on adverse economic and/or real estate market conditions.

Alternative investments are not suitable for all investors. Investors considering an investment strategy utilizing alternative investments should understand that alternative investments are generally considered speculative in nature and may involve a high degree of risk, particularly if concentrating investments in one or few alternative investments. These risks are potentially greater and substantially different than those associated with traditional equity or fixed income investments. Additional information regarding these risks can be found in the product's prospectus or offering documents.

## Item 9 – Disciplinary Information

As a registered investment adviser, SPW is required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of our firm or the integrity of our management. SPW has no disciplinary information to report.

## Item 10 – Other Financial Industry Activities and Affiliations

SPW has no other financial industry activities or affiliations. Supervised Persons of SPW are currently Investment Adviser Representatives and Registered Representatives with Wells Fargo Advisors Financial Network, LLC (“Wells Fargo Advisors”). As of the date of this Brochure and through June 18, 2021, these individuals will devote their time to activities of Wells Fargo Advisors and will not engage in any advisory activities under SPW as a registered investment adviser. As of June 18, 2021, these Supervised Persons will be registered as Investment Adviser Representatives of SPW and will no longer be Investment Adviser Representatives or Registered Representatives with Wells Fargo Advisors.

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

### Our Code of Ethics

SPW is committed to providing investment advice with the utmost professionalism and integrity. Our firm strives to identify manage and/or mitigate conflicts of interest and has adopted policies, procedures, and oversight mechanisms to address conflicts of interest. We have adopted a Code of Ethics that emphasizes our fiduciary obligation to put client interests first and is designed to ensure personal securities transactions, activities, and interests of employees will not interfere with the responsibilities to make decisions in the best interest of clients. All supervised persons of our firm must acknowledge and comply with our Code of Ethics.

You may request a copy of our Code of Ethics by contacting us at (509) 853-1597.

## **Participation in Client Transactions**

SPW does not affect principal or agency cross securities transactions for client accounts. SPW also does not cross trades between client accounts. Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells a security to an advisory client. An agency cross transaction is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, acts as broker for both the advisory client and for another person on the other side of the transaction. Agency cross transactions may arise where an adviser is dually registered as a broker-dealer or has an affiliated broker-dealer.

## **Employee Personal Trading**

Supervised persons of SPW may purchase or sell the same security that we recommend for investment in client accounts. This creates a conflict of interest as there is a possibility that employees of our firm might benefit from market activity by a client in a security held by the employee. Our Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of SPW will not interfere with making decisions in the best interest of advisory clients and implementing such decisions while, at the same time, allowing employees to invest for their own accounts. Under the Code of Ethics, certain classes of securities have been designated as exempt transactions, based upon a determination that these would not materially interfere with the best interest of SPW's clients. Our Code of Ethics also places restrictions on our employees' personal trading activities. These restrictions include, but are not limited to, a prohibition on trading based on non-public information and pre-clearance requirements for certain types of transactions. Employee trading is continually monitored under the Code of Ethics in an effort to prevent conflicts of interest between SPW and our clients.

Certain affiliated accounts may trade in the same securities with client accounts on an aggregated basis when consistent with SPW's obligation of best execution. In such circumstances, the affiliated and client accounts will share commission costs equally and receive securities at a total average price. SPW will retain records of the trade order (specifying each participating account) and its allocation, which will be completed prior to the entry of the aggregated order. Completed orders will be allocated as specified in the initial trade order. Partially filled orders will be allocated on a pro rata basis. Any exceptions will be explained on the order.

## **Item 12 – Brokerage Practices**

### **Selection and Recommendation of Broker-Dealers**

Though SPW recommends brokers with which we have negotiated pricing on behalf of our clients, we do not have discretionary authority to select brokers. We endeavor to recommend broker-dealers that will provide the best services at the lowest commission rates possible. The reasonableness of commissions is based on the broker's ability to provide professional services, competitive commission rates, research and other services that will help our firm provide investment management services to clients. SPW may recommend brokers who provide useful research and securities transaction services even though a lower commission may be charged by a broker who offers no research services and minimal securities transaction assistance.

We have negotiated competitive pricing and services with Trade-PMR for brokerage back-office and trade execution services and First Clearing for clearing and custodial services. First Clearing is a trade name used by Wells Fargo Clearing Services, LLC., a non-bank affiliate of Wells Fargo & Company. Trade-PMR and First Clearing are members of SIPC and are unaffiliated registered broker-dealers and FINRA members. The brokerage commissions and/or transaction fees charged by Trade-PMR are included in SPW's advisory fee. SPW regularly reviews the reasonableness of the compensation received by the broker-dealers used for executing client transactions in an effort to ensure that our clients receive favorable execution consistent with our fiduciary duty. Factors which SPW considers in recommending Trade-PMR and First Clearing or any other broker-dealer to clients include, but is not limited to, their respective financial strength, reputation, execution, pricing, research, and service. The commissions and/or transaction fees charged by these brokers may be higher or lower than those charged by other broker-dealers.

In addition, Trade-PMR provides SPW with access to its institutional trading and custody services, which are typically not available to retail investors. These brokerage services include the execution of securities transactions, custody, research, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment. Other benefits we may receive include receipt of duplicate client confirmations and bundled duplicate statements; access to a trading desk that exclusively services its participants; access to block trading which provides the ability to aggregate securities transactions and then allocates the appropriate shares to client accounts; and access to an electronic communication network for client order entry and account information.

The commissions paid by SPW's clients are intended to be consistent with our duty to obtain "best execution." However, a client may pay a commission that is higher than what another qualified broker-dealer might charge to affect the same transaction when SPW determines, in good faith, that the commission is reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including among others, execution capability, commission rates, and responsiveness. Consistent with the foregoing, while SPW will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client transactions.

#### **Research and Other Soft Dollar Benefits**

SPW does not participate in soft-dollar relationships.

#### **Brokerage for Client Referrals**

When selecting broker-dealers for the execution of client securities transactions, SPW does not consider whether we will receive any client referrals from the broker-dealer or any other third-party.

#### **Directed Brokerage**

As SPW will not request the discretionary authority to determine the broker-dealer to be used or the commission rates to be paid, clients must direct SPW as to the broker-dealer to be used. The commissions and transaction fees charged by these broker-dealers could be higher or lower than those charged by other custodians and broker-dealers. When directing the use of a particular broker-dealer, it should be understood that SPW will not have authority to negotiate

commissions among various broker-dealers or obtain volume discounts. As such, best execution may not be achieved. Not all investment advisers require clients to direct the use of specific broker-dealers

### **Aggregation of Orders**

Transactions for each client will generally be effected independently. For certain trades, SPW will block trades where possible and when advantageous to clients. The blocking of trades permits the trading of aggregate blocks of securities composed of assets from multiple client accounts where transaction costs are shared equally and on a pro-rated basis between all accounts included in the block. Block trading allows us to execute equity or fixed income trades in a timely, equitable manner and to reduce overall commission charges to clients. Clients who do not provide SPW with discretion will not participate in block trades, and their trades in similar securities will be placed with brokers after trades for discretionary accounts. Accounts owned by supervised persons of our firm may participate in block trading with your accounts; however, these individuals will not be given preferential treatment of any kind.

### **Item 13 – Review of Accounts**

Accounts at SPW are reviewed on a periodic basis. This informal review includes assessing client goals and objectives and monitoring the account. Accounts are reviewed in the context of each client's stated investment objectives and guidelines. More frequent reviews may be triggered by material changes to a client's individual circumstances, market conditions, or the political or economic environment.

SPW may also review tax-planning needs, cash-flow needs, as well as charitable giving, insurance, and estate planning as part of our ongoing client reviews. Reviews are tailored to the services we provide to you, as well as your individual needs and goals. We encourage you to discuss your needs, goals, and objectives with us and keep us informed of any changes. If you engage our firm for ongoing investment advisory services, we will contact you at least annually to determine whether there have been any changes to your financial situation or investment objectives and whether you wish to impose any reasonable restrictions on the management of your account or reasonably modify any existing restrictions. At this time, we will advise you of any account changes we feel are necessary to help you stay on track with meeting your financial goals and consider whether the current services provided by our firm continue to be suitable for your needs.

As a convenience to our clients, in addition to reporting on clients' financial assets, at a client's request we may prepare a global consolidated report that also includes certain non-financial assets (e.g., real assets). In such instances, SPW relies on the client to provide current and accurate price or other valuation information for those assets to be included in the client's consolidated account report. In no instance are non-financial assets included in performance reporting. SPW does not independently verify, and expressly disclaims responsibility for, the accuracy of any non-financial asset values clients provided to us to include in their reporting.

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

#### **Other Compensation Arrangements**

SPW receives compensation from Trade-PMR, Inc., the broker-dealer used for your account, and your account custodian in the form of access to electronic systems that assist us in the management of client accounts, as well as research, software and other technology that provide access to client account data (such as trade confirmations and account statements), pricing information and other market data, facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts), and client reporting capabilities. Your account custodian also offers us discounts for products and services offered by vendors and third-party service providers, such as software and technology solutions. These economic benefits create a conflict of interest in that it gives our firm an incentive to recommend one broker-dealer or custodian over another that does not provide similar electronic systems, support, or services. We address this conflict of interest by disclosing to our clients the types of compensation that our firm receives so clients can consider this when evaluating our firm. It is important that you consider the fees, level of service and investment strategies, among other factors, when selecting an investment manager.

### **Client Referrals**

SPW does not pay any referral fees to other individuals for referring clients to our firm.

### **Item 15 – Custody**

When you establish a relationship with our firm for investment management services, your assets will be maintained by a bank, broker -dealer, mutual fund transfer agent or other such institution deemed a ‘qualified custodian’ by the SEC. We rely on the custodian to price and value assets, execute and clear transactions, maintain custody of assets in your account and perform other custodial functions. SPW does not maintain physical possession of any client account assets. Clients’ assets must be held by a bank, broker dealer, mutual fund transfer agent or other such institution deemed a qualified custodian. We utilize First Clearing as the qualified custodian for client accounts.

You will receive monthly and/or quarterly account statements directly from the qualified custodian. SPW may also provide you with written quarterly performance reports for your account. We urge you to carefully review your account statements and compare the account balances with the balances reflected on any performance report you may receive from our firm for accuracy. Balances on our reports may vary slightly from custodial statements due to differences in accounting procedures, reporting dates, valuation methodologies of certain securities or other operational factors. You should promptly notify us if you do not receive account statements from your custodian at least quarterly or if you believe the information on your account statements is inaccurate.

### **Item 16 – Investment Discretion**

SPW typically has investment discretion over clients’ securities accounts. Investment discretion is the authority to determine the securities or other assets to purchase or sell on behalf of an account. Investment discretion may also include the authority to select or terminate a third-party asset manager. This authority is exercised in a manner consistent with your stated investment objective for the particular account. You must provide written authorization to our firm before we can assume discretionary authority over your account. Any investment guidelines or restrictions you would like to place on your account must be provided to SPW in writing.



## Item 17 – Voting Client Securities

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

## Item 18 – Financial Information

As a registered investment adviser, SPW is required to provide you with certain financial information about our firm.

### **Prepayment of Fees**

We do not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance.

### **Our Financial Condition**

We do not have any financial commitment that is reasonably likely to impair our contractual commitments to our clients, nor has our firm ever been the subject of a bankruptcy proceeding.