

Item 1 - Cover Page



# STEWARDSHIP ADVISORS, LLC

*Walking with you on your journey*

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## Form ADV Part 2A Firm Brochure

Retirement Plans

March 23, 2023

This brochure provides information about the qualifications and business practices of Stewardship Advisors, LLC. Please contact our Chief Compliance Officer, Mr. Mark Brinser, at (717) 492-4787 if you have any questions about the content of this brochure.

The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or any state securities administrator. Additional information about Stewardship Advisors, LLC is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Click on the "Investment Adviser Search" link and then search for "Investment Adviser Firm" using the firm's IARD ("CRD") number, which is 277099.

While the firm and its associates may be registered and/or licensed within a particular jurisdiction, that registration and/or licensing in itself does not imply an endorsement by any regulatory authority, nor does it imply a certain level of skill or training on the part of the firm or its associated personnel.

**Item 2 - Material Changes**

Since our previous annual amendment on March 30, 2022, Stewardship Advisors, LLC ("Stewardship" or "Firm") updated our ADV brochures to reflect our offering of socially responsible investment options and private investment options. The ADV disclosure brochures were also updated to include the risks associated with these investment types. Investors should note that not all of these investment options are available for all investors or types of investment accounts. As there may be other non-material changes to this document, Stewardship encourages clients to reach this brochure in its entirety.

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#### **Item 4 - Advisory Business**

##### **Description of the Firm**

Stewardship Advisors, LLC is a Pennsylvania domiciled limited liability company formed in November, 2011. Our firm is not a subsidiary of, nor does it control another reportable financial industry entity. The firm's initial registration as an investment advisor had occurred with the Commonwealth of Pennsylvania in October of 2015, followed by our SEC registration in July of 2016.

The firm's partners and control persons are. W. Lee Shertzer, CFP®, ChFC®, CLU®, RICP®, John C. Simkins, CFP®, ChFC®, Thomas E. Talbott, CFP®, CKA®, CAP® and Mark A. Brinser, CFP®. Mr. Shertzer is the firm's majority shareholder and serves as Managing Member. Mr. Brinser is our Chief Compliance Officer (senior supervisor).

##### **Description of Services Offered**

Stewardship Advisors, LLC provides a broad range of solutions to our clients. In addition to our retirement plan services, we are available to serve individual investors and businesses interested in financial planning and portfolio management. We also maintain a wrap fee investment program for investors with an account value of \$250,000 or greater of investable assets that are managed by our firm, however, the wrap fee program is not accepting new investors. These individualized services are described in further detail in separate firm brochures that are available upon request.

Our retirement plan consulting services assist plan sponsors in understanding the scope of their fiduciary duties and responsibilities, develop prudent practices and procedures to enable them to effectively discharge those duties and responsibilities, and document their actions and decisions. Our firm assists plan fiduciaries in the development of committee charters, fiduciary eligibility documentation, and committee meeting documentation, investment policy and other activities that generally relate to prudent plan governance. Also included is assistance in preparing an annual report to the board of director or trustees as our client deems prudent and appropriate.

Our firm is available to provide process assessments on the practices currently in place to manage fiduciary duties and responsibilities, as well as offer recommendation to improve current plan practices. We can assist in benchmarking service providers by evaluating existing providers and their expenses incurred for their services, and we can prepare a vendor request for information and complete an analysis of the vendor responses. We may be engaged pursuant to § 3(21) and/or § 3(38) of the Employee Retirement Income Security Act of 1974 ("ERISA"). Our level of account authority is defined in further detail in Item 16 of this brochure. We do not serve as ERISA § 3(16) plan third-party administrator ("TPA"), but we will assist the plan sponsor in identifying a TPA, if appropriate.

An initial interview is conducted with the plan sponsor to discuss their current situation, goals, and the scope of services that may be provided by our firm. If the plan sponsor wishes to engage our firm, parties must enter into a written agreement; thereafter, discussion and analysis will be conducted to determine plan requirements. We will then provide written recommendations and deliverables as specified within our engagement scope.

With respect to advisory services provided to a plan sponsor, we are available to conduct:

- Due diligence on existing, potential, and selected investment managers and/or service providers
- Retirement plan asset-class menu recommendations
- Investment Policy Statement (IPS) review or its development and implementation

<sup>1</sup> Throughout this brochure, the term "plan sponsor" includes any person with the authority to review and implement plan investment decisions, such as executive management, investment committees, retirement plan committees, general counsel, plan advisor, etc.

- Trustee education
- Plan design recommendations
- Plan mid-year and year-end reviews with trustee(s), as appropriate
- Investment monitoring reports
- Substitution recommendations
- Watch list recommendations
- Model portfolio generation for participants
- Participant educational workshops
- Site visits when/where needed, upon request

Upon request, we will review an existing or prepare a new IPS or similar written plan guidelines. The purpose of the IPS is to assist plan investment committees in effectively supervising, monitoring and evaluating their company's retirement plan. Topics might include:

- ☐ Investment committee's expectations, objectives and guidelines for the plan, as well as ensuring effective communications between the investment committee and all parties involved with investment management decisions;
- ☐ Establishing formal criteria for provider selection and evaluation; and
- ☐ Complying with all ERISA, fiduciary, prudence and due diligence requirements applicable with laws, rules and regulations from various local, state or federal entities that may impact plan assets.

We are available to conduct ongoing assessments of selected providers. We may recommend replacement of some or all of plan investments, a recordkeeper, TPA and/or custodian. Our recommendations will depend on a combination of plan goals and objectives, updated due diligence information, as well as cost or other service considerations.

Our advisory firm does not provide legal or accounting services. With your consent, we will work with a professional of your choice to assist with the coordination and implementation of various strategies. You should be aware that these other professionals will charge you separately for their services and these fees will be in addition to our own advisory fee.

If the plan does not call for self-directed investing by plan participants, the plan sponsor may choose to engage our firm to assist with implementing investment strategies. For those plans that we serve as portfolio manager we employ strategies and a range of investment vehicles as described in Item 8 of this brochure.

We manage plan portfolios on a discretionary basis as defined in Item 16. We will utilize the plan's IPS, observing reasonable investment constraints as stated in the IPS. For example, the plan may choose to exclude certain securities (e.g., options, stocks, illiquid securities, etc.). Investment guidelines should be designed to be specific enough to provide future guidance while allowing flexibility to work with changing market conditions. It will remain the plan sponsor's responsibility to promptly notify us if there is any change in the sponsor's financial situation and/or investment objectives for the purpose of our reviewing, evaluating or revising previous account restrictions or firm investment recommendations.

As of December 31, 2022, our firm had approximately \$281,800,000 of reportable assets under our management, all on a discretionary basis.

## **Item 5 - Fees and Compensation**

Forms of payment are based on the types of services being provided, term of service, etc., and will be stated in the engagement agreement. Depending on the services utilized you will pay a flat fee, hourly fee, or an on-going asset management fee based on the assets we manage. All fees are charged in advance. Our fees are negotiable, with the final determination to be made by the firm. Fees may be paid to our firm by check or draft from US-based financial institutions. With the plan sponsor's prior authorization, payment may also be made by credit card through a qualified, unaffiliated PCI compliant third-party processor, or via withdrawal from the investment account held at the custodian of record by the custodian or TPA.

### **Method of Compensation and Fee Schedule**

#### **Option 1a: Portfolio Management Services Fees - Internal Portfolio Management**

For those portfolios that we internally manage, at the beginning of each calendar quarter the plan or plan participant (as determined by the engagement) will pay our firm an asset-based fee based on an annualized rate as indicated in the following fee table. The fee is determined using the value of account assets on the last day of each quarter and multiplying the asset value by the fee percentage applicable from the chart below. Fees are charged in advance; see Termination of Services below for our policy on refunding fees.

Formula: ((quarter-end market value) x (applicable number of basis points))/4

Assets Under Management	Annualized Asset-Based Fee
\$0-\$499,999	1.00% (100 basis points)
\$500,000 - \$999,999	0.85% (85 basis points)
\$1,000,000 - \$2,999,999	0.70% (70 basis points)
\$3,000,000-Above	Negotiable

Our fee schedule is based on a straight tier; all accounts are charged a single percentage rate that declines as asset levels increase. Our firm will aggregate plan accounts for all participants in order to apply a discount to the asset-based fee. We will prorate the first period's fee based on the number of days remaining in the first billing cycle.

In the rare absence of a reportable market value, our firm may seek a third-party opinion from a recognized industry source (e.g., unaffiliated public accounting firm), and the plan sponsor and/or plan participant may choose to separately seek such an opinion at their own expense as to the valuation of "hard-to-price" securities if they believe it to be necessary.

Deducted fees will be noted on account statements that the plan sponsor and/or participant (per the engagement) receives from the custodian of record and/or third-party administrator on a quarterly or more frequent basis. It is important that the plan/plan participants also verify the accuracy of fee calculations; the custodian does not verify the accuracy of advisory fee assessments for each account.

By signing our firm's engagement agreement, as well as the selected custodian account opening documents and/or TPA forms, the plan sponsor/participant will be authorizing the withdrawal of both advisory and transactional fees (described below) from their account. The withdrawal of these fees will be accomplished by the selected custodian or TPA, not by our firm, and our advisory fees will be remitted directly to our firm. Alternatively, the plan sponsor may request to directly pay our advisory firm its portfolio management fee in lieu of having the advisory fee withdrawn from plan accounts. Our valuation assessment will remain the same as described above, and the plan's direct payment must be received by our firm within 10 days of our invoice. We do not accommodate requests for direct payment from plan participants.

#### Option 1b: Portfolio Management Services Fees - Third-Party Investment Managers

Each third-party investment manager program has a stated fee range that will be described through the use of that external investment manager's disclosure documents and prior to the selection of the third-party investment manager. We will inform the plan sponsor in advance whether the selected third-party investment manager allows for account aggregation for the purpose of fee discounts.

The annualized asset-based fee ranges from 0.50% to 2.00% (50 to 200 basis points, depending on the third-party investment manager selected) and our firm will receive a portion of the fee, ranging from 0.25% to 1.50% (25 to 150 basis points) for our continued consultation service, which we will describe to in our engagement agreement. Investment management services fees, including debits and credits, will be noted on account statements that the plan sponsor and/or plan participant receives directly from the custodian of record on a quarterly or more frequent basis. Our advisory firm is not directly involved in the billing process of third-party investment management accounts. Written authorization is required in order for the custodian of record to deduct advisory fees from investment accounts. By signing the custodian account documents, the plan will be authorizing the withdrawal of fees from plan accounts. The withdrawal of these fees will be accomplished by the custodian of record or TPA. Our portion of the advisory fee will be remitted directly to our firm via the third-party investment manager or TPA.

#### Option 2: Fixed Fee Engagement

We offer both plan consultation and our internal portfolio management services on a fixed fee basis; typically, ranging from \$500 up to \$10,000 for more extensive engagements. The fee is to be paid on a calendar quarter basis, but we will accommodate requests for monthly payment cycles. The fee is paid to our firm in advance, and is due within the first 10 calendar days of each service period. We will prorate the first period's fee based on the number of days remaining in the first billing cycle. See Termination of Services below for our policy on refunding fees.

We take into consideration factors such as the estimated amount of time dedicated to the engagement, project complexity, as well as the number of associates needed to meet program needs. When our fixed fee services include ongoing portfolio monitoring, the fee will reflect the assets that comprise the plan, number of participants, required review frequency, among other factors that will be described in writing within the agreement.

#### Option 3: Combination Fee Engagement

For new plans with no assets but prefer our portfolio management support, we offer a blended fee schedule. Our initial start-up fee ranges from \$500 up to \$10,000 for extensive engagements, which is combined with our asset-based fee schedule noted in Option 1a. The fee is to be paid on a calendar quarter basis, but we will accommodate requests for our fixed fee to be paid on a monthly cycle, in advance.

#### Additional Client Fees

Any transactional or service fees (sometimes termed brokerage fees) assessed by a selected service provider (i.e., a custodian), individual retirement account fees, qualified retirement plan or account termination fees will be borne by the account holder as stated in current, separate fee schedules of any selected service provider. We will ensure a copy of the custodian's fee schedule is delivered at the beginning of the engagement, and plan sponsors and participants will be notified of any future changes to these fees by the custodian of record and/or TPA. Fees paid by our clients to our firm for our advisory services are separate from any of these fees or other similar charges.

In addition, our advisory fees are separate from any internal fees or charges a client may pay involving mutual

funds, exchange-traded funds (ETFs), exchange-traded notes (ETNs), or other similar investments. Additional information about our fees in relationship to our business practices are noted in Items 12 and 14 of this document.

Per annum interest at the current statutory rate may be assessed on fee balances due more than 30 days; we may refer past due accounts to collections or legal counsel for processing. We reserve the right to suspend some or all services once an account is deemed past due.

#### **Termination of Services**

Either party may terminate the plan engagement agreement at any time in writing. We do not accept verbal notifications involving retirement plans. For those plan sponsors who utilize our portfolio management services, our firm will not be responsible for future allocations, investment advice or transactional services (except closing transactions) upon receipt of termination notice. It will also be necessary that we inform the custodian of record, TPA and/or third-party investment manager serving the plan that the relationship between our firm and the plan has been terminated.

If our Form ADV Part 2A firm brochure was not delivered to the plan sponsor at least 48 hours prior to entering into the engagement contract, then the plan sponsor has the right to terminate the engagement without fee or penalty within five business days after entering into the agreement. If a plan sponsor terminates an engagement after this period, they may be assessed fees for any time or charges incurred by our firm in the preparation of their plan, and we may assess our asset-based fee on a prorated basis from the date of last payment to the date of termination. We will promptly return any unearned amount upon receipt of a written termination notice.

If the plan is required to provide an advance fee of \$1,200 or more for our services and had provided all requested information, and agreed upon plans or services have not been delivered within six months' time from the date of the engagement, the plan will be entitled to a refund.

Our firm will return any prepaid, unearned fees within 30 days of the firm's receipt of termination notice. Earned fees in excess of any prepaid deposit will be billed at the time of termination and will be due upon receipt of our invoice. Our return of payment to a client for our planning services will be completed via check from our firm's US-based financial institution; no credits or "transaction reversals" will be issued.

We will coordinate remuneration of prepaid asset-based fees to investment accounts. Return of prepaid fees will never involve a personal check, cash or money order from our firm or from an associate of our firm.

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

Our firm does not charge performance fees or engage in side-by-side management.

#### **Item 7 - Types of Clients**

We provide retirement plan services to pension and profit-sharing plans for small businesses, self-employed individuals, etc. We also serve individuals, high net worth individuals, and businesses, as discussed in a separate brochure. Our firm does not require minimum asset levels or other similar preconditions for our retirement plan engagements. We reserve the right to decline services to any prospective client for any nondiscriminatory reason.



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

### **Methods of Analysis**

We employ a blend of fundamental and technical analyses. Fundamental analysis involves evaluating economic factors including interest rates, the current state of the economy, or the future growth of an industry sector. Technical analysis involves studying the historical patterns and trends of securities and their markets in an effort to determine potential future behaviors, the estimation of price movement, and an evaluation of a transaction before entry into the market in terms of risk and profit potential. Firm research is drawn from sources that may include financial periodicals and research published by economists and other industry professionals.

### **Investment Strategies**

#### ***Strategic Asset Allocation***

We utilize a strategic asset allocation approach to investing, with a long-term view of the markets. We recommend investment models to suit various risk tolerances. We offer Socially Responsible Investing (SRI); recommending sustainable and responsible investments that allow people and organizations to invest their assets in potentially profitable ways while at the same time reflecting their social or environmental values. We typically recommend portfolios that contain ETFs and mutual funds.

#### ***Environmental, Social and Governance Allocation ("ESG")***

We also provide a values-based portfolio for clients that can deliver positive social or environmental impact alongside financial returns. Our ESG portfolio focuses on environmental issues such as climate change, pollution, and energy efficiency. The portfolio also screens out investments that generate revenue from the sale of alcohol, tobacco, gambling, and controversial weapons ("social issues").

### **Risk of Loss**

Our firm believes its strategies and investment recommendations are designed to produce the appropriate potential return for the given level of risk; however, there is no guarantee that a planning goal or investment objective will be achieved. Past performance is not necessarily indicative of future results.

Investing in securities involves risk of loss that investors should be prepared to bear. While the following list is not exhaustive, we provide some examples of such risk in the following paragraphs, and we believe it is important to review and consider each prior to investing.

#### ***Active Management Risks***

A portfolio that employs active management strategies may, at times, outperform or underperform various benchmarks or other strategies. In an effort to meet or surpass these benchmarks, active portfolio management may require more frequent trading or "turnover." This may result in shorter holding periods, higher transactional costs and/or taxable events generally borne by the client, thereby potentially reducing or negating certain benefits of active asset management.

#### ***Company Risk***

When investing in securities, such as stocks, there is always a certain level of company or industry-specific risk that is inherent in each company or issuer. There is the risk that the company will perform poorly or have its value reduced based on factors specific to the company or its industry. This is also referred to as *unsystematic risk* and can be reduced or mitigated through diversification.

#### ***ETF and Mutual Fund Risks***

The risk of owning ETFs and mutual funds reflect their underlying securities (e.g., stocks, bonds, etc.). These forms of securities typically carry additional expenses based on their share of operating expenses and certain

brokerage fees, which may result in the potential duplication of certain fees. We do not recommend leveraged or inverse ETFs due to their inherent heightened risk.

#### **Financial Risk**

Excessive borrowing to finance a business operation increases profitability risk because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.

#### **Fundamental Analysis**

The challenge involving fundamental analysis is that information obtained may be incorrect; the analysis may not provide an accurate estimate of earnings, which may be the basis for a security's value.

#### **Index Investing**

Certain ETFs and indexed funds have the potential to be affected by "active risk" or "tracking error risk," a deviation from a stated benchmark.

#### **Inflation Risk**

When any type of inflation is present, a dollar today will not buy as much as a dollar next year because purchasing power is eroding at the rate of inflation.

#### **Market Risk**

When the stock market as a whole or an industry as a whole falls, it can cause the prices of individual stocks to fall indiscriminately. This is also called *systemic* or *systematic* risk.

#### **Passive Investing**

A portfolio that employs a passive, efficient markets approach has the potential risk at times to generate lower- than-expected returns for the broader allocation than might be the case for a more narrowly focused asset class, and the return on each type of asset may be a deviation from the average return for the asset class.

#### **Geopolitical Risk**

Geopolitical and other events (e.g., war or terrorism) may disrupt securities markets and adversely affect global economies and markets, thereby decreasing the value of an account's investments. Sudden or significant changes in the supply or prices of commodities or other economic inputs such as oil may have material and unexpected effects on both global securities markets and individual countries, regions, sectors, companies, or industries, which could significantly reduce the value of an account's investments. War, terrorism and related geopolitical events have led, and in the future may lead, to increased short-term market volatility and may have adverse long-term effects on U.S. and world economies and markets generally.

#### **QDI Ratios**

While many ETFs and index mutual funds are known for their potential tax-efficiency and higher "qualified dividend income" (QDI) percentages, there are asset classes within these investment vehicles or holding periods within that may not benefit. Shorter holding periods, as well as commodities and currencies (that may be part of an ETF or mutual fund portfolio), may be considered "non-qualified" under certain tax code provisions. A holding's QDI will be considered when tax-efficiency is an important aspect of the client's

portfolio.

#### **Research Data**

When research and analyses are based on commercially available software, rating services, general market and financial information, or due diligence reviews, a firm is relying on the accuracy and validity of the information or capabilities provided by selected vendors, rating services, market data, and the issuers themselves. While our firm makes every effort to determine the accuracy of the information received, we cannot predict the outcome of events or actions taken or not taken, or the validity of all information researched or provided which may or may not affect the advice on or investment management of an account.

#### **Technical Analysis**

The risk of investing based on technical analyses is that it may not consistently predict a future price movement; the current price of a security may reflect all known information. This may occur due to analyst bias or misinterpretation, a sector analysis error, late recognition of a trend, etc.

#### **Force Majeure Risk:**

This is the risk that there may be an act of God, terrorist act, global health pandemic, failure of utilities or other similar circumstance not within the reasonable control of SCM that may have an unknown and potentially catastrophic effect on the global markets. SCM has a business continuity plan to mitigate the effects of a force majeure risk, however, these events may still affect SCM, our clients, and the financial markets.

#### **ESG Risks**

Stewardship uses Morningstar's ESG screening tool. There is a risk that the investments listed as meeting our ESG criteria as a result of our screening, were incorrectly entered in the Morningstar screening tool and thus do not meet our ESG criteria. ESG (Environmental, Social, and Governance) investing seeks to align client's investment interests with a sustainable set of standards to screen potential investments. Environmental criteria consider how a company performs as a steward of nature. Social criteria examine how companies manage relationships with employees, suppliers, customers, and the communities where it operates. Governance deals with a company's leadership, executive pay, audits, internal controls, and shareholder rights. One of the largest issues with ESG investing is getting reliable and accurate information to evaluate ESG criteria for companies. Also, while companies that meet ESG criteria are generally believed to be more ethical and have high environmental standards, the trade-off is that these companies may have lower profits anticipated in the short term with the potential for better profits over the life of the company due to the ethical choices, however, there is a risk that even companies believed to have met ESG criteria could be subject to events that would reduce their income and reputation and open the company up to lawsuits and regulatory inquiries. Not all companies considered ESG companies meet ESG criteria in all areas. In addition, there is a risk that a company is accidentally included with ESG companies in ETF and mutual fund investments, but they do not actually meet the ESG criteria. In addition, with the increase in popularity of ESG investing in the past few years, there is also the potential that ETFs or mutual funds that focus on ESG investing may trade at a premium.

#### **Epidemics, Pandemics, Outbreaks of Disease and Public Health Issues.**

Our business activities could be materially adversely affected by pandemics, epidemics and outbreaks of disease in Asia, Europe, North America and/or globally or regionally, such as COVID-19, Ebola, H1N1 flu, H7N9 flu, H5N1 flu, Severe Acute Respiratory Syndrome (SARS), and/or other epidemics, pandemics,

outbreaks of disease, viruses and/or public health issues. Specifically, COVID-19 has spread (and is currently spreading) rapidly around the world since its initial emergence in China in December 2019 and has severely negatively affected (and may continue to materially adversely affect) the global economy and equity markets (including, in particular, equity markets in Asia, Europe and the United States). Although the long-term effects or consequences of COVID-19 and/or other epidemics, pandemics and outbreaks of disease cannot currently be predicted, previous occurrences of other pandemics, epidemics and other outbreaks of disease, such as H5N1 flu, H1N1 flu, SARS and the Spanish flu, had a material adverse effect on the economies and markets of those countries and regions in which they were most prevalent. Any occurrence or recurrence (or continued spread) of an outbreak of any kind of epidemic, communicable disease or virus or major public health issue could cause a slowdown in the levels of economic activity generally (or cause the global economy to enter into a recession or depression), which would adversely affect the business, financial condition and operations of the Adviser. Should these or other major public health issues, including pandemics, arise or spread farther (or continue to spread or materially impact the day to day lives of persons around the globe), the Adviser could be adversely affected by more stringent travel restrictions, additional limitations on the Adviser's operations or business and/or governmental actions limiting the movement of people between regions and other activities or operations (or to otherwise stop the spread or continued spread of any disease or outbreak).

#### **Item 9 - Disciplinary Information**

Neither the firm nor its management has been involved in a material criminal or civil action in a domestic, foreign or military jurisdiction, an administrative enforcement action, or self-regulatory organization proceeding that would reflect poorly upon our offering advisory business or its integrity.

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

Firm policies require associated persons to conduct business activities in a manner that avoids conflicts of interest between the firm and its clients, or that may be contrary to law. Our firm will provide disclosure to each client prior to and throughout the term of an engagement regarding any conflicts of interest involving its business relationships that might reasonably compromise its impartiality or independence.

Stewardship Advisors, LLC and its management are not registered nor have an application pending to register as a Financial Industry Regulatory Authority (FINRA) or National Futures Association (NFA) member firm, nor is the firm required to be registered with the noted regulatory bodies. Further information with regard to all of these activities may be found in each associates' Form ADV Part 2B brochure supplement. Whether they are serving a client in one or more capacities, each associate will disclose in advance how they are being compensated and if there is a conflict of interest involving any advice or service they may provide. At no time will there be *tying* between business practices and/or services; a condition where a client or prospective client would be required to accept one product or service which is conditional upon the selection of a second, distinctive tied product or service.

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

Our firm has a fiduciary duty to our clients, which means the firm and its associates will act with utmost good faith, performing in a manner believed to be in the best interests of its clients.

#### **Code of Ethics**

We have adopted a Code of Ethics that establishes policies for ethical conduct for our personnel. Our firm accepts the obligation not only to comply with all applicable laws and regulations but also to act in an ethical and professionally responsible manner in all professional services and activities. Firm policies include prohibitions against insider trading, circulation of industry rumors, and certain political contributions, among

others. We periodically review and amend our Code of Ethics to ensure that they remain current, and we require firm personnel to annually attest to their understanding of and adherence to the firm's Code of Ethics. A copy of the firm's Code of Ethics is made available to any client or prospective client upon request using the contact information on the Cover Page of this brochure.

Firm associates that are CERTIFIED FINANCIAL PLANNER™ Practitioners also adhere to the Certified Financial Planner Board of Standards, Inc.'s Code of Ethics & Professional Responsibility which you may find at [www.cfp.net](http://www.cfp.net).

#### Firm Recommendations and Conflicts of Interest

We do not trade for our own account (e.g., proprietary trading). The firm's related persons may buy or sell securities that are the same as, similar to, or different from, those recommended to clients for their accounts, and this poses a conflict of interest. We mitigate this conflict by ensuring that we have policies and procedures in place to ensure that the firm or a related person will not receive preferential treatment over a client. Employees wishing to trade in the same securities as clients must receive pre-approval from our CCO, or designee, or engage in a trade aggregated with client trades. Employees and related persons of the firm will report, and the firm will periodically review, personal securities accounts and holdings for any potential trade indicating that the employee is trading ahead of clients or engaging in insider trading. Upon discovering a violation of policy, the firm may impose any sanctions as deemed appropriate, including disgorgement of profits, trade reversals, and up to and including termination.

#### Item 12 - Brokerage Practices

##### Factors Used to Select Broker/Dealers for Client Transactions

Plan accounts must be separately maintained by a qualified custodian (typically a broker/dealer, trust company or national bank). We do not receive referrals from a custodian, nor are client referrals a factor in our recommendation of a custodian.

Accounts served by a third-party investment manager are to be maintained at one or more custodians that have been selected by the respective third-party investment manager and they will be disclosed in the third-party investment manager's disclosure documents and account opening forms.

We typically recommend that SIMPLE Plans (Savings Incentive Match Plan for Employees) be served by Aspire Financial Services, LLC. Aspire Financial Services, LLC maintains a business relationship and suggests the use of MG Trust Company, LLC (a Colorado trust company) and the trust company's affiliate Matrix Settlement and Clearance Services, LLC (a mutual fund transfer agent that may serve as a custodian) to assist qualified plans in the custody and management of retirement plan assets.

When we are engaged to provide our own portfolio management services, we prefer to engage TD Ameritrade Institutional, a division of TD Ameritrade, Inc. Member FINRA/SIPC. While we recommend a custodian of record, the plan sponsor will decide whether to do so and will directly enter into an agreement with the custodian. If the plan sponsor does not wish to place their assets with a recommended custodian, we may be able to serve as portfolio manager with another custodian of the plan's choice if the other custodian's policies allow us to do so.

Our custodians offer independent investment advisors various services which include custody of assets, trade execution, clearance and settlement, etc. Our firm receives benefits from the recommended custodians through participation in their independent advisor support programs (please refer to Item 14 for further details). Our firm conducts periodic assessments of any recommended service provider (including TD Ameritrade Institutional), which generally involves a review of the range and quality of services, reasonableness of fees, among other items, in comparison to industry peers.

#### Best Execution

"Best execution" means the most favorable terms for a transaction based on all relevant factors, including those listed in the earlier paragraph titled *Factors Used to Select Broker/Dealers for Client Transactions* and in Item

14. We recognize our obligation in seeking best execution for our clients; however, it is our belief that the determinative factor is not always the lowest possible cost but whether the selected custodian's transactions represent the best "qualitative execution" while taking into consideration the full range of services provided. Our firm will seek services involving competitive rates, but it may not necessarily correlate into the lowest possible rate for each transaction. We have determined having our portfolio management clients' accounts trades completed through our recommended custodian is consistent with our obligation to seek best execution of client trades. A review is regularly conducted with regard to recommending a custodian to our clients in light of our duty to seek best execution.

Stewardship Advisors, LLC may, in its discretion, accept the client's transfer of preexisting retail mutual funds into their account. A transfer-in-kind of retail share class mutual funds may potentially benefit the client since they are able to invest in their portfolio more quickly, mitigate tax and/or short-term trading liabilities, and/or avoid contingent deferred sales charges (CDSC). Our firm regularly reviews accounts that have transferred different share classes of mutual funds and will convert share classes to a lower expense share class when we believe doing so would be beneficial to the client. In addition, if account assets remain in a retail share class and within a CDSC period, we may exclude those assets from our advisory fee until they have been converted to what we believe is a more appropriate share class.

#### Directed Brokerage

Our internal policy and operational relationship with our custodian requires client accounts custodied with them to have trades executed per their order routing requirements. We do not direct which executing broker should be selected for client account trades; whether that is an affiliate of our preferred custodian or another executing broker of our custodian's choice. As a result, a client may pay higher commissions or other transaction costs, experience greater spreads, or receive less favorable net prices on transactions than might otherwise be the case.

In addition, since we routinely recommend a custodian to our clients, and that custodian may choose to use the execution services of its broker affiliate for some or all of our account transactions, there is an inherent conflict of interest involving our recommendation since our advisory firm receives various products or services described in Item 14 from that custodian.

Accounts maintained at our custodian are unable to direct brokerage. As a result, the account holder may pay higher commissions or other transaction costs, potentially experience greater spreads, or receive less favorable net prices on transactions for their account than would otherwise be the case if they had the opportunity to direct brokerage.

For accounts maintained at a custodian of our client's choice (e.g., held-away accounts), that client may choose to request that a particular broker is used to execute some or all account transactions. Under these circumstances, the client will be responsible for negotiating, in advance of each trade, the terms and/or arrangements involving their account with that broker, and whether the selected broker is affiliated with their custodian of record or not. We will not be obligated to seek better execution services or prices from these other brokers, and we will be unable to aggregate transactions for execution via our custodian with other orders for accounts managed by our firm. As a result, the client may pay higher commissions or other transaction costs, potentially experience greater spreads, or receive less favorable net prices on transactions for their account than would otherwise be the case.

#### Aggregating Securities Transactions

Trade aggregation involves the purchase or sale of the same security for several clients/accounts at approximately the same time. This may also be termed "blocked" or "batched" orders. Aggregated orders are effected in an attempt to obtain better execution, negotiate favorable transaction rates, or to allocate equitably among multiple accounts should there be differences in prices, brokerage commissions or other transactional costs that might otherwise be unobtainable through separately placed orders. Our firm may, but is not obligated, to aggregate orders.

Transaction charges and/or prices may vary due to account size and/or method of receipt. To the extent that the firm determines to aggregate orders for the purchase or sale of securities, including securities in which a related person may invest, the firm will generally do so in accordance with the parameters set forth in SEC No-Action Letter *SMC Capital, Inc.*

Please note that when trade aggregation is not allowed or infeasible and necessitates individual transactions (e.g., withdrawal or liquidation requests, odd-lot trades, non-discretionary accounts, etc.), an account may potentially be assessed higher costs or less favorable prices than those where aggregation has occurred.

## **Item 13 - Review of Accounts**

### ***Scheduled Reviews***

Plan sponsors should contact our firm for additional reviews when making decisions about changes to their plan. Periodic reviews are recommended on an annual basis whenever practical. Reviews will be conducted by the plan's assigned investment advisor representative. These reviews normally involve an analysis and possible plan revision recommendations, and a copy of the review, revised plans or reports in printed or digital format will be provided. Unless provided for in the engagement agreement with our firm, reviews are generally conducted under a new or amended agreement.

For accounts served by a recommended third-party investment manager, the plan's assigned investment advisor representative will periodically review reports provided to the plan sponsor by your third-party investment manager. Our firm will contact the plan sponsor at least annually to review its financial situation and objectives. We will communicate information to the third-party investment manager as warranted and will assist the plan sponsor in understanding and evaluating the services provided by the third-party investment manager.

Portfolios managed by our firm are reviewed on a semi-annual or more frequent basis by the plan's assigned investment advisor representative. Plan-level reviews are also completed by the plan's assigned investment advisor representative, and it is recommended these occur on at least an annual basis. A copy of a revised IPS or asset allocation reports in printed or digital format will be provided to the client upon request.

### ***Non-Periodic Reviews***

Plan sponsors should contact our firm for additional reviews when there are material changes to the plan requirements or the businesses financial situation. The review is conducted by the plan's assigned investment advisor representative, and typically involves an analysis and possible revision of previous plan recommendations. A copy of revised plans or asset allocation reports will be provided in printed or digital format. Unless provided for in the engagement agreement, the interim review may be conducted under a new or amended agreement.

Additional reviews by the plan's external portfolio manager and the plan's assigned investment advisor representative may be triggered by news or research related to a specific holding, a change in our view of the investment merits of a holding, or news related to the macroeconomic climate affecting a sector or holding within that sector. A portfolio may be reviewed for an additional holding or when an increase in a current position is under consideration. Account cash levels above or below what we deem appropriate for the investment environment pursuant to the IPS may also trigger a review.

### ***Client Reports and Frequency***

Each plan participant will receive account statements sent directly from the custodian on at least a quarterly basis. We urge each participant to carefully review account statements for accuracy, and to ask questions when something is not clear.

Our firm uses a third-party to produce written performance reports which are calculated using a time-weighted methodology that are reviewed for accuracy by compliance personnel prior to delivery. The reports are provided in printed and digital format and are intended to inform clients about their investment performance over the current period, as well as over the longer term since the account's inception; both on an absolute basis and as compared to a known benchmark. Third-party

**Commented [ZD1]:** We should probably change this, these seems too frequent, semi-annual seems more appropriate since that's what we normally do with our clients.



investment management clients may receive portfolio performance reports directly from their third-party manager; we do not back-test nor certify reports from an external party.

Plan sponsors and/or participants are urged to carefully review and compare account statements that they have received directly from the custodian of record with any report they may receive from our firm or any other source that contains account performance information.

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

##### **Economic Benefit from External Sources**

Per Items 4 and 5 of this brochure, for our initial and continuing consultation we receive a portion of the asset-based fee that is paid by a client to a third-party investment manager. Please refer to Item 10 for additional information with respect to our offerings and the potential conflict of interest this may present.

As disclosed in Item 12, Stewardship Advisors, LLC receives economic benefit from its custodians in the form of various products and services they make available to the firm and other independent investment advisors that may not be made available to a "retail investor." There is no direct link between our firm's participation in their program and the investment advice we may provide to our clients. These benefits may include the following products and services (provided either without cost or at a discount):

- receipt of duplicate client statements and confirmations
- research related products and tools
- access to trading desks serving our clients
- access to block trading services
- the ability to have advisory fees deducted directly from a client's accounts (per written agreement)
- resource information related to capital markets and various investments
- access to an electronic communications networks for client order entry and account information
- access to mutual funds with no transaction fees and/or select investment managers
- discounts on marketing, research, technology, and practice management products or services provided to our firm by third-party providers

Some of the noted products and services made available by a custodian may benefit our advisory firm but may not directly benefit a client account, and certain research and other previously referenced services may qualify as "brokerage or research services" under Section 28(e) of the Securities Exchange Act of 1934. The availability of these services from a custodian benefits our firm because it does not have to produce or purchase them as long as firm clients maintain assets in accounts at a custodian. There is a conflict of interest since our firm has an incentive to select or recommend a custodian based on our firm's interest in receiving these benefits rather than your interest in receiving favorable trade execution.

It is important to mention that the benefit received by our firm through participation in any custodian's program does not depend on the amount of brokerage transactions directed to that custodian, and our selection of a custodian is primarily supported by the scope, quality, and cost of services provided as a whole -- not just those services that benefit only our advisory firm. Further, we will act in the best interest of our clients regardless of the custodian we may select.

##### **Client Referrals**

Upon client request, we provide referrals to various professionals, such as an accountant or an attorney. If we receive or offer an introduction to a client involving these other professionals, we do not pay or earn referral

fees, nor are there established *quid pro quo* arrangements. Each client retains the right to accept or deny such referral or their subsequent services.

Stewardship employees do receive compensation for referring clients the Firm. This compensation is in addition to their salaries. In addition, Stewardship may pay referral fees for client referrals. Any compensation paid, either to Stewardship employees or to a third party, does not increase Stewardship fees charged to clients.

#### **Item 15 - Custody**

Plan assets are maintained by an unaffiliated, qualified custodian. In keeping with this policy involving our client funds or securities, Stewardship Advisors, LLC:

- ✓ Restricts the firm or an associate from serving as trustee or having general power of attorney over a client account;
- ✓ Prohibits any associate from having authority to directly withdraw securities or cash assets from a client account;
- ✓ Does not accept or forward client securities (i.e., stock certificates) erroneously delivered to our firm;
- ✓ Will not collect advance fees of \$1,200 or more for services that are to be performed six months or more into the future; and
- ✓ Will not authorize an associate to have knowledge of a client's account access information (i.e., online 401(k), brokerage or bank accounts) if such access would allow physical control over account assets.

The plan's custodian of record and/or third-party administrator will provide investment account transaction confirmations and account statements, which will include debits and credits for that period. Statements are provided on at least a quarterly basis and confirmations are provided as transactions occur within an account. Our advisory firm will not create an account statement for an account nor serve as the sole recipient of an account statement.

Any account holder receiving periodic reports that include investment performance information should carefully review and compare their account statement that they have received directly from the custodian of record with that performance report.

#### **Item 16 - Investment Discretion**

##### ***Internal Portfolio Management***

We serve internal portfolio management accounts on a discretionary basis. Via limited power of attorney, such authority allows our firm to implement investment decisions, such as the purchase or sale of a security on behalf of an account, without requiring continued prior authorization for each transaction in order to meet stated investment objectives. This authority is provided to our firm through the execution of our engagement agreement and the custodian's account opening documents. Note that the custodian will specifically limit our firm's authority within an account to the placement of trade orders and our request for the deduction of our advisory fees.

We will account for reasonable restrictions as noted in the plan's IPS. It remains the plan sponsor's responsibility to notify our firm if there is a change in their investment objective so that we may reevaluate previous investment recommendations or portfolio holdings.

***Self-Directed Retirement Plans***

We do not execute trades for plan participants or maintain trading authority within a plan participant self-directed account.

**Item 17 - Voting Client Securities**

Our firm does not vote proxies on your behalf, including accounts that we have discretionary authority. We do not offer guidance on how to vote proxies, nor will we offer guidance involving any claim or potential claim in any bankruptcy proceeding, class action securities litigation or other litigation or proceeding relating to securities held at any time in a client account, including, without limitation, to file proofs of claim or other documents related to such proceeding, or to investigate, initiate, supervise or monitor class action or other litigation involving client assets. We will answer limited questions with respect to what a proxy voting request or other corporate matter may be and how to reach the issuer or their legal representative.

To request a copy of our proxy voting policy and procedures, please contact us using the contact information on the cover page of this brochure.

**Item 18 - Financial Information**

The firm and its management do not have a financial condition likely to impair its ability to meet commitments to clients, nor has the firm and its management been the subject of a bankruptcy petition.