



**STONEGATE INVESTMENT GROUP, LLC**

**FORM ADV PART 2A – DISCLOSURE BROCHURE**

**Item 1 – Cover Page**

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This Form ADV Part 2A (“Disclosure Brochure”) provides information about the qualifications and business practices of Stonegate Investment Group, LLC (“Stonegate” or the “Advisor”). If you have any questions regarding the contents of this Disclosure Brochure, please do not hesitate to contact our Chief Compliance Officer, Harry L. Cowley, by telephone at (205) 963-0852 or by email at [hcowley@stonegateig.com](mailto:hcowley@stonegateig.com). The information in this Disclosure Brochure has not been approved or verified by the U.S. Securities and Exchange Commission (“SEC”) or by any state securities authority.

Stonegate is a registered investment advisor. Registration with the SEC or any state securities authority does not imply a certain level of skill or training. Additional information about Stonegate is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Item 2 – Material Changes

This disclosure document includes Form *Part 2A (the "Disclosure Brochure")* and *Appendix I (the "Wrap Fee Program Brochure")*. The Disclosure Brochure and Wrap Fee Program Brochure provide information about a variety of topics relating to an Advisor's business practices and conflicts of interest. For convenience, the Advisor has combined these documents into a single disclosure document.

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

### Material Changes

The following material changes have been made to this Disclosure Brochure since the last filing and distribution to Clients:

- Stonegate has custody due to its ability to disburse funds from certain client accounts. Please see Item 15 for additional information.

### Future Changes

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

At any time, you may view the current Disclosure Brochure on-line at the SEC's Investment Adviser Public Disclosure website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) by searching with the Advisor's firm name or CRD# 314889. You may also request a copy of this Disclosure Brochure at any time by contacting the Advisor at (205) 963-0840.

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## **Item 4 – Advisory Business**

### **A. Description of the Advisory Firm**

Stonegate Investment Group, LLC (“Stonegate” or the “Advisor”) is a limited liability company (“LLC”) organized in the State of Delaware. Stonegate is an investment advisory firm registered with the U.S. Securities and Exchange Commission (“SEC”). Stonegate Investment Group, LLC is wholly-owned by Stonegate Investment Group Holdings, LLC. As of July 9, 2021, the majority of Stonegate Investment Group Holdings, LLC is owned, directly or indirectly, by Tony R. Smith (Chief Executive Officer, Chief Investment Officer), Christopher J. Compton (Managing Director, Partner), Matthew C. Brown, CFP® (Managing Director, Partner), Mark F. Sommer (Managing Director, Partner), and James W. Allen (Chief Wealth Strategist, Partner).

This Disclosure Brochure provides information regarding the qualifications, business practices, and the advisory services provided by Stonegate. For information regarding this Disclosure Brochure, please contact Harry Cowley (Chief Compliance Officer) at (205) 963-0840.

### **B. Types of Advisory Services**

Stonegate provides investment advisory services to individuals, including high net worth individuals, and entities, including family offices, trusts, estates, private foundations, charities, small businesses, and pension and retirement/profit-sharing plans (each a “Client”), on a fee-only basis. Stonegate may also assist Clients in determining their financial objectives, identifying financial issues, analyzing cash flow, tracking and reporting on financial assets, and counseling on issues related to education funding, retirement planning, risk management, gifting, and tax and estate planning. Stonegate also provides investment advisory services to corporate, governmental and not-for-profit retirement plans pursuant to The Employee Retirement Income Security Act of 1974 (“ERISA”).

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

### ***Investment Management Services***

Stonegate provides discretionary and non-discretionary management of Client investment portfolios on a customized and individualized basis in accordance with each Client’s financial goals, liquidity constraints, time horizon, lifestyle, risk tolerance and tax sensitivity. The Advisor primarily invests Client assets in equity securities of individual companies, bonds, mutual funds, exchange-traded funds (“ETFs”), and limited partnerships and pooled investment vehicles focusing on alternative asset classes. Stonegate also uses options, typically covered call options, protective put options, and long put and call options in Client portfolios.

Stonegate primarily allocates Client assets to the Stonegate Wrap Program (the “Wrap Fee Program”), an arrangement where the Client pays a single fee (the “Program Fee”) based on a percentage of the Client’s assets under management, for the Advisor’s investment advice, custody and commissions and transaction charges for securities transactions executed at a designated custodian. Stonegate is the Sponsor and Manager of the Wrap Fee Program.

Clients are advised to promptly notify the Advisor if there are changes in their financial situation or if they wish to place any limitations on the management of their portfolios. Clients may impose reasonable restrictions or mandates on the management of their accounts if Stonegate determines, in its sole discretion, the conditions would not materially impact the performance of a management strategy or prove overly burdensome to the Advisor's management efforts.

Stonegate may recommend to Clients that all or a portion of their investment portfolio be managed on a discretionary basis by one or more unaffiliated money managers or investment platforms ("Independent Managers"). The Client may be required to enter into a separate agreement with the Independent Manager(s), which will set forth the terms and conditions of the Client's engagement of the Independent Manager, or will receive a Statement of Investment Selection in a single contract relationship. Stonegate generally renders services to the Client relative to the discretionary selection of Independent Managers. Stonegate also assists in establishing the Client's investment objectives for the assets managed by Independent Managers, monitors and reviews the account performance and defines any restrictions on the account.

The investment management fees charged by the designated Independent Managers are in addition to the annual advisory fee charged by Stonegate, as described below in Item 5. The amount of assets invested with Independent Managers is included in the Advisor's "assets under management" for purposes of Stonegate Management calculating its annual advisory fee per Item 5 below. Stonegate evaluates a variety of information about Independent Managers, which may include the Independent Managers' public disclosure documents, materials supplied by the Independent Managers themselves and other third-party analyses it believes are reputable. To the extent possible, Stonegate seeks to assess the Independent Managers' investment strategies, past performance and risk results in relation to its Clients' individual portfolio allocations and risk exposure. Stonegate may also take into consideration each Independent Manager's management style, returns, reputation, financial strength, reporting, pricing and research capabilities, among other factors.

### ***ERISA Services***

Stonegate provides investment management services to retirement plans (each a "Plan") under the Employee Retirement Income Security Act of 1974, as amended ("ERISA") on either a discretionary or nondiscretionary basis, depending on the Client and the Advisor's arrangements with the Client. Stonegate acknowledges its status as an ERISA fiduciary under either ERISA sections 3(21) or 3(38), as applicable, when providing investment management services. Stonegate's fiduciary services to ERISA Plans include preparing an investment policy statement, screening and selecting investment options for the Plan, selecting a qualified default investment alternative, providing quarterly investment reports, attending the investment committee meetings, and, if the services are discretionary, creating and managing portfolios based on a range of varying target asset allocations. Stonegate's non-fiduciary services to ERISA Plans can include providing education regarding general investment principles and the investments options in the Plan to Plan Participants.

*Retirement Plan Accounts* – When deemed to be in the Client's best interest, the Advisor will recommend that a Client roll over its Retirement Plan account into an account managed by the Advisor. In such instances, the Advisor will serve as an investment fiduciary as that term is defined under The Employee Retirement Income Security Act of 1974 ("ERISA"). Such a recommendation creates a conflict of interest as the Advisor will earn a new (or increase its current) advisory fee as a result of the rollover. No Client is under any obligation to roll over Retirement Plan assets to an account managed by the Advisor.

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

Stonegate may provide a variety of financial planning and consulting services to Clients. Such engagements are typically part of the investment advisory engagement, but may be pursuant to a separate financial planning engagement if agreed upon in advance by the Client and Stonegate. Generally, such financial planning services will involve preparing a financial plan or rendering a financial consultation based on the Client's financial goals and objectives. This planning or consulting may encompass one or more areas of need, including, but not limited to cash flow analysis, investment planning, retirement planning, estate planning, personal savings, educational savings, and other areas of a Client's financial situation.

A financial plan developed for or financial consultation rendered to a Client will typically include general recommendations for a course of activity or specific actions to be taken by the Client. For example, recommendations may be made that the Client start or revise their investment programs, commence or alter retirement savings, establish education savings and/or charitable giving programs. Stonegate may recommend its own services and/or the services of other professionals to implement its recommendations. Clients are advised that a conflict of interest exists if Stonegate recommends its own services, as such a recommendation may increase the advisory fees paid to the Advisor. The Client is under no obligation to act upon any of the recommendations made by Stonegate under a financial planning or consulting engagement to engage the services of any such recommended professional, including Stonegate itself.

### ***Private Fund Advisor Services***

Stonegate offers and provides investment management services to various pooled investment vehicles, (each a "Fund" and collectively the "Funds"). The Funds may only be offered to financially experienced and sophisticated investors able to bear the economic risk of an investment in the Fund and who qualify as "accredited investors" under Rule 501(a) of Regulation D of the Securities Act of 1933, as amended (the "Securities Act") and "qualified clients" under Section 205-3 of the Investment Advisers Act of 1940, as amended (the "Investment Advisers Act").

The services provided are detailed in the respective offering documents for the Funds, which include as applicable, the operating agreement, private placement memorandum ("PPM") and/or term sheets, subscription agreements, separate disclosure documents, and all amendments thereto (collectively the "Offering Documents").

Stonegate manages each Fund based on the investment objectives, policies and guidelines as set forth in the respective Offering Documents and not in accordance with the individual needs or objectives of any particular investor therein (each an "Investor"). Each prospective investor interested in investing in a Fund is required to complete a subscription agreement in which the prospective investor attests as to whether or not such prospective investor meets the qualifications to invest in the Fund and further acknowledges and accepts the various risk factors associated with such an investment. ***For more detailed information on investment objectives, policies, and guidelines, please refer to the respective Fund's Offering Documents.***

### **C. Client-Tailored Advisory Services**

The Advisor's investment advice is customized and tailored to the unique goals, objectives and needs of each Client. The Advisor seeks to understand the Client's goals, objectives, time horizon, tax position and attitude toward risk and reward. The stated goals and objectives for each Client are reflected in the Client's overall recommended financial and investment program and advice that is provided on an ongoing basis.

#### D. Assets Under Management

As of December 31, 2022, Stonegate manages \$3,481,744,418 in discretionary assets and \$641,873,785 in non-discretionary assets. Total assets under management are \$4,123,618,203. In addition, the Advisor has assets under advisement of \$220,811,380. Clients may request more current information at any time by contacting the Advisor.

#### E. Wrap Fee Program

As noted above, Stonegate is the Sponsor and Manager of the Stonegate Wrap Fee Program. When deemed to be in the Client's best interest, the Advisor includes securities transaction fees together with its investment advisory fees. Including these fees into a single asset-based fee is considered a "Wrap Fee Program". Depending on the level of trading required for a Client's account[s] in a particular year, a Client may pay a higher or lower aggregate fee than if investment management and brokerage services were purchased separately. Please also see Appendix 1 ("Wrap Fee Program Brochure"), which is included with this Disclosure Brochure.

### **Item 5 – Fees and Compensation**

#### A. Fees for Advisory Services

Stonegate charges an annual advisory fee that is agreed upon with each Client and set forth in an agreement executed by the Advisor and the Client. Stonegate's fee for advisory services is negotiable and varies based on several factors, including, but not limited to, the size of the Client relationship, the type, nature and complexity of the investment strategies, products and investments utilized, service intensity, degree of custom work, number of entities, number of family members served and travel requirements. The maximum annual advisory fee charged by Stonegate is 1.50% of the total assets under management or advisement, payable quarterly. If based on a percentage of assets under management or advisement, the advisory fee for the initial quarter is payable on a pro rata basis, in arrears, based on the period ending value of the net billable assets under management provided to the Advisor by third-party sources such as pricing services, custodians, fund managers and administrators, and Client-provided sources. For subsequent months, the advisory fee is generally payable in advance, based on the average daily value of the net billable assets under management through the last day of the previous quarter as provided by third-party sources, such as pricing services, custodians, fund administrators, and Client-provided sources.

If fixed, the management fee for the initial month is payable, on a *pro rata* basis in arrears. For subsequent months, the fixed fee is payable in advance.

The Advisor reserves the right, in its sole discretion, to waive or modify fees on a Client-by-Client basis.

Clients have five (5) business days from the date of execution of the Client agreement to terminate Stonegate's services. The investment advisory agreement between the Advisor and the Client may be terminated at will by either the Advisor or the Client upon written notice. Stonegate does not impose termination fees when the Client terminates the investment advisory relationship, except when agreed upon in advance. In the event the investment advisory agreement is terminated, the fee for the final billing period is prorated through the effective date of the termination and the outstanding or unearned portion of the fee is charged or refunded to the Client, as appropriate.

The Advisor offers its Clients financial planning services. Such services, for some Clients, are typically included as part of the annual advisory fee.

### ***Private Fund Advisor Services***

The Funds will not pay an advisory or management fee to the Advisor (Stonegate Investment Group, LLC) for an Investors that also remain a Client of Stonegate. Otherwise, the Investor will be charged a 1.00% management fee. Stonegate will, however, be entitled to a 20.0% carried interest allocation (the "Carried Interest Allocation") once Investors have received the Preferred Return and a return of 100% of their invested capital. Please see Item 6 below.

### **B. Payment of Fees**

Clients are generally required to have the Advisor's annual advisory fee deducted from the Client's account(s) held at the Client's custodian. Upon engaging Stonegate to manage such account(s), a Client grants the Advisor this limited authority through a written instruction to the custodian of his/her account(s). The Client is responsible for verifying the accuracy of the calculation of the advisory fee; the custodian will not determine whether the fee is accurate or properly calculated. The fee is billed in advance on a quarterly basis, as described above in Item 5.A.

The custodian of the Client's accounts provides each Client with a statement, at least quarterly, indicating separate line items for all amounts disbursed from the Client's account(s), including any fees paid directly to Stonegate.

Retirement plan advisory fees may be directly invoiced to the Plan Sponsor or deducted from the assets of the Plan, depending on the terms of the retirement plan advisory agreement.

Clients may make additions to and withdrawals from their account(s) at any time, subject to Stonegate's right to terminate an account. Additions may be in cash or securities provided that the Advisor reserves the right to liquidate transferred securities or decline to accept particular securities into a Client's account. Clients may withdraw account assets at any time on notice to the Advisor, subject to the usual and customary securities settlement procedures. However, the Advisor generally designs its portfolios as long-term investments and the withdrawal of assets may impair the achievement of a Client's investment objectives. Stonegate may consult with its Clients about the options and implications of transferring securities. Clients are advised that when transferred securities are liquidated, they may be subject to transaction fees, short-term redemption fees, fees assessed at the mutual fund level (e.g. contingent deferred sales charges) and/or tax ramifications.

### **C. Clients Responsible for Fees Charged by Financial Institutions**

In connection with the Advisor's management of Client assets, a Client will incur fees and/or expenses separate from the Advisor's annual advisory fee. These additional fees and charges may include transaction charges and the fees/expenses charged by any custodian, subadvisor, mutual fund, ETF, CEF, Independent Manager, separate account manager, transfer taxes, odd lot differentials, exchange fees, interest charges, ADR processing fees, and any charges, taxes or other fees mandated by any federal, state or other applicable law, retirement plan account fees (where applicable), margin interest, brokerage commissions, mark-ups or mark-downs and other transaction-related costs, electronic fund and wire fees, and any other fees that reasonably may be borne by a brokerage account. These fees and/or expenses are separate from and in addition to the Advisor's annual advisory fee. The Client is responsible for all such fees and expenses. These fees are charged by and paid to the broker/dealer or custodian from the Clients' accounts. The Advisor does not receive, directly or indirectly, any portion of these fees charged to our Client. In addition,



none of the Advisor's employees receive (directly or indirectly) any compensation from the purchase or sale of securities or investments for Clients.

Clients may from time to time have cash assets invested in money-market funds which charge a management fee on the assets invested in the money-market funds. The Advisor may also charge a fee on cash invested in money-market funds when such cash is considered available for long-term investment. The Advisor in its sole discretion can choose not to bill Clients on cash or other asset classes or products as a concession to Clients in certain circumstances.

#### D. Prepayment of Fees

As noted in Item 5(B) above, Stonegate's advisory fee generally is paid in advance. Upon the termination of a Client's advisory relationship, Stonegate will issue a refund equal to any unearned management fee from the effective date of termination to the end of the quarter.

#### E. Outside Compensation for the Sale of Securities or Other Investment Products to Clients

Stonegate does not receive compensation for securities transactions in any Client account, other than the investment advisory fees noted above.

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

As disclosed in Item 5 above, **Stonegate be entitled up to a 20.0% carried interest allocation (the "Carried Interest Allocation") once Investors have received the Preferred Return and a return of 100% of their invested capital.** The calculation of this performance-based fee is disclosed in the Fund's Offering Documents. Investors should understand that the receipt of performance-based fees creates a conflict of interest as Stonegate has the potential to receive higher compensation. Performance-based fees create an incentive for the Advisor to make investments that are riskier or more speculative than might otherwise be the case in the absence of such arrangement. Additionally, the Advisor is incentivized to favor and devote more time and effort to managing investments when there is a potential for receipt of performance-based compensation. The Advisor seeks to mitigate these conflicts through disclosures in this Disclosure Brochure; additional disclosures in the applicable Offering Documents, as well as through the Advisor's Code of Ethics and policies and procedures contained in the Compliance Manual.

### **Item 7 – Types of Clients**

Stonegate offers investment advisory services to individuals, including high net worth individuals, and entities, including, but not limited to, family offices, trusts, estates, private foundations, charities, small businesses, and pension and retirement/profit-sharing plans. Stonegate generally requires a minimum relationship size of \$1 million, which may be reduced at the sole discretion of the Advisor.

Stonegate also offers investment management services the Fund. The Fund is not registered under the Investment Company Act of 1940 (the "Company Act"), as amended, in reliance on the exemptions provided in Sections 3(c)(1) thereunder. Additionally, the interests, shares or units (as applicable) are not registered under the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder (the "Securities Act") pursuant to an exemption from registration under Regulation D of the Securities Act.

#### ***Who is a "Qualified Client"?***

Rule 205-3(d)(1) of the Adviser's Act defines a "Qualified Client" as:

- i. A natural person who, or a company that, immediately after entering into the contract has at least \$1,100,000 under the management of the investment Adviser;
- ii. A natural person who, or a company that, the investment Adviser entering into the contract (and any person acting on his behalf) reasonably believes, immediately prior to entering into the contract, either:
  - i. Has a net worth (together, in the case of a natural person, with assets held jointly with a spouse) of more than \$2,200,000.
  - ii. Is a qualified purchaser as defined in section 2(a)(51)(A) of the Investment Company Act of 1940 (15 U.S.C. 80a-2(a)(51)(A)) at the time the contract is entered into; or
- iii. A natural person who immediately prior to entering into the contract is:
  - i. An executive officer, director, trustee, general partner, or person serving in a similar capacity, of the investment adviser; or
  - ii. An employee of the investment adviser (other than an employee performing solely clerical, secretarial or administrative functions with regard to the investment adviser) who, in connection with his or her regular functions or duties, participates in the investment activities of such investment adviser, provided that such employee has been performing such functions and duties for or on behalf of the investment adviser, or substantially similar functions or duties for or on behalf of another company for at least 12 months.

***Who is an “Accredited Investor”?***

Rule 501 of the Securities Act defines an “Accredited Investor” as any person who comes within any of the following categories, or who the issuer reasonably believes comes within any of the following categories, at the time of the sale of the securities to that person:

- Any bank as defined in section 3(a)(2) of the Act, or any savings and loan association or other institution as defined in section 3(a)(5)(A) of the Act whether acting in its individual or fiduciary capacity; any broker or dealer registered pursuant to section 15 of the Securities Exchange Act of 1934; any insurance company as defined in section 2(a)(13) of the Act; any investment company registered under the Investment Company Act of 1940 or a business development company as defined in section 2(a)(48) of that Act; any Small Business Investment Company licensed by the U.S. Small Business Administration under section 301(c) or (d) of the Small Business Investment Act of 1958; any plan established and maintained by a state, its political subdivisions, or any agency or instrumentality of a state or its political subdivisions, for the benefit of its employees, if such plan has total assets in excess of \$5,000,000; any employee benefit plan within the meaning of the Employee Retirement Income Security Act of 1974 if the investment decision is made by a plan fiduciary, as defined in section 3(21) of such act, which is either a bank, savings and loan association, insurance company, or registered investment adviser, or if the employee benefit plan has total assets in excess of \$5,000,000 or, if a self-directed plan, with investment decisions made solely by persons that are accredited investors;
- Any private business development company as defined in section 202(a)(22) of the Investment Advisers Act of 1940;
- Any organization described in section 501(c)(3) of the Internal Revenue Code, corporation, Massachusetts or similar business trust, or partnership, not formed for the specific purpose of acquiring the securities offered, with total assets in excess of \$5,000,000;
- Any director, executive officer, or general partner of the issuer of the securities being offered or sold, or any director, executive officer, or general partner of a general partner of that issuer;
- Any natural person whose individual net worth, or joint net worth with that person's spouse, exceeds \$1,000,000

- Any natural person who had an individual income in excess of \$200,000 in each of the two most recent years or joint income with that person's spouse in excess of \$300,000 in each of those years and has a reasonable expectation of reaching the same income level in the current year;
- Any trust, with total assets in excess of \$5,000,000, not formed for the specific purpose of acquiring the securities offered, whose purchase is directed by a sophisticated person as described in §230.506(b)(2)(ii); and
- Any entity in which all of the equity owners are accredited investors.

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

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

A primary step in Stonegate's investment strategy is getting to know the Clients – to understand their financial condition, risk profile, investment goals, tax situation, liquidity constraints – and assemble a complete picture of their financial situation. To aid in this understanding, Stonegate offers Clients financial planning that is highly customized and tailored. This comprehensive approach is integral to the way that Stonegate does business. Once Stonegate has a true understanding of its Clients' needs and goals, the investment process can begin, and the Advisor can recommend strategies and investments that it believes are aligned with the Client's goals and risk profile.

Stonegate primarily employs fundamental analysis methods in developing investment strategies for its Clients. Research and analysis from Stonegate is based on numerous sources, including third-party research materials and publicly-available materials, such as company annual reports, prospectuses, and press releases.

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

Stonegate selects assets and products from across many asset classes, including global and domestic equities, taxable and non-taxable fixed income, mutual funds and ETFs. Stonegate may select Independent Managers to manage a portion of its Clients' assets. The Advisor also reviews and approves the Independent Managers in which the Advisor has placed Client assets. Overall investment strategies recommended to each Client emphasize long-term ownership of a diversified portfolio of marketable and non-marketable investments intended to provide superior after-tax, inflation-adjusted, economic returns.

Client portfolios with similar investment objectives and asset allocation goals may own different securities and investments. The Client's portfolio size, tax sensitivity, desire for simplicity, income needs, long-term wealth transfer objectives, time horizon and choice of custodian are all factors that influence Stonegate's investment recommendations.

Stonegate does not represent, imply or guarantee that the services or methods of analysis used by Stonegate to make investment recommendations can or will produce successful results, successfully identify market tops or bottoms, or insulate Clients from losses due to market corrections or crashes. Clients are advised that the recommendations offered by Stonegate are not legal or tax advice.

## B. Material Risks

All investments in securities include a risk of loss of principal (invested amount) and any profits that have not been realized (securities that have not been sold to “lock in” the profit), which Clients should be prepared to bear. Stock markets and bond markets can fluctuate substantially over time, and performance of any investment or portfolio is not guaranteed. As a result, there is a risk of loss in the value of the assets we manage for our Clients. We cannot guarantee any level of performance or that Clients will not experience a loss in their account assets. Past performance of a security is not necessarily indicative of future performance or risk of loss.

The Advisor invests in equity securities and funds that buy and sell equity securities. Independent Managers may also invest in equity securities. Investing in equity securities generally involves becoming an owner in the issuer company and participating fully in its economic risks. The value of equity securities generally varies with the performance of the issuer and movements in the equity markets. As a result, Clients may suffer losses if they invest in equity instruments of issuers whose performance diverges from the Advisor’s expectations or if equity markets generally move in a single direction.

The Advisor invests in fixed income securities, such as bonds, and funds and pooled investment vehicles that buy and sell fixed income securities. Independent Managers may also invest in fixed income securities. An issuer of bonds has agreed to return the face value of the security to the holder at maturity. Most bonds pay investors a fixed rate of interest income. Bonds carry risks that include the risk that the issuer will default on payment of principal, fluctuation in interest rates, inflation and counterparties’ inability to meet contractual obligations. The Advisor does invest in below-investment grade fixed income securities, or fixed income securities that are not rated, which generally have an elevated risk of issuer default.

The following risks could cause the investments managed for Clients to decrease in value:

- **Market Risk:** The price of securities may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security’s or fund’s particular underlying circumstances. For example, changes in political, economic, and social conditions may trigger adverse market events.
- **Interest-Rate Risk:** Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- **Event Risk:** An adverse event, such as a pandemic or government shutdowns, affecting a particular company or that company’s industry could depress the price of a Client’s investments in that company’s stocks or bonds. The company, government or other entity that issued bonds in a Client’s portfolio could become less able to, or fail to, repay, service or refinance its debts, or the issuer’s credit rating could be downgraded by a rating agency. Adverse events affecting a particular country, including political and economic instability, could depress the value of investments in issuers headquartered or doing business in that country.
- **Liquidity Risk:** Securities that are normally liquid may become difficult or impossible to sell at an acceptable price during periods of economic instability or other emergency conditions. Some securities may be infrequently or thinly traded even under normal market conditions.
- **Leverage Risk:** The use of leverage may lead to increased volatility of a fund’s NAV and market price relative to its common shares. Leverage is likely to magnify any losses in the fund’s portfolio, which may lead to increased market price declines. There is no assurance that a leveraging strategy will be successful.
- **Domestic and/or Foreign Political Risk:** The events that occur in the U.S. relating to politics, government, and elections can affect the U.S. markets. Political events occurring in the home

country of a foreign company such as revolutions, nationalization, and currency collapse can have an impact on the security.

- **Inflation Risk:** Countries around the globe may be more, or less, prone to inflation than the U.S. economy at any given time.
- **Currency Risk:** Overseas investments are subject to fluctuations in the value of the U.S. dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- **Reinvestment Risk:** This risk is that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e., interest rate). This primarily relates to fixed income securities.
- **Regulatory/Legislative Developments Risk:** Regulators and/or legislators may promulgate rules or pass legislation that places restrictions on, adds procedural hurdles to, affects the liquidity of, and/or alters the risks associated with certain investment transactions or the securities underlying such investment transactions. Such rules/legislation could affect the value associated with such investment transactions or underlying securities.
- **Illiquid Securities:** Investments in certain equity or fixed income securities or funds may underperform publicly offered and traded securities because such investments:
  - Typically require investors to lock-up their assets for a period and may be unable to meet redemption requests during adverse economic conditions;
  - Have limited or no liquidity because of restrictions on the transfer of, and the absence of a market for, interests in these securities;
  - Are more difficult to monitor and value due to a lack of transparency and publicly available information about these securities;
  - Involve different risks than investing in publicly offered and traded securities. These risks may include those associated with more concentrated, less diversified investment portfolios, investment leverage and investments in less liquid and non-traditional asset classes.

### *Risks of Specific Securities or Investments*

**Use of Independent Managers.** Stonegate may select certain Independent Managers to manage a portion of its Clients' assets. In these situations, Stonegate conducts due diligence of such managers, but the success of such recommendations relies to a great extent on the Independent Managers' ability to successfully implement their investment strategies. In addition, Stonegate generally does not have the ability to supervise the Independent Managers on a day-to-day basis.

**Mutual Funds and ETF Risks.** An investment in a mutual fund or an ETF involves risk, including the loss of principal. Mutual fund and ETF shareholders are necessarily subject to the risks stemming from the individual issuers of the fund's underlying portfolio securities. Such shareholders are also liable for taxes on any fund-level capital gains, as mutual funds and ETFs are required by law to distribute capital gains in the event they sell securities for a profit that cannot be offset by a corresponding loss.

Shares of mutual funds are generally distributed and redeemed on an ongoing basis by the fund itself or a broker acting on its behalf. The trading price at which a share is transacted is equal to a fund's stated daily per share net asset value ("NAV"), plus any shareholders fees (e.g., sales loads, purchase fees, redemption fees). The per share NAV of a mutual fund is calculated at the end of each business day, although the actual NAV fluctuates with intraday changes to the market value of the fund's holdings. The trading prices of a mutual fund's shares may differ significantly from the NAV during periods of market volatility, which may, among other factors, lead to the mutual fund's shares trading at a premium or discount to actual NAV.



Shares of ETFs are listed on securities exchanges and transacted at negotiated prices in the secondary market. Generally, ETF shares trade at or near their most recent NAV, which is generally calculated at least once daily for indexed based ETFs and potentially more frequently for actively managed ETFs. However, certain inefficiencies may cause the shares to trade at a premium or discount to their pro rata NAV. There is also no guarantee that an active secondary market for such shares will develop or continue to exist. Generally, an ETF only redeems shares when aggregated as creation units (usually 50,000 shares or more). Therefore, if a liquid secondary market ceases to exist for shares of a particular ETF, a shareholder may have no way to dispose of such shares.

**IPO Risks.** Investments in Initial Public Offerings (or shortly thereafter) may involve higher risks than investments issued in secondary public offerings or purchases on a secondary market due to a variety of factors, including, without limitation, the limited number of shares available for trading, unseasoned trading, lack of investor knowledge of the issuer and limited operating history of the issuer. In addition, some companies in initial public offerings are involved in relatively new industries or lines of business, which may not be widely understood by investors. Some of these companies may be undercapitalized or regarded as developmental stage companies, without revenues or operating income, or the near-term prospects of achieving them. These factors may contribute to substantial price volatility for such securities and, thus, for the value of the company's shares.

**Structured Note Risks.** Complexity. Structured notes are complex financial instruments. Clients should understand the reference asset(s) or index(es) and determine how the note's payoff structure incorporates such reference asset(s) or index(es) in calculating the note's performance. This payoff calculation may include leverage multiplied on the performance of the reference asset or index, protection from losses should the reference asset or index produce negative returns, and fees. Structured notes may have complicated payoff structures that can make it difficult for Clients to accurately assess their value, risk and potential for growth through the term of the structured note. Determining the performance of each note can be complex and this calculation can vary significantly from note to note depending on the structure. Notes can be structured in a wide variety of ways. Payoff structures can be leveraged, inverse, or inverse-leveraged, which may result in larger returns or losses. Clients should carefully read the prospectus for a structured note to fully understand how the payoff on a note will be calculated and discuss these issues with us.

**Market Risks.** Some structured notes provide for the repayment of principal at maturity, which is often referred to as "principal protection." This principal protection is subject to the credit risk of the issuing financial institution. Many structured notes do not offer this feature. For structured notes that do not offer principal protection, the performance of the linked asset or index may cause Clients to lose some, or all, of their principal. Depending on the nature of the linked asset or index, the market risk of the structured note may include changes in equity or commodity prices, changes in interest rates or foreign exchange rates, or market volatility.

**Issuance price and note value.** The price of a structured note at issuance will likely be higher than the fair value of the structured note on the date of issuance. Issuers now disclose an estimated value of the structured note on the cover page of the offering prospectus, allowing investors to gauge the difference between the issuer's estimated value of the note and the issuance price. The estimated value of the notes is likely lower than the issuance price of the note to investors because issuers include the costs for selling, structuring or hedging the exposure on the note in the initial price of their notes. After issuance, structured notes may not be re-sold on a daily basis and thus may be difficult to value given their complexity.

**Liquidity Risk.** The ability to trade or sell structured notes in a secondary market is often very limited as structured notes (other than exchange-traded notes known as ETNs) are not listed for trading on security exchanges. As a result, the only potential buyer for a structured note may be the issuing financial

institution's broker-dealer affiliate or the broker-dealer distributor of the structured note. In addition, issuers often specifically disclaim their intention to repurchase or make markets in the notes they issue. Clients should, therefore, be prepared to hold a structured note to its maturity date, or risk selling the note at a discount to its value at the time of sale.

**Credit Risk.** Structured notes are unsecured debt obligations of the issuer, meaning that the issuer is obligated to make payments on the notes as promised. These promises, including any principal protection, are only as good as the financial health of the structured note issuer. If the structured note issuer defaults on these obligations, investors may lose some, or all, of the principal amount they invested in the structured notes as well as any other payments that may be due on the structured notes.

**Options Trading Risks.** Certain strategies employed by the Advisor or Independent Managers may involve the use of options. Investments in options contracts have the risk of losing value in a relatively short period of time. Options are investments whose ultimate value is determined from the value of the underlying investment. Option contracts are leveraged instruments that allow the holder of a single contract to control many shares of an underlying stock. This leverage can compound gains or losses.

**Call Options.** The seller (writer) of a call option which is covered (i.e., the writer holds the underlying security) assumes the risk of a decline in the market price of the underlying security below the purchase price of the underlying security less the premium received and gives up the opportunity for gain on the underlying security above the exercise price of the option. The seller of an uncovered call option assumes the risk of a theoretically unlimited increase in the market price of the underlying security above the exercise price of the option. The securities necessary to satisfy the exercise of an uncovered call option may be unavailable for purchase, except at much higher prices, thereby reducing or eliminating the value of the premium. Purchasing securities to cover the exercise of an uncovered call option can cause the price of the securities to increase, thereby exacerbating the loss. The buyer of a call option assumes the risk of losing its entire premium investment in the call option.

**Put Options.** The seller (writer) of a put option which is covered (i.e., the writer has a short position in the underlying security) assumes the risk of an increase in the market price of the underlying security above the sales price (in establishing the short position) of the underlying security plus the premium received, and gives up the opportunity for gain on the underlying security if the market price falls below the exercise price of the option. The seller of an uncovered put option assumes the risk of a decline in the market price of the underlying security below the exercise price of the option. The buyer of a put option assumes the risk of losing its entire investment in the put option.

**Index Options.** The value of an index or index option fluctuates with changes in the market values of the assets included in the index. Because the value of an index or index option depends upon movements in the level of the index rather than the price of a particular asset, whether the Client will realize appreciation or depreciation from the purchase or writing of options on indices depends upon movements in the level of instrument prices in the assets generally or, in the case of certain indices, in an industry or market segment, rather than movements in the price of particular assets.

**Hedging Transactions.** Options may be used for risk management purposes. However, Stonegate or an Independent Manager may be unable to anticipate the occurrence of a particular risk and, therefore, may be unable to attempt to hedge against it. The use of hedging transactions may result in a poorer overall performance than if Stonegate Management or the Independent Manager had not engaged in any such transactions. Moreover, Client portfolios will always be exposed to certain risks that cannot be hedged.

**Cybersecurity Risks.** The computer systems, networks and devices used by Stonegate and service providers to Stonegate and Clients to carry out routine business operations employ a variety of protections

designed to prevent damage or interruption from computer viruses, network failures, computer and telecommunication failures, human error, infiltration by unauthorized persons and security breaches. Despite the various protections utilized, systems, networks, or devices potentially can be breached. A Client could be negatively impacted as a result of a cybersecurity breach. Cybersecurity breaches can include unauthorized access to systems, networks, or devices; infection from computer viruses or other malicious software code; and attacks that shut down, disable, slow, or otherwise disrupt operations, business processes, or website access or functionality. Cybersecurity breaches may cause disruptions and impact business operations, potentially resulting in financial losses to a Client; impediments to trading; the inability by the Advisor and its service providers to transact business; violations of applicable privacy and other laws; regulatory fines, penalties, reputational damage, reimbursement or other compensation costs, or additional compliance costs; as well as the inadvertent release of confidential information. Similar adverse consequences could result from cybersecurity breaches affecting issuers of securities in which a Client invests; governmental and other regulatory authorities; exchange and other financial market operators, banks, brokers, dealers, and other financial institutions; and other parties. In addition, substantial costs may be incurred by these entities in order to prevent any cybersecurity breaches in the future.

**Business Continuity Risks.** Stonegate's business operations may be vulnerable to disruption in the case of catastrophic events such as fires, natural disaster, terrorist attacks or other circumstances resulting in property damage, network interruption and/or prolonged power outages. Although the Advisor expects to implement measures to manage risks relating to these types of events, there can be no assurances that all contingencies can be planned for. These risks of loss can be substantial and could have a material adverse effect on the Advisor and investments therein.

**Outbreak Risks.** An epidemic outbreak or pandemic, and reactions thereto could cause uncertainty in markets and businesses, including Stonegate's business, and may adversely affect the performance of the global economy, including causing market volatility, market and business uncertainty and closures, supply chain and travel interruptions, the need for employees and vendors to work at external locations, and extensive medical absences. Stonegate has policies and procedures to address known situations, but because a large epidemic or pandemic may create significant market and business uncertainties and disruptions, not all events that could affect Stonegate's business and/or the markets can be determined and addressed in advance.

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

### Item 9 – Disciplinary Information

Registered investment advisors are required to disclose all material facts regarding any legal or disciplinary events that would be material to a Client's evaluation of Stonegate and the integrity of Stonegate's management. **Stonegate has no information to disclose applicable to this Item.** The Advisor encourages Clients to perform the requisite due diligence on any advisor or service provider that the Client engages. The backgrounds of the Advisor and its Advisory Persons are available on the Investment Adviser Public Disclosure website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) by searching with the Advisor's firm name or CRD# 314889.



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

### ***Recommendation of Independent Managers***

Stonegate may recommend that Clients use Independent Managers based on the Client's needs and suitability. Stonegate does not receive separate compensation, directly or indirectly, from such external managers for recommending that Clients use their services. Stonegate does not have any other business relationships with the recommended Independent Managers.

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

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

Stonegate has adopted a Code of Ethics (the "Code") pursuant to Advisers Act Rule 204A-1. The Code provides that each employee place the interests of the Advisor's Clients ahead of his/her own. The Code covers the following areas: Prohibited and Restricted Activities, Reporting Requirements, Certification of Compliance, Confidentiality, Recordkeeping Requirements, Insider Trading, and Compliance with Laws and Regulations. The Chief Compliance Officer will provide a copy of the Code to any Client or prospective Client upon request.

### **B. Recommendations Involving Material Financial Interests**

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

### **C. Personal Trading in Same Securities as Clients or at the Same Time as Clients**

Stonegate allows Supervised Persons to purchase or sell the same securities that may be recommended to and purchased on behalf of Clients. Owning the same securities that are recommended (purchase or sell) to Clients presents a conflict of interest that, as fiduciaries, must be disclosed to Clients and mitigated through internal policies and procedures. Under the Code, certain classes of securities have been designated as exempt transactions, based upon a determination that these would not materially interfere with the best interests of the Advisor's Clients. The Code is designed to assure that the personal securities transactions, activities and interests of the employees of Stonegate will not interfere with (i) making decisions in the best interests of advisory Clients and (ii) implementing such decisions while, at the same time, allowing supervised persons to invest for their own accounts. As noted above, the Advisor has adopted the Code, which addresses insider trading (material non-public information controls) and personal securities reporting procedures. When trading for personal accounts, supervised persons of Stonegate have a conflict of interest if trading in the same securities. The fiduciary duty to act in the best interest of its Clients can be violated if personal trades are made with more advantageous terms than Client trades, or by trading based on material non-public information. This risk is mitigated by Stonegate's written policies and procedures required reporting of personal securities trades by its employees for review by the Chief Compliance Officer ("CCO"). The personal trading of supervised persons is monitored as required by the Code, and is designed to reasonably prevent conflicts of interest between Stonegate and its Clients.

## **Item 12 – Brokerage Practices**

### **A. Factors Used to Select Custodians and/or Broker-Dealers**

Stonegate does not have discretionary authority to select the broker-dealer/custodian (the “Custodian”) for custody and execution services. However, Stonegate generally recommends that its Clients utilize the custody and brokerage services of an unaffiliated Custodian with which Stonegate has an institutional relationship. Currently, this includes Fidelity Clearing & Custody Solutions, a division of Fidelity Investments, Inc. (“Fidelity”), which is a “Qualified Custodian” as that term is described in Rule 206(4)-2 of the Investment Advisers Act of 1940 and a FINRA-registered broker-dealer and member of SIPC. Fidelity provides custody of securities, trade execution, and clearance and settlement of transactions placed by Stonegate. If your accounts are custodied at Fidelity, Fidelity will hold Client assets in a brokerage account and buy and sell securities when Stonegate instructs it to.

In deciding to recommend Fidelity, some of the factors that Stonegate considers include:

- Trade order execution and the ability to provide accurate and timely execution of trades;
- The reasonableness and competitiveness of commissions and other transaction costs;
- Access to a broad range of investment products;
- Access to trading desks;
- Technology that integrates within Stonegate’s environment, including interfacing with Stonegate’s portfolio management system;
- A dedicated service or back-office team and its ability to process requests from Stonegate on behalf of its Clients;
- Ability to provide Stonegate with access to Client account information through an institutional website; and
- Ability to provide Clients with electronic access to account information and investment and research tools.

Stonegate generally places portfolio transactions through the Custodian where the Clients’ accounts are custodied. In exchange for using the services of the Custodian, Stonegate may receive, without cost, computer software and related systems support that allows Stonegate to monitor and service its Clients’ accounts maintained with such Custodian.

Fidelity also makes available to the Advisor products and services that benefit the Advisor but may not directly benefit the Client or the Client’s account. These products and services assist us in managing and administering Client accounts. They include investment research, both Fidelity’s own and that of third parties. Stonegate may use this research to service all or some substantial number of Client accounts, including accounts not maintained at Fidelity. In addition to investment research, Fidelity also makes available software and other technology that:

- provides access to Client account data (such as duplicate trade confirmations and account statements);
- facilitates trade execution and allocates aggregated trade orders for multiple Client accounts;
- provides pricing and other market data;
- facilitates payment of our fees from our Clients’ accounts; and
- assists with back-office functions, recordkeeping, and Client reporting.

Fidelity also offers other services intended to help us manage and further develop our business enterprise. These services include:

- educational conferences and events;
- technology, compliance, legal, and business consulting;
- publications and conferences on practice management and business succession; and

- access to employee benefits providers, human capital consultants, and insurance providers.

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

In connection with the launch of the Advisor, and the Advisor's intention to recommend that Clients custody their assets with Fidelity, Fidelity has agreed to provide the Advisor with reimbursement of Transfer or Account Exit Fees. These funds will be used toward fees that Client accounts will bear if the accounts are transferred to Fidelity. Fidelity has agreed to pay for eligible third-party vendor services and services such as certain marketing, technology, consulting and research expenses provided by Fidelity affiliates.

The reimbursement of transition-related expenses by Fidelity presents a conflict of interest because it will be used for the payment of expenses that do not directly benefit Client accounts. The financial benefits received from Fidelity do not reduce the investment management fees Clients pay to Stonegate. These products and services from Fidelity benefit Stonegate in that Stonegate does not have to purchase them. The benefits provide an incentive for Stonegate to routinely recommend Fidelity as custodian over custodians who do not offer such products and services. Stonegate addressed this conflict through this disclosure and by reviewing the pricing of fees, expenses and quality of services offered by Fidelity and determining that the recommendation of Fidelity is in the best interest of Clients.

Stonegate may offer certain qualified Clients trading services which gives Stonegate the ability to execute trades through other broker-dealers when placing securities transactions on behalf of Clients with assets custodied at Fidelity or another broker-dealer. In such instances where Stonegate trades away from Fidelity or another Custodian, the account will incur a trade-away fee from a Custodian for each transaction that is executed on a trade-away basis. The fee is separate from the commission/transaction fee or mark-up/mark-down imposed by the broker-dealer through which the trade was executed.

Trading away may be advantageous for the Client because:

- the broker-dealer may have expertise in a particular security or market;
- the broker-dealer makes a market in a particular security;
- a particular security is thinly traded; or
- the broker-dealer can identify a counter-party for a trade.

A Client may pay higher net execution costs than he/she would have paid if the transaction were placed through the Custodian holding his or her assets.

Stonegate will periodically review its arrangements with Custodian and other broker-dealers against other possible arrangements in the marketplace as it strives to achieve best execution on behalf of its Clients. Stonegate maintains a list of broker-dealers that have been approved for trading Clients' assets away from a Custodian. 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, but not limited to, the following:

- a broker-dealer's trading expertise, including its ability to complete trades, execute and settle difficult trades, obtain liquidity to minimize market impact and accommodate unusual market conditions, maintain anonymity, and account for its trade errors and correct them in a satisfactory manner;

- a broker-dealer's infrastructure, including order-entry systems, adequate lines of communication, timely order execution reports, an efficient and accurate clearance and settlement process, and capacity to accommodate unusual trading volume;
- a broker-dealer's ability to minimize total trading costs while maintaining its financial health, such as whether a broker-dealer can maintain and commit adequate capital when necessary, to complete trades, respond during volatile market periods, and minimize the number of incomplete trades;
- a broker-dealer's ability to provide research and execution services, including advice as to the value or advisability of investing in or selling securities, analyses and reports concerning such matters as companies, industries, economic trends and political factors, or services incidental to executing securities trades, including clearance, settlement and custody; and
- a broker-dealer's ability to provide services to accommodate special transaction needs, such as the broker-dealer's ability to execute and account for Client-directed arrangements and soft dollar arrangements, participate in underwriting syndicates, and obtain initial public offering shares.

As described above, Fidelity provides to Stonegate, without cost, research and trade execution services. Fidelity makes these services available to similarly situated investment advisers whose Clients custody their assets with Fidelity. Access to research and trade execution services is not predicated on the execution of Client securities transactions (e.g., not "soft dollars"). Stonegate has not entered into any formal "soft dollar" arrangements with broker-dealers.

Stonegate's Clients may utilize qualified custodians other than Fidelity for certain accounts and assets, particularly where Clients have a previous relationship with such qualified custodians. Stonegate may choose to recommend additional qualified custodians in the future.

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

Stonegate does not select or recommend broker-dealers based solely on whether or not it may receive Client referrals from a broker-dealer or third party.

### ***Client-Directed Brokerage***

Stonegate does not permit Clients to direct brokerage.

### ***Trade Errors***

Stonegate's goal is to execute trades seamlessly and in the best interests of the Client. In the event a trade error occurs, Stonegate endeavors to identify the error in a timely manner, correct the error so that the Client's account is in the position it would have been had the error not occurred, and, after evaluating the error, assess what action(s) might be necessary to prevent a recurrence of similar errors in the future.

### **B. Trade Aggregation**

To the extent that the Advisor determines to aggregate Client orders for the purchase or sale of securities, including securities in which the Advisor's supervised persons may invest, the Advisor will generally do so in a fair and equitable manner in accordance with applicable rules promulgated under the Advisers Act and guidance provided by the staff of the SEC and consistent with policies and procedures established by the Advisor.

## **Item 13 – Review of Accounts**

### **A. Frequency and Nature of Periodic Reviews and Who Makes Those Reviews**

Stonegate monitors Client investment accounts as part of a continuous and ongoing process. ]Advisor advisors aspire to meet at least annually with each Client to conduct a formal review of the Client's accounts. Advisory Persons further periodically review Client investment accounts with, or without, Clients on both a formal and informal basis. These reviews may include the following:

- compare the account's allocation with stated goals and Client cash-flows at time of review;
- review holdings and consider alternatives, including rebalancing options;
- monitor the size of individual securities relevant to their sectors, asset classes, and overall account size;
- analyze an account's composition and performance, income, appreciation, gains/losses, and asset allocation; and
- assess its performance.

The frequency and nature of the review varies from Client to Client, and is generally driven by Client circumstances and desires, changes in the Client's financial condition, market conditions, the type of strategy pursued by or for the Client, and other considerations.

#### B. Other Reviews

Factors that might trigger a review, other than a periodic account review, include extraordinary events (e.g. severe market turbulence), change in the tax laws or major investment developments. Significant changes in a Client's financial situation and/or objectives that are brought to the attention of Stonegate may also trigger a review.

#### C. Content and Frequency of Regular Reports Provided to Clients

Clients will receive brokerage statements no less than quarterly from the Custodian. Client brokerage statements will include all positions, transactions and fees relating to the Client's account(s). These brokerage statements are sent directly from the Custodian to the Client. The Client may also establish electronic access to the Custodian's website so that the Client may view these reports and their account activity. The Advisor encourages Clients to review the official statements provided by the custodian, and to compare such statements with investment reports received from the Advisor.

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

#### A. Economic Benefits Provided by Third Parties for Advice Rendered to Clients

Stonegate does not receive benefits from third parties for providing investment advice to Clients.

#### B. Non-Economic Benefits Provided by Third Parties

As discussed in Item 12, Stonegate refers Clients to Fidelity or one of its affiliates to provide qualified custodian services with respect to accounts managed by Stonegate. As described in detail in Item 12, Stonegate entered into an agreement with Fidelity, pursuant to which Fidelity will pay for certain services related to the transition of Client accounts from other investment managers to Stonegate. These services, which include (among others) technology, legal and compliance related services associated with Client transition that are intended to support Stonegate in conducting its business and serving the best interests of its Clients. Stonegate's Clients do not pay more for assets maintained at Fidelity as a result of this arrangement. However, Stonegate benefits from the referral arrangement because the cost of these transition-related services would otherwise be borne directly by Stonegate. Clients should consider this conflict of interest when selecting a custodian. Stonegate does not consider the provision of transition

related services by Fidelity in the selection of brokers or dealers for the exercise of transactions for Client accounts.

C. Compensation to Non-Supervised Persons for Client Referrals

Stonegate does not compensate, either directly or indirectly, any persons who are not supervised persons, for Client referrals.

**Item 15 – Custody**

All Clients must utilize a “qualified custodian” as detailed in Item 12. Clients are required to engage the custodian to retain their funds and securities and direct Stonegate to utilize the custodian for the Client’s securities transactions. The Advisor’s agreement with Clients and/or the Clients’ separate agreement with the Custodian will authorize the Advisor through such Custodian to debit the Client’s account for the amount of the Advisor’s fee and to directly remit that fee to the Advisor in accordance with applicable custody rules.

The Custodian recommended by the Advisor has agreed to send a statement to the Client, at least quarterly, indicating all amounts disbursed from the account including the amount of management fees paid directly to the Advisor. The Advisor encourages Clients to review the official statements provided by the custodian, and to compare such statements with investment reports received from the Advisor. For more information about Custodians and brokerage practices, see Item 12, Brokerage Practices.

The Advisor will accept authority granted to it by Clients to disburse Client funds to specific third parties through Standing Letters of Authorization (“SLOAs”). In accordance with the February 21, 2017 no-action letter issued by the SEC to the Investment Adviser Association (“No-Action Letter”) Investment Adviser Association, SEC Staff No-Action Letter (Feb. 21, 2017), the Advisor will act pursuant to the specific guidelines contained in the No-Action Letter, and therefore will not obtain a surprise examination.

Pursuant to Rule 206(4)-2 of the Advisers Act, Stonegate is deemed to have custody due to its ability to disburse funds from certain client accounts that do not meet the requirements of the No-Action Letter referenced above. Stonegate has engaged an independent public accountant to conduct an annual surprise examination of client funds and securities.

Additionally, Pursuant to Rule 206(4)-2 of the Advisers Act, Stonegate is deemed to have custody of the Fund since Stonegate serves as the investment manager to the Fund. In accordance with the requirements of 206(4)-2, the Fund shall obtain an annual audit of its financial statements performed by an independent public accountant that is registered with, and subject to examination by the Public Company Accounting Oversight Board (PCAOB). Copies of the annual audited financial statements, which are prepared in accordance with generally accepted accounting principles, are distributed to all investors within 120 days the following the end of the fiscal year of the Fund. Investors are encouraged to carefully review those statements.

**Item 16 – Investment Discretion**

Clients have the option of providing the Advisor with investment discretion on their behalf, pursuant to a grant of a limited power of attorney contained in the Advisor’s Client agreement. By granting the Advisor investment discretion, a Client authorizes the Advisor to direct securities transactions and determine which securities are bought and sold, the total amount to be bought and sold, and the costs at which the transactions will be effected. Clients may impose reasonable limitations in the form of specific constraints on any of

these areas of discretion with the consent and written acknowledgement of the Advisor. See also Item 4.C, Client-Tailored Advisory Services.

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

Unless the Client directs otherwise in writing, the Advisor is responsible for voting Client proxies. For assets allocated to Independent Managers, Stonegate may be required by the External Manager to delegate responsibility for voting proxies associated with such assets to the External Manager. The Client shall maintain exclusive responsibility for all legal proceedings or other type events pertaining to the account assets, including, but not limited to, class action lawsuits. The Advisor understands its duty to vote Client proxies and to do so in the best interest of its Clients. Furthermore, it is understood that any material conflicts between the Advisor's interests and those of our Clients with regard to proxy voting must be resolved before proxies are voted. The Advisor subscribes to a nationally-recognized proxy monitor and voting agent service and will follow the recommendations offered by that service. Clients may request a copy of the Advisor's written policies and procedures regarding proxy voting and/or information on how particular proxies were voted by contacting the Advisor's CCO.

### **Item 18 – Financial Information**

#### **A. Balance Sheet**

The Advisor does not require prepayment of more than \$1,200 in fees per Client, six months or more in advance, and therefore does not need to include a balance sheet with this Brochure.

#### **B. Financial Conditions Reasonably Likely to Impair Ability to Meet Contractual Commitments to Clients**

Neither the Advisor nor its management has any financial conditions that are reasonably likely to impair its ability to meet contractual commitments to Clients.

#### **C. Bankruptcy Petitions in Previous Years**

The Advisor has not been the subject of a bankruptcy petition.





**STONEGATE INVESTMENT GROUP, LLC**

**FORM ADV PART 2A, APPENDIX 1 WRAP FEE PROGRAM BROCHURE**

**Item 1 – Cover Page**

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**August 16, 2023**

This Form ADV Part 2A, Appendix 1 (“Wrap Fee Program Brochure”) provides information about the qualifications and business practices of Stonegate Investment Group, LLC (“Stonegate or the “Advisor”). If you have any questions regarding the contents of this Harry L. Cowley, by telephone at (205) 963-0852 or by email at [hcowley@stonegateig.com](mailto:hcowley@stonegateig.com). The information in this Wrap Fee Program Brochure has not been approved or verified by the U.S. Securities and Exchange Commission (“SEC”) or by any state securities authority.

Stonegate is a registered investment advisor. Registration with the SEC or any state securities authority does not imply a certain level of skill or training. Additional information about Stonegate is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).



**Item 2 – Material Changes**

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

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

**Future Changes**

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

At any time, you may view the current Disclosure Brochure on-line at the SEC's Investment Adviser Public Disclosure website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) by searching with the Advisor's firm name or CRD# 314889. You may also request a copy of this Disclosure Brochure at any time by contacting the Advisor at (205) 963-0840.

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#### **Item 4 – Services, Fees, and Compensation**

The Stonegate Investment Group, LLC Wrap Program (the “Wrap Fee Program”) is an investment advisory program sponsored by Stonegate Investment Group, LLC (“Stonegate” or the “Advisor”). Stonegate Investment is an investment advisory firm registered with the United States Securities and Exchange Commission (“SEC”). Stonegate Investment Group, LLC is wholly-owned by Stonegate Investment Group Holdings, LLC. The majority of Stonegate Investment Group Holdings, LLC is owned, directly or indirectly, by Tony R. Smith (Chief Executive Officer, Chief Investment Officer), Christopher J. Compton (Managing Director, Partner), Matthew C. Brown (Managing Director, Partner), Mark F. Sommer (Managing Director, Partner), and James W. Allen (Chief Wealth Strategist, Partner).

This Wrap Fee Program Brochure is provided as the Advisor includes securities transaction fees together with its investment advisory fees. Including these fees into a single asset-based fee is considered a “Wrap Fee Program”. In addition to investment management services, the Advisor offers a variety of advisory services, which include financial planning, consulting, ERISA, and investment management services under different arrangements than those described herein. Information about these services is contained in the Advisor’s Disclosure Brochure.

##### ***Description of the Wrap Fee Program***

The Wrap Fee Program provides Clients utilizing the portfolio management services of the Advisor with the ability to trade in certain investment products without incurring separate brokerage commissions or transaction charges. A Wrap Fee Program is considered as any arrangement under which Clients receive investment advisory services (which may include portfolio management or advice concerning the selection of other investment advisors) and the execution of designated Client transactions for a specified fee or fees not based upon transactions in their accounts.

Stonegate provides investment management services as the Sponsor and Manager of the Stonegate Wrap Fee Program. Stonegate primarily allocates Client assets equity securities of individual companies, bonds, mutual funds, exchange-traded funds (“ETFs”), and limited partnerships and pooled investment vehicles focusing on alternative asset classes. Stonegate may also utilize options, typically covered call options, protective put options, and long put and call options in Client portfolios. Under the Stonegate Fee Wrap Program, the Client pays a single fee (“Program Fee”) for Stonegate’s investment advice, custody and commissions for securities transactions executed through the broker and/or custodian of the Client’s account[s], as described below. The Program Fee does not include the fees and expenses of the underlying mutual funds, ETFs or Independent Managers or any fees charged by a platform manager or Sponsor, as described in greater detail in the “Additional Fees and Expenses” section below, or any mark-ups and mark-downs embedded in Fixed Income transactions. Participants in the Stonegate Fee Wrap Program may pay a higher or lower aggregate fee than if investment management and brokerage services are purchased separately.

Prior to receiving services through the Wrap Fee Program, Clients are required to enter into a written agreement with Stonegate setting forth the relevant terms and conditions of the advisory relationship (the “Agreement”). Clients must also open a new securities brokerage account and complete a new account agreement with an unaffiliated broker/dealer custodian (a “BD/Custodian”). Currently, this includes Fidelity Clearing & Custody Solutions, a division of Fidelity Investments, Inc. (“Fidelity”), which is a “Qualified Custodian” as that term is described in Rule 206(4)-2 of the Investment Advisers Act of 1940 and a FINRA-registered broker-dealer and member of SIPC. Fidelity provides custody of securities, trade execution, and clearance and settlement of transactions placed by Stonegate. If your accounts are custodied at Fidelity, Fidelity will hold Client assets in a brokerage account and buy and sell securities when Stonegate instructs it to.

Accounts managed through the Stonegate Fee Wrap Program are done so in substantially the same manner as those managed under a non-wrap arrangement.

## ***Fees***

### ***The Program Fee***

Stonegate charges an annual advisory fee (a “Program Fee”) that is agreed upon with each Client and set forth in an agreement executed by the Advisor and the Client. Stonegate’s fee for advisory services is negotiable and varies based on several factors, including, but not limited to, the size of the Client relationship, the type, nature and complexity of the investment strategies, products and investments utilized, service intensity, degree of custom work, number of entities, number of family members served and travel requirements. The maximum annual advisory fee charged by Stonegate is 1.50% of the total assets under management or advisement, payable quarterly. If based on a percentage of assets under management or advisement, the advisory fee for the initial quarter is payable on a pro rata basis, in arrears, based on the period ending value of the net billable assets under management provided to the Advisor by third-party sources such as pricing services, custodians, fund managers and administrators, and Client-provided sources. For subsequent months, the advisory fee is generally payable in advance based on the average daily value of the net billable assets under management through the last day of the previous quarter as provided by third-party sources, such as pricing services, custodians, fund administrators, and Client-provided sources.

If fixed, the management fee for the initial month is payable, on a pro rata basis in arrears. For subsequent months, the fixed fee is payable in advance.

The Advisor reserves the right, in its sole discretion, to waive or modify fees on a Client-by-Client basis.

The Program Fee covers Stonegate’s advisory services, custody and commissions for securities transactions effected through the Program Broker and custodian of the Client’s account. The Program Fee does not include the fees and expenses of the underlying mutual funds, ETFs or Independent Managers and any fees imposed by a platform manager or sponsor, as described in greater detail in the “Additional Fees and Expenses” section below, or mark-ups and mark-downs embedded in fixed income transactions. The number of transactions made in Clients’ accounts, the size of the accounts, and the securities used to construct a portfolio, as well as the commissions charged for each transaction, determines the relative cost of the Wrap Fee Program versus paying for execution on a per transaction basis and paying a separate fee for advisory services. Participants in the Wrap Fee Program may pay a higher or lower aggregate fee than if investment management and brokerage services are purchased separately. Stonegate does not charge its Clients higher advisory fees based on their trading activity, but Clients should be aware that Stonegate may have an incentive to limit its trading activities in Client accounts because Stonegate is charged for executed trades.

### ***Cash Positions***

At any specific point in time, depending upon perceived or anticipated market conditions or events (there being no guarantee that such anticipated market conditions/events will occur), Stonegate may maintain cash positions for defensive or other purposes. All cash positions (money markets, etc.) shall be included as part of assets under management for purposes of calculating the Program Fee.

### ***Additional Fees and Expenses***

In addition to the Program Fee, Clients will be responsible for the fees and expenses of the underlying mutual funds, ETFs and Independent Managers and any fees charged by a platform manager or sponsor,

transfer taxes, odd lot differentials, exchange fees, interest charges, ADR processing fees, and any charges, taxes or other fees mandated by any federal, state or other applicable law, retirement plan account fees (where applicable), electronic fund and wire fees. Clients should review the applicable prospectuses for additional information about fund fees and expenses. For Independent Managers, Clients should review each Manager's Form ADV 2A - Disclosure Brochure and either the contract they sign with the Independent Manager (in a dual contract relationship) or their Statement of Investment Selection (in a single contract relationship) for additional information about fees and expenses charged.

The Program Fee generally does not cover mark-ups or mark-downs for fixed income transactions. Fixed income transactions usually are cleared net, without any commissions. However, the broker-dealers executing fixed income transactions typically assess mark-ups or other trading related costs that are embedded into the price of the security allocated to Client accounts. The Program Fee also does not cover transaction fees or "trade away" fees imposed for trades placed away from the Program Broker and custodian of the Client's account. Independent Managers of fixed income securities, in particular, may trade through other broker-dealers in order to obtain best execution.

### ***Payment of Fees***

Clients are generally required to have the Advisor's annual advisory fee deducted from the Client's account(s) held at the Client's custodian. Upon engaging Stonegate to manage such account(s), a Client grants the Advisor this limited authority through a written instruction to the custodian of his/her account(s). The Client is responsible to verify the accuracy of the calculation of the advisory; the custodian will not determine whether the fee is accurate or properly calculated. The fee is billed in advance on a quarterly basis, as described above in Item 5.A.

The custodian of the Client's accounts provides each Client with a statement, at least quarterly, indicating separate line items for all amounts disbursed from the Client's account(s), including any fees paid directly to Stonegate.

Retirement plan advisory fees may be directly invoiced to the Plan Sponsor or deducted from the assets of the Plan, depending on the terms of the retirement plan advisory agreement.

Clients may make additions to and withdrawals from their account(s) at any time, subject to Stonegate's right to terminate an account. Additions may be in cash or securities provided that the Advisor reserves the right to liquidate transferred securities or decline to accept particular securities into a Client's account. Clients may withdraw account assets at any time on notice to the Advisor, subject to the usual and customary securities settlement procedures. However, the Advisor generally designs its portfolios as long-term investments and the withdrawal of assets may impair the achievement of a Client's investment objectives. Stonegate may consult with its Clients about the options and implications of transferring securities. Clients are advised that when transferred securities are liquidated, they may be subject to transaction fees, short-term redemption fees, fees assessed at the mutual fund level (e.g. contingent deferred sales charges) and/or tax ramifications.

### ***Compensation for Recommending the Wrap Fee Program***

Stonegate does not have any arrangements where it receives an economic benefit from a third party for recommending the Wrap Fee Program.

## **Item 5 – Account Requirements and Types of Clients**

Stonegate provides investment advisory services to individuals, including high net worth individuals, and entities, including family offices, trusts, estates, private foundations, charities, small businesses, and pension and retirement/profit-sharing plans, on a fee-only basis. Stonegate generally requires a minimum relationship size of \$1 million, which may be reduced at the sole discretion of the Advisor.

Accounts in the Wrap Fee Program may be subject to a minimum annual Program Fee at the discretion of Stonegate management. Additionally, certain Independent Managers may impose more restrictive account requirements and varying billing practices than Stonegate. In such instances, Stonegate may alter its corresponding account requirements and/or billing practices to accommodate those of the Independent Managers.

### **Item 6 – Independent Manager Selection and Evaluation**

Stonegate may recommend that Clients use Independent Managers based on the Client's needs and suitability. Factors which Stonegate considers in recommending or selecting Independent Managers include the Client's stated investment objective(s), risk profile and financial condition and the Independent Manager's management style, performance, reputation, financial strength, and the results of Stonegate's research.

Stonegate does not independently validate the performance of Independent Managers.

Stonegate serves as the portfolio manager for the Wrap Fee Program. However, Stonegate does not receive fees for its investment management services that are in addition to the Program Fee. Stonegate does not have any other business relationships with the recommended Independent Managers.

#### ***Other Advisory Business Services***

Stonegate offers a variety of advisory services, which include financial planning, institutional consulting, and investment management services. Stonegate tailors its advisory services to meet the needs of its individual Clients and seeks to manage Client portfolios in a manner consistent with those needs and objectives. Stonegate consults with Clients on an initial and periodic basis to assess their specific risk tolerance, time horizon, liquidity constraints and other related factors relevant to the management of their portfolios. Clients are advised to inform Stonegate of any changes to their investment objectives, risk tolerance or financial circumstances.

#### ***Methods of Analysis, Investment Strategies***

A primary step in Stonegate's investment strategy is getting to know the Clients – to understand their financial condition, risk profile, investment goals, tax situation, liquidity constraints – and assemble a complete picture of their financial situation. To aid in this understanding, Stonegate offers Clients financial planning that is highly customized and tailored. This comprehensive approach is integral to the way that Stonegate does business. Once Stonegate has a true understanding of its Clients' needs and goals, the investment process can begin, and the Advisor can recommend strategies and investments that it believes are aligned with the Client's goals and risk profile.

Stonegate primarily employs fundamental analysis methods in developing investment strategies for its Clients. Research and analysis from Stonegate is based on numerous sources, including third-party research materials and publicly-available materials, such as company annual reports, prospectuses, and press releases.

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

Stonegate selects assets and products from across many asset classes, including global and domestic equities, taxable and non-taxable fixed income, mutual funds and ETFs. Stonegate may select Independent Managers to manage a portion of its Clients' assets. The Advisor also reviews and approves the Independent Managers in which the Advisor has placed Client assets. Overall investment strategies recommended to each Client emphasize long-term ownership of a diversified portfolio of marketable and non-marketable investments intended to provide superior after-tax, inflation-adjusted, economic returns.

Client portfolios with similar investment objectives and asset allocation goals may own different securities and investments. The Client's portfolio size, tax sensitivity, desire for simplicity, income needs, long-term wealth transfer objectives, time horizon and choice of custodian are all factors that influence Stonegate's investment recommendations.

Stonegate does not represent, imply or guarantee that the services or methods of analysis used by Stonegate to make investment recommendations can or will produce successful results, successfully identify market tops or bottoms, or insulate Clients from losses due to market corrections or crashes. Clients are advised that the recommendations offered by Stonegate are not legal or tax advice.

### ***Risk of Loss***

Investing in securities involves a risk of loss. A Client can lose all or a substantial portion of his/her investment. A Client should be willing to bear such a loss. Some investments are intended only for sophisticated investors and can involve a high degree of risk.

### ***Material Risks Involved***

All investments in securities include a risk of loss of principal (invested amount) and any profits that have not been realized (securities that have not been sold to "lock in" the profit), which Clients should be prepared to bear. Stock markets and bond markets can fluctuate substantially over time, and performance of any investment or portfolio is not guaranteed. As a result, there is a risk of loss in the value of the assets we manage for our Clients. We cannot guarantee any level of performance or that Clients will not experience a loss in their account assets. Past performance of a security is not necessarily indicative of future performance or risk of loss.

The Advisor invests in equity securities and funds that buy and sell equity securities. Independent Managers may also invest in equity securities. Investing in equity securities generally involves becoming an owner in the issuer company and participating fully in its economic risks. The value of equity securities generally varies with the performance of the issuer and movements in the equity markets. As a result, Clients may suffer losses if they invest in equity instruments of issuers whose performance diverges from the Advisor's expectations or if equity markets generally move in a single direction.

The Advisor invests in fixed income securities, such as bonds, and funds and pooled investment vehicles that buy and sell fixed income securities. Independent Managers may also invest in fixed income securities. An issuer of bonds has agreed to return the face value of the security to the holder at maturity. Most bonds pay investors a fixed rate of interest income. Bonds carry risks that include the risk that the issuer will default on payment of principal, fluctuation in interest rates, inflation and counterparties' inability to meet



contractual obligations. The Advisor does invest in below-investment grade fixed income securities, or fixed income securities that are not rated, which generally have an elevated risk of issuer default.

The following events also could cause mutual funds, ETFs, equities and fixed income securities and other investments managed for Clients, as well as those managed by Independent Managers, to decrease in value:

- *Market Risks*: The price of an equity security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, changes in political, economic and social conditions may trigger adverse market events.
- *Interest-rate Risk*: Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- *Event Risk*: An adverse event affecting a particular company or that company's industry could depress the price of a Client's investments in that company's stocks or bonds. The company, government or other entity that issued bonds in a Client's portfolio could become less able to, or fail to, repay, service or refinance its debts, or the issuer's credit rating could be downgraded by a rating agency. Adverse events affecting a particular country, including political and economic instability, could depress the value of investments in issuers headquartered or doing business in that country.
- *Liquidity Risk*: Securities that are normally liquid may become difficult or impossible to sell at an acceptable price during periods of economic instability or other emergency conditions. Some securities may be infrequently or thinly traded even under normal market conditions.
- *Leverage Risk*: The use of leverage may lead to increased volatility of a fund's NAV and market price relative to its common shares. Leverage is likely to magnify any losses in the fund's portfolio, which may lead to increased market price declines. There is no assurance that a leveraging strategy will be successful.
- *Domestic and/or Foreign Political Risk*: The events that occur in the U.S. relating to politics, government, and elections can affect the U.S. markets. Political events occurring in the home country of a foreign company such as revolutions, nationalization, and currency collapse can have an impact on the security.
- *Inflation Risk*: Countries around the globe may be more, or less, prone to inflation than the U.S. economy at any given time. Companies operating in countries with higher inflation rates may find it more difficult to post profits reflecting its underlying health.
- *Currency Risk*: Overseas investments are subject to fluctuations in the value of the U.S. dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- *Reinvestment Risk*: This risk is that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e., interest rate). This primarily relates to fixed income securities.
- *Operational Risk*: Fund Advisors and other ETF service providers may experience disruptions or operating errors such as processing errors or human errors, inadequate or failed internal or external processes, or systems or technology failures, that could negatively impact the ETF.



- *Regulatory/Legislative Developments Risk*: Regulators and/or legislators may promulgate rules or pass legislation that places restrictions on, adds procedural hurdles to, affects the liquidity of, and/or alters the risks associated with certain investment transactions or the securities underlying such investment transactions. Such rules/legislation could affect the value associated with such investment transactions or underlying securities
- *Illiquid Securities*: Investments in hedge funds and other private investment funds may underperform publicly offered and traded securities because such investments:
  - typically require investors to lock-up their assets for a period and may be unable to meet redemption requests during adverse economic conditions;
  - Have limited or no liquidity because of restrictions on the transfer of, and the absence of a market for, interests in these funds;
  - Are more difficult to monitor and value due to a lack of transparency and publicly available information about these funds;
  - May have higher expense ratios and involve more inherent conflicts of interest than publicly traded investments; and
  - Involve different risks than investing in registered funds and other publicly offered and traded securities. These risks may include those associated with more concentrated, less diversified investment portfolios, investment leverage and investments in less liquid and non-traditional asset classes.

**Past performance of a security or a fund is not necessarily indicative of future performance or risk of loss. Investing in securities involves a risk of loss. A Client can lose all or a substantial portion of his/her investment. A Client should be willing to bear such a loss. Some investments are intended only for sophisticated investors and can involve a high degree of risk.**

### ***Cybersecurity Risks***

The computer systems, networks and devices used by Stonegate and service providers to us and our Clients to carry out routine business operations employ a variety of protections designed to prevent damage or interruption from computer viruses, network failures, computer and telecommunication failures, human error, infiltration by unauthorized persons and security breaches. Despite the various protections utilized, systems, networks, or devices potentially can be breached. A Client could be negatively impacted as a result of a cybersecurity breach. Cybersecurity breaches can include unauthorized access to systems, networks, or devices; infection from computer viruses or other malicious software code; and attacks that shut down, disable, slow, or otherwise disrupt operations, business processes, or website access or functionality. Cybersecurity breaches may cause disruptions and impact business operations, potentially resulting in financial losses to a Client; impediments to trading; the inability by us and other service providers to transact business; violations of applicable privacy and other laws; regulatory fines, penalties, reputational damage, reimbursement or other compensation costs, or additional compliance costs; as well as the inadvertent release of confidential information. Similar adverse consequences could result from cybersecurity breaches affecting issuers of securities in which a Client invests; governmental and other regulatory authorities; exchange and other financial market operators, banks, brokers, dealers, and other financial institutions; and other parties. In addition, substantial costs may be incurred by these entities in order to prevent any cybersecurity breaches in the future.

### ***Use of Independent Managers***

Stonegate may select certain Independent Managers to manage a portion of its Clients' assets. In these situations, Stonegate conducts due diligence of such managers, but the success of such recommendations relies to a great extent on the Independent Managers' ability to successfully implement their investment strategies. In addition, Stonegate does not have the ability to supervise the Independent Managers on a day-to-day basis.

### ***Mutual Funds and ETFs***

An investment in a mutual fund or an ETF involves risk, including the loss of principal. Mutual fund and ETF shareholders are necessarily subject to the risks stemming from the individual issuers of the fund's underlying portfolio securities. Such shareholders are also liable for taxes on any fund-level capital gains, as mutual funds and ETFs are required by law to distribute capital gains in the event they sell securities for a profit that cannot be offset by a corresponding loss.

Shares of mutual funds are generally distributed and redeemed on an ongoing basis by the fund itself or a broker acting on its behalf. The trading price at which a share is transacted is equal to a fund's stated daily per share net asset value ("NAV"), plus any shareholders fees (e.g., sales loads, purchase fees, redemption fees). The per share NAV of a mutual fund is calculated at the end of each business day, although the actual NAV fluctuates with intraday changes to the market value of the fund's holdings. The trading prices of a mutual fund's shares may differ significantly from the NAV during periods of market volatility, which may, among other factors, lead to the mutual fund's shares trading at a premium or discount to actual NAV.

Shares of ETFs are listed on securities exchanges and transacted at negotiated prices in the secondary market. Generally, ETF shares trade at or near their most recent NAV, which is generally calculated at least once daily for indexed based ETFs and potentially more frequently for actively managed ETFs. However, certain inefficiencies may cause the shares to trade at a premium or discount to their pro rata NAV. There is also no guarantee that an active secondary market for such shares will develop or continue to exist. Generally, an ETF only redeems shares when aggregated as creation units (usually 50,000 shares or more). Therefore, if a liquid secondary market ceases to exist for shares of a particular ETF, a shareholder may have no way to dispose of such shares.

### ***Initial Public Offerings***

Investments in initial public offerings (or shortly thereafter) may involve higher risks than investments issued in secondary public offerings or purchases on a secondary market due to a variety of factors, including, without limitation, the limited number of shares available for trading, unseasoned trading, lack of investor knowledge of the issuer and limited operating history of the issuer. In addition, some companies in initial public offerings are involved in relatively new industries or lines of business, which may not be widely understood by investors. Some of these companies may be undercapitalized or regarded as developmental stage companies, without revenues or operating income, or the near-term prospects of achieving them. These factors may contribute to substantial price volatility for such securities and, thus, for the value of the company's shares.

### **Risks Associated with Structured Notes:**

**Complexity.** Structured notes are complex financial instruments. Clients should understand the reference asset(s) or index(es) and determine how the note's payoff structure incorporates such reference asset(s) or index(es) in calculating the note's performance. This payoff calculation may include leverage multiplied on the performance of the reference asset or index, protection from losses should the reference asset or index produce negative returns, and fees. Structured notes may have complicated payoff structures that can make it difficult for Clients to accurately assess their value, risk and potential for growth through the term

of the structured note. Determining the performance of each note can be complex and this calculation can vary significantly from note to note depending on the structure. Notes can be structured in a wide variety of ways. Payoff structures can be leveraged, inverse, or inverse-leveraged, which may result in larger returns or losses. Clients should carefully read the prospectus for a structured note to fully understand how the payoff on a note will be calculated and discuss these issues with us.

**Market Risks.** Some structured notes provide for the repayment of principal at maturity, which is often referred to as “principal protection.” This principal protection is subject to the credit risk of the issuing financial institution. Many structured notes do not offer this feature. For structured notes that do not offer principal protection, the performance of the linked asset or index may cause Clients to lose some, or all, of their principal. Depending on the nature of the linked asset or index, the market risk of the structured note may include changes in equity or commodity prices, changes in interest rates or foreign exchange rates, or market volatility.

**Issuance price and note value.** The price of a structured note at issuance will likely be higher than the fair value of the structured note on the date of issuance. Issuers now disclose an estimated value of the structured note on the cover page of the offering prospectus, allowing investors to gauge the difference between the issuer’s estimated value of the note and the issuance price. The estimated value of the notes is likely lower than the issuance price of the note to investors because issuers include the costs for selling, structuring or hedging the exposure on the note in the initial price of their notes. After issuance, structured notes may not be re-sold on a daily basis and thus may be difficult to value given their complexity.

**Liquidity.** The ability to trade or sell structured notes in a secondary market is often very limited as structured notes (other than exchange-traded notes known as ETNs) are not listed for trading on security exchanges. As a result, the only potential buyer for a structured note may be the issuing financial institution’s broker-dealer affiliate or the broker-dealer distributor of the structured note. In addition, issuers often specifically disclaim their intention to repurchase or make markets in the notes they issue. Clients should, therefore, be prepared to hold a structured note to its maturity date, or risk selling the note at a discount to its value at the time of sale.

**Credit Risks.** Structured notes are unsecured debt obligations of the issuer, meaning that the issuer is obligated to make payments on the notes as promised. These promises, including any principal protection, are only as good as the financial health of the structured note issuer. If the structured note issuer defaults on these obligations, investors may lose some, or all, of the principal amount they invested in the structured notes as well as any other payments that may be due on the structured notes.

**Options Trading.** Certain strategies employed by the Advisor or Independent Managers may involve the use of options. Investments in options contracts have the risk of losing value in a relatively short period of time. Options are investments whose ultimate value is determined from the value of the underlying investment. Option contracts are leveraged instruments that allow the holder of a single contract to control many shares of an underlying stock. This leverage can compound gains or losses.

**Call Options.** The seller (writer) of a call option which is covered (i.e., the writer holds the underlying security) assumes the risk of a decline in the market price of the underlying security below the purchase price of the underlying security less the premium received and gives up the opportunity for gain on the underlying security above the exercise price of the option. The seller of an uncovered call option assumes the risk of a theoretically unlimited increase in the market price of the underlying security above the exercise price of the option. The securities necessary to satisfy the exercise of an uncovered call option may be unavailable for purchase, except at much higher prices, thereby reducing or eliminating the value of the premium. Purchasing securities to cover the exercise of an uncovered call option can cause the price of the

securities to increase, thereby exacerbating the loss. The buyer of a call option assumes the risk of losing its entire premium investment in the call option.

**Put Options.** The seller (writer) of a put option which is covered (i.e., the writer has a short position in the underlying security) assumes the risk of an increase in the market price of the underlying security above the sales price (in establishing the short position) of the underlying security plus the premium received, and gives up the opportunity for gain on the underlying security if the market price falls below the exercise price of the option. The seller of an uncovered put option assumes the risk of a decline in the market price of the underlying security below the exercise price of the option. The buyer of a put option assumes the risk of losing its entire investment in the put option.

**Index Options.** The value of an index or index option fluctuates with changes in the market values of the assets included in the index. Because the value of an index or index option depends upon movements in the level of the index rather than the price of a particular asset, whether the Client will realize appreciation or depreciation from the purchase or writing of options on indices depends upon movements in the level of instrument prices in the assets generally or, in the case of certain indices, in an industry or market segment, rather than movements in the price of particular assets.

**Hedging Transactions.** Options may be used for risk management purposes. However, Stonegate or an Independent Manager may be unable to anticipate the occurrence of a particular risk and, therefore, may be unable to attempt to hedge against it. The use of hedging transactions may result in a poorer overall performance than if Stonegate Management or the Independent Manager had not engaged in any such transactions. Moreover, Client portfolios will always be exposed to certain risks that cannot be hedged.

***Business Continuity Risks:***

Stonegate's business operations may be vulnerable to disruption in the case of catastrophic events such as fires, natural disaster, terrorist attacks or other circumstances resulting in property damage, network interruption and/or prolong power outages. Although the Advisor has implemented, or expects to implement, measures to manage risks relating to these types of events, there can be no assurances that all contingencies can be planned for. These risks of loss can be substantial and could have a material adverse effect on the Advisor and investments therein.

***Outbreak Risks:***

An epidemic outbreak or pandemic, and reactions thereto could cause uncertainty in markets and businesses, including Stonegate's business, and may adversely affect the performance of the global economy, including causing market volatility, market and business uncertainty and closures, supply chain and travel interruptions, the need for employees and vendors to work at external locations, and extensive medical absences. Stonegate has policies and procedures to address known situations, but because a large epidemic or pandemic may create significant market and business uncertainties and disruptions, not all events that could affect Stonegate's business and/or the markets can be determined and addressed in advance.

**D. Voting Client Securities**

Unless the Client directs otherwise in writing, the Advisor is responsible for voting Client proxies. For assets allocated to Independent Managers, Stonegate may be required by the External Manager to delegate responsibility for voting proxies associated with such assets to the External Manager. The Client shall maintain exclusive responsibility for all legal proceedings or other type events pertaining to the account assets, including, but not limited to, class action lawsuits. The Advisor understands its duty to vote Client

proxies and to do so in the best interest of its Clients. Furthermore, it is understood that any material conflicts between the Advisor's interests and those of our Clients with regard to proxy voting must be resolved before proxies are voted. The Advisor subscribes to a nationally-recognized proxy monitor and voting agent service and will follow the recommendations offered by that service. Clients may request a copy of the Advisor's written policies and procedures regarding proxy voting and/or information on how particular proxies were voted by contacting our CCO.

**E. Performance-Based Fees and Side-by-Side Management**

Performance-based fees are fees that are based on a share of a capital gains or capital appreciation of a Client's account. Side-by-side management refers to the practice of managing accounts that are charged performance-based fees while at the same time managing accounts that are not charged performance-based fees. Stonegate's fees are calculated as described in Item 5 above. Stonegate does not charge performance-based fees or participate in side-by-side management.

**Item 7 – Client Information Provided to Portfolio Managers**

Stonegate strives to provide investment advisory services specific to needs of each Client. Prior to providing investment advisory services, an investment advisor representative will discuss with each Client, their investment objective(s). Stonegate then allocates each Client's investment assets consistent with their designated investment objective(s). Clients may, at any time, impose reasonable restrictions, in writing, on Stonegate's services.

It remains the responsibility of each Client to advise Stonegate if there is ever any change in their financial situation or investment objectives.

Clients participating in the Wrap Fee Program generally grant Stonegate the authority to discuss certain non-public information with the Independent Managers engaged to manage their accounts. Depending on the specific arrangement, the Advisor may be authorized to disclose various personal information including, but not limited to: names, phone numbers, addresses, social security numbers, tax identification numbers, and account numbers. Stonegate may also share certain information related to its Clients' financial positions and investment objectives in an effort to ensure that the Independent Managers' investment decisions remain aligned with the Advisor's Clients' best interests. This information is communicated as necessary for the management of its Clients' portfolios.

**Item 8 - Client Contact with Portfolio Managers**

Clients have reasonable access to the Stonegate, the Wrap Fee Program's portfolio managers.

**Item 9 – Additional information**

**A. Disciplinary Information**

Registered investment advisors are required to disclose all material facts regarding any legal or disciplinary events that would be material to a Client's evaluation of Stonegate and the integrity of Stonegate's management. Stonegate has no information applicable to this Item.

B. Other Financial Industry Activities and Affiliations

***Recommendation of Independent Managers***

Stonegate may recommend that Clients use Independent Managers based on the Client's needs and suitability. Stonegate does not receive separate compensation, directly or indirectly, from such external managers for recommending that Clients use their services. Stonegate does not have any other business relationships with the recommended Independent Managers.

C. Code of Ethics, Participation or Interest in Client Transactions

***Description of Code of Ethics***

Stonegate has adopted a Code of Ethics (the "Code") pursuant to SEC rule 204A-1. The Code provides that each employee place the interests of Advisor's Clients ahead of his/her own. The Code covers the following areas: Prohibited and Restricted Activities, Reporting Requirements, Certification of Compliance, Confidentiality, Recordkeeping Requirements, Insider Trading, and Compliance with Laws and Regulations. The Chief Compliance Officer will provide a copy of the Code to any Client or prospective Client upon request.

***Recommendations Involving Material Financial Interests***

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

***Personal Trading in Same Securities as Clients or at Same Time as Clients***

Stonegate allows Supervised Persons to purchase or sell the same securities that may be recommended to and purchased on behalf of Clients. Owning the same securities that are recommended (purchase or sell) to Clients presents a conflict of interest that, as fiduciaries, must be disclosed to Clients and mitigated through internal policies and procedures. Under the Code, certain classes of securities have been designated as exempt transactions, based upon a determination that these would not materially interfere with the best interests of the Advisor's Clients. The Code is designed to assure that the personal securities transactions, activities and interests of the employees of Stonegate will not interfere with (i) making decisions in the best interests of advisory Clients and (ii) implementing such decisions while, at the same time, allowing supervised persons to invest for their own accounts. As noted above, the Advisor has adopted the Code, which addresses insider trading (material non-public information controls) and personal securities reporting procedures. When trading for personal accounts, supervised persons of Stonegate have a conflict of interest if trading in the same securities. The fiduciary duty to act in the best interest of its Clients can be violated if personal trades are made with more advantageous terms than Client trades, or by trading based on material non-public information. This risk is mitigated by Stonegate's written policies and procedures required reporting of personal securities trades by its employees for review by the Chief Compliance Officer ("CCO"). The personal trading of supervised persons is monitored as required by the Code, and is designed to reasonably prevent conflicts of interest between Stonegate and its Clients.



#### D. Receipt of Economic Benefit

As discussed in Items 12 and 14 of the Disclosure Brochure, Stonegate refers Clients to Fidelity or one of its affiliates to provide custodial services with respect to accounts managed by Stonegate. Stonegate has entered into an agreement with Fidelity, pursuant to which Fidelity will pay for certain services related to the transition of Client accounts from other investment managers to Stonegate. These services, which include (among others) technology, legal and compliance related services associated with Client transition that are intended to support Stonegate in conducting its business and serving the best interests of its Clients. Stonegate's Clients do not pay more for assets maintained at Fidelity as a result of this arrangement. However, Stonegate benefits from the referral arrangement because the cost of these transition-related services would otherwise be borne directly by Stonegate. Clients should consider this conflict of interest when selecting a custodian. Stonegate does not consider the provision of transition related services by Fidelity in the selection of brokers or dealers for the exercise of transactions for Client accounts.

In deciding to recommend Fidelity, some of the factors that Stonegate considers include:

- Trade order execution and the ability to provide accurate and timely execution of trades;
- The reasonableness and competitiveness of commissions and other transaction costs;
- Access to a broad range of investment products;
- Access to trading desks;
- Technology that integrates within Stonegate's environment, including interfacing with Stonegate's portfolio management system;
- A dedicated service or back-office team and its ability to process requests from Stonegate on behalf of its Clients;
- Ability to provide Stonegate with access to Client account information through an institutional website; and
- Ability to provide Clients with electronic access to account information and investment and research tools.

Stonegate generally places portfolio transactions through the BD/Custodian where the Clients' accounts are custodied. In exchange for using the services of the BD/Custodian, Stonegate may receive, without cost, computer software and related systems support that allows Stonegate to monitor and service its Clients' accounts maintained with such BD/Custodian.

Fidelity also makes available to the Advisor products and services that benefit the Advisor but may not directly benefit the Client or the Client's account. These products and services assist us in managing and administering Client accounts. They include investment research, both Fidelity's own and that of third parties. Stonegate may use this research to service all or some substantial number of Client accounts, including accounts not maintained at Fidelity. In addition to investment research, Fidelity also makes available software and other technology that:

- provides access to Client account data (such as duplicate trade confirmations and account statements);
- facilitates trade execution and allocates aggregated trade orders for multiple Client accounts;
- provides pricing and other market data;
- facilitates payment of our fees from our Clients' accounts; and
- assists with back-office functions, recordkeeping, and Client reporting.

Fidelity also offers other services intended to help us manage and further develop our business enterprise. These services include:

- educational conferences and events;
- technology, compliance, legal, and business consulting;
- publications and conferences on practice management and business succession; and
- access to employee benefits providers, human capital consultants, and insurance providers.

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

**Transition-related expenses:** In connection with the launch of the Advisor, and the Advisor's intention to recommend that Clients custody their assets with Fidelity, Fidelity has agreed to provide the Advisor with reimbursement of Transfer or Account Exit Fees ("Transition-Related Expenses"). These funds will be used toward fees Client accounts will bear if the accounts are transferred to Fidelity. Fidelity has agreed to pay for eligible third-party vendor services and services such as certain marketing, technology, consulting and research expenses provided by Fidelity affiliates.

The reimbursement of Transition-Related Expenses by Fidelity presents a conflict of interest because it will be used for the payment of expenses that do not directly benefit Client accounts. The financial benefits received from Fidelity do not reduce the investment management fees Clients pay to Stonegate. These products and services from Fidelity benefit Stonegate in that Stonegate does not have to purchase them. The benefits provide an incentive for Stonegate to routinely recommend Fidelity as custodian over custodians who do not offer such products and services. Stonegate addressed this conflict through this disclosure and by reviewing the pricing of fees, expenses and quality of services offered by Fidelity and determining that the recommendation of Fidelity is in the best interest of Clients.

Stonegate may offer certain qualified Clients trading services which gives Stonegate the ability to execute trades through other broker-dealers when placing securities transactions on behalf of Clients with assets custodied at a BD/Custodian. In such instances where Stonegate trades away from a BD/Custodian, the account will incur a trade-away fee from a BD/Custodian for each transaction that is executed on a trade-away basis. The fee is separate from the commission/transaction fee or mark-up/mark-down imposed by the broker-dealer through which the trade was executed.

Trading away may be advantageous for the Client because:

- the broker-dealer may have expertise in a particular security or market;
- the broker-dealer makes a market in a particular security;
- a particular security is thinly traded; or
- the broker-dealer can identify a counter-party for a trade.

A Client may pay higher net execution costs than he/she would have paid if the transaction were placed through the BD/Custodian holding his or her assets.

Stonegate will periodically review its arrangements with BD/Custodians and other broker-dealers against other possible arrangements in the marketplace as it strives to achieve best execution on behalf of its Clients. Stonegate maintains a list of broker-dealers that have been approved for trading Clients' assets away from a BD/Custodian. 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, but not limited to, the following:



- a broker-dealer's trading expertise, including its ability to complete trades, execute and settle difficult trades, obtain liquidity to minimize market impact and accommodate unusual market conditions, maintain anonymity, and account for its trade errors and correct them in a satisfactory manner;
- a broker-dealer's infrastructure, including order-entry systems, adequate lines of communication, timely order execution reports, an efficient and accurate clearance and settlement process, and capacity to accommodate unusual trading volume;
- a broker-dealer's ability to minimize total trading costs while maintaining its financial health, such as whether a broker-dealer can maintain and commit adequate capital when necessary to complete trades, respond during volatile market periods, and minimize the number of incomplete trades;
- a broker-dealer's ability to provide research and execution services, including advice as to the value or advisability of investing in or selling securities, analyses and reports concerning such matters as companies, industries, economic trends and political factors, or services incidental to executing securities trades, including clearance, settlement and custody; and
- a broker-dealer's ability to provide services to accommodate special transaction needs, such as the broker-dealer's ability to execute and account for Client-directed arrangements and soft dollar arrangements, participate in underwriting syndicates, and obtain initial public offering shares.

As described above, Fidelity provides to Stonegate, without cost, research and trade execution services. Fidelity makes these services available to similarly situated investment advisers whose Clients custody their assets with Fidelity. Access to research and trade execution services is not predicated on the execution of Client securities transactions (e.g., not "soft dollars.") Stonegate has not entered into any formal "soft dollar" arrangements with broker-dealers.

Stonegate's Clients may utilize qualified custodians other than Fidelity for certain accounts and assets, particularly where Clients have a previous relationship with such qualified custodians.

#### E. Review of Accounts

##### ***Frequency and Nature of Periodic Reviews and Who Makes Those Reviews***

Stonegate monitors investment advisory portfolios as part of a continuous and ongoing process. Stonegate advisers aspire to meet quarterly with each Client, and have at least one annual meeting with every Client to conduct a formal review of each Client's account. These reviews may include the following:

- compare the account's allocation with stated goals and Client cash-flows at time of review;
- review holdings and consider alternatives;
- monitor the size of individual securities relevant to their sectors, asset classes, and overall account size;
- analyze an account's composition and performance, income, appreciation, gains/losses, and asset allocation; and
- assess its performance.

Factors that may trigger an additional review, other than a periodic review, include extraordinary events (e.g. severe market turbulence), change in the tax laws or major investment developments. Significant changes in a Client's financial situation and/or objectives that are brought to the attention of Stonegate may also trigger a review. Clients are encouraged to notify Stonegate if changes occur in the Client's personal financial situation that might adversely affect the Client's investment plan.

***Other Reviews***

Stonegate may perform compliance and/or supervisory reviews of a sampling of Client accounts. These reviews may include comparing an account's strategy and/or allocation to the account's stated objectives, reviewing commission and transaction costs borne by the account, and reviewing the billing rate and charges.

***Content and Frequency of Regular Reports Provided to Clients***

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

***F. Client Referrals and Other Compensation******Compensation to non-Supervised Persons for Client Referrals***

Stonegate does not compensate, either directly or indirectly, any persons who are not supervised persons, for Client referrals.

***G. Financial Information******Balance Sheet***

Stonegate does not require prepayment of more than \$1,200 in fees per Client, six months or more in advance, and therefore does not need to include a balance sheet with this Wrap Fee Program Brochure.

***Financial Conditions Reasonably Likely to Impair Ability to Meet Contractual Commitments to Clients***

Neither Stonegate nor its management has any financial conditions that are reasonably likely to impair its ability to meet contractual commitments to Clients.

***Bankruptcy Petitions in Previous Years***

Stonegate has not been the subject of a bankruptcy petition.

## Privacy Policy

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Effective: August 16, 2023

### Our Commitment to You

Stonegate Investment Group, LLC (“Stonegate” or the “Advisor”) is committed to safeguarding the use of personal information of our Clients (also referred to as “you” and “your”) that we obtain as your Investment Advisor, as described here in our Privacy Policy (“Policy”).

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

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

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

### Why you need to know?

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

### What information do we collect from you?

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

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

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

### How do we protect your information?

To safeguard your personal information from unauthorized access and use we maintain physical, procedural and electronic security measures. These include such safeguards as secure passwords, encrypted file storage and a secure office environment. Our technology vendors provide security and

access control over personal information and have policies over the transmission of data. Our associates are trained on their responsibilities to protect Client's personal information.

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

### How do we share your information?

An RIA shares Client personal information to effectively implement its services. In the section below, we list some reasons we may share your personal information.

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

### Changes to our Privacy Policy

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

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

### Any Questions?

You may ask questions or voice any concerns, as well as obtain a copy of our current Privacy Policy by contacting us at (205) 963-0840.