

# Item 1: Cover Page

SurePath Wealth Management, LLC

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Round Rock, TX 78664

**Form ADV Part 2A – Firm Brochure**

(512) 994-0766

Dated March 12, 2019

This Brochure provides information about the qualifications and business practices of SurePath Wealth Management, LLC (“SPWM”). If you have any questions about the contents of this Brochure, please contact us at (844)573-7230. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

SurePath Wealth Management, LLC is principally registered as an investment adviser with the State of Texas and other states as appropriate. Registration of an investment adviser does not imply any level of skill or training.

Additional information about SPWM is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) which can be found using the firm’s identification number 283458.

# Item 2: Material Changes

Since SPWM's most recent annual updating amendment to this Brochure on March 1, 2018, SPWM has the following material changes to report:

- Josh Bennet is no longer the Chief Investment Officer or an investment adviser representative of SPWM as of February 20, 2019. Therefore, all references to him or Vincere Wealth Management, LLC as an independently-registered investment adviser have been removed.
- For traditional insurance services and products, SPWM now does business as SurePath Insurance Solutions. Tax and accounting services are now provided directly through SPWM. Additional disclosure regarding these business lines have been added to various sections of this Brochure.
- SPWM now includes ongoing financial planning at no additional charge to investment management clients that maintain at least \$500,000 under SPWM's management. The description of financial planning services in Item 4 and the description of fees associated with financial planning services in Item 5 have been revised to clarify such services and fees.
- Jason Mirabella became SPWM's Chief Compliance Officer as of the date of this Brochure.
- Item 5 has been amended to remove SPWM's general investment management fee schedule and to add language to explain that investment adviser representatives ("IARs") of SPWM reserve the right to charge up to 1.5% of a client's assets under management on an annual basis, and that such fees may be specifically negotiated between the IAR and the client. Each client's specific fee schedule may be found in the signed advisory agreement with such client.

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# Item 4: Advisory Business

## Description of Advisory Firm

SurePath Wealth Management, LLC (“SPWM”) is principally registered as an investment adviser with the State of Texas and registered or exempt from registration in other states as applicable. We were founded in March 2016. Michael Patrick Brewer, Jason Mirabella and Ryan Mannen are the principal owners of SPWM.

## Types of Advisory Services

### Investment Management Services

We are in the business of managing individually tailored investment portfolios, primarily on a discretionary basis. Our firm provides continuous advice to a client regarding the investment of client funds based on the individual needs of the client. Through personal discussions in which goals and objectives based on a client's particular circumstances are established, we develop a client's personal investment plan with an asset allocation target and create and manage a portfolio based on that plan and allocation target. During our data gathering process, we determine the client's individual objectives, time horizons, risk tolerance, and liquidity needs. We may also review and discuss a client's prior investment history, as well as family composition and background.

Account supervision is guided by the stated objectives of the client (i.e., maximum capital appreciation, growth, income, or growth and income), as well as tax considerations. Clients may impose reasonable restrictions on investing in certain securities, types of securities, or industry sectors. Fees pertaining to this service are outlined in Item 5 of this brochure.

### Investment Management Services – Use an Outside Manager

For certain clients, we historically had recommend that such clients establish an investment account with Betterment Securities, an independent and unaffiliated broker-dealer that provides a platform for portfolios managed by its affiliate, Betterment LLC (the “Outside Manager”). The Outside Manager assumes day-to-day investment management responsibilities for client accounts on its platform through the use of model investment portfolios, though SPWM provides investment consulting services in conjunction with the Outside Manager's services and still retains a limited power of attorney to buy, sell and otherwise effect investment transactions in accounts managed by the Outside Manager. We

also are responsible for monitoring and supervising the Outside Manager's performance on an ongoing basis, and may terminate or change the Outside Manager when, in our sole discretion, we believe such termination or change is in your best interest. Before retaining the services of the Outside Manager, we have confirmed such Outside Manager's registration status as an investment adviser. Though the Outside Manager is no longer recommended to new clients, current clients utilizing the Outside Manager have been grandfathered into this service.

## **Financial Planning**

We provide financial planning services on topics such as retirement planning, risk management, college savings, cash flow, debt management, work benefits, and estate and incapacity planning. It is also intended to be a comprehensive evaluation of a client's current and future financial state by using currently known variables to estimate future cash flows, asset values and withdrawal plans. Such services are delivered as a one-time financial plan or as part of an ongoing financial planning relationship (in which a planner will monitor and review the plan on an ongoing basis and recommend updates as necessary). Clients will be taken through establishing their goals and values around money. They will be required to provide information to help complete the following areas of analysis: net worth, cash flow, insurance, credit scores/reports, employee benefits, retirement planning, insurance, investments, college planning and estate planning. Once the client's information is reviewed, the plan will be built and analyzed, and then the findings, analysis and potential changes to the client's current situation will be reviewed with the client. Clients will receive a written or an electronic report, providing the client with a detailed financial plan designed to achieve his or her stated financial goals and objectives. Clients that have elected to receive financial planning on an ongoing basis will receive phone calls and emails from a planner to confirm that any agreed upon action steps have been carried out by the client. Such clients will also receive a full review of their plan on an annual basis to ensure its accuracy and ongoing appropriateness. Any needed updates will be implemented at that time.

Financial planning services may be provided as part of investment management services or independent of any investment management services depending on the client's specific needs and preferences. In addition, financial planning services may be delivered as "packages" that are specifically-tailored to the needs of a particular client, and will offer a client-specific degree of investment management and/or planning as negotiated between SPWM and the client. Ongoing financial planning services are provided at no additional cost to investment management clients for so long as they maintain at least \$500,000 under SPWM's management.

In general, the financial plan will address any or all of the following areas of concern. The client and planner will work together to select the specific areas to cover. These areas may include, but are not limited to, the following:

- **Business Planning:** We provide consulting services for clients who currently operate their own business, are considering starting a business, or are planning for an exit from their current business. Under this type of engagement, we work with you to assess your current situation, identify your objectives, and develop a plan aimed at achieving your goals.
- **Cash Flow and Debt Management:** We will conduct a review of your income and expenses to determine your current surplus or deficit along with advice on prioritizing how any surplus should be used or how to reduce expenses if they exceed your income. Advice may also be provided on which debts to pay off first based on factors such as the interest rate of the debt and any income tax ramifications. We may also recommend what we believe to be an appropriate cash reserve that should be considered for emergencies and other financial goals, along with a review of accounts (such as money market funds) for such reserves, plus strategies to save desired amounts.
- **College Savings:** Includes projecting the amount that will be needed to achieve college or other post-secondary education funding goals, along with advice on ways for you to save the desired amount. Recommendations as to savings strategies are included, and, if needed, we will review your financial picture as it relates to eligibility for financial aid or the best way to contribute to grandchildren (if appropriate).
- **Employee Benefits Optimization:** We will provide review and analysis as to whether you, as an employee, are taking the maximum advantage possible of your employee benefits. If you are a business owner, we will consider and/or recommend the various benefit programs that can be structured to meet both business and personal retirement goals.
- **Estate Planning:** This usually includes an analysis of your exposure to estate taxes and your current estate plan, which may include whether you have a will, powers of attorney, trusts and other related documents. Our advice also typically includes ways for you to minimize or avoid future estate taxes by implementing appropriate estate planning strategies such as the use of applicable trusts.

We always recommend that you consult with a qualified attorney when you initiate, update, or complete estate planning activities. We may provide you with contact information for attorneys who specialize in estate planning when you wish to hire an attorney for such purposes. From time-to-time, we will participate in meetings or phone calls between you and your attorney with your approval or request.

- **Financial Goals:** We will help clients identify financial goals and develop a plan to reach them. We will identify what you plan to accomplish, what resources you will need to make it happen, how much time you will need to reach the goal, and how much you should budget for your goal.
- **Insurance:** Review of existing policies to ensure proper coverage for life, health, disability, long-term care, liability, home and automobile.
- **Investment Analysis:** This may involve developing an asset allocation strategy to meet clients' financial goals and risk tolerance, providing information on investment vehicles and strategies, reviewing employee stock options, as well as assisting you in establishing your own investment account at a selected broker/dealer or custodian. The strategies and types of investments we may recommend are further discussed in Item 8 of this brochure.
- **Retirement Planning:** Our retirement planning services typically include projections of your likelihood of achieving your financial goals, typically focusing on financial independence as the primary objective. For situations where projections show less than the desired results, we may make recommendations, including those that may impact the original projections by adjusting certain variables (i.e., working longer, saving more, spending less, taking more risk with investments).

If you are near retirement or already retired, advice may be given on appropriate distribution strategies to minimize the likelihood of running out of money or having to adversely alter spending during your retirement years.

- **Risk Management:** A risk management review includes an analysis of your exposure to major risks that could have a significant adverse impact on your financial picture, such as premature death, disability, property and casualty losses, or the need for long-term care planning. Advice may be provided on ways to minimize such risks and about weighing the costs of purchasing insurance versus the benefits of doing so and, likewise, the potential cost of not purchasing insurance ("self-insuring").
- **Tax Planning Strategies:** Advice may include ways to minimize current and future income taxes as a part of your overall financial planning picture. For example, we may make recommendations on which type of account(s) or specific investments should be owned based in part on their "tax efficiency," with consideration that there is always a possibility of future changes to federal, state or local tax laws and rates that may impact your situation.

We recommend that you consult with a qualified tax professional before initiating any tax planning strategy, and we may provide you with contact information for accountants or attorneys who

specialize in this area if you wish to hire someone for such purposes. We will participate in meetings or phone calls between you and your tax professional with your approval.

When providing financial planning services, there is a conflict of interest that exists between our interests and the interests of the client. The client is under no obligation to act upon our financial planning recommendations, and if the client does elect to act on any of our recommendations, the client is under no obligation to effect any transactions through us.

### **Client Tailored Services and Client Imposed Restrictions**

We offer the same suite of services to all of our clients. However, specific client financial plans and their implementation are dependent upon each client’s current situation (income, tax levels, and risk tolerance levels) and is used to construct a client specific plan to aid in the selection of a portfolio that matches restrictions, needs, and targets. Clients may impose restrictions on investing in certain securities or types of securities. Any restrictions will be documented by SPWM and reviewed annually.

### **Wrap Fee Programs**

We do not participate in wrap fee programs.

### **Assets Under Management**

SPWM has the following assets under management:

Discretionary Amounts:	Non-Discretionary Amounts:	Date Calculated:
\$17,198,118	\$6,971,367	02/27/2019

# Item 5: Fees and Compensation

Please note, unless a client has received the firm's disclosure brochure at least 48 hours prior to signing the investment advisory contract, the investment advisory contract may be terminated by the client within five (5) business days of signing the contract without incurring any advisory fees. How we are paid depends on the type of advisory service we are performing. Please review the fee and compensation information below. Lower fees for comparable services may be available from other sources.

## **Investment Management Services**

For investment management services, our advisory fee is generally based on the market value of the client's assets under management and may be assessed at a rate up to 1.5% annually. However, as described further in the Fee Discretion section below, SPWM's investment adviser representatives ("IARs") retain the discretion to offer different advisory fee structures to clients.

The annual fees are negotiable and are pro-rated and paid in advance on a quarterly basis. The advisory fee is calculated by assigning the percentage rate to the value of the account as of the last day of the previous quarter. For example, if SPWM agrees to provide investment management services for an annual fee of 0.95% of a client's assets under SPWM's management and charge such annual fee on a quarterly basis, an account valued at \$2,000,000 would pay an effective quarterly rate of 0.2375% or \$4,750.00 per quarter. No increase in the annual fee shall be effective without agreement from the client by signing a new agreement or amendment to their current advisory agreement.

Advisory fees are directly debited from client accounts, or the client may choose to pay by check. Accounts initiated or terminated during a calendar quarter will be charged a pro-rated fee based on the amount of time remaining in the billing period. An account may be terminated with written notice at least 30 calendar days in advance. Upon termination of the account, any unearned fee will be refunded to the client.

For so long as an investment management client maintains not less than \$500,000 under SPWM's management, the ongoing financial planning services described in Item 4 shall be provided to such client at no extra cost.

## **Fee Discretion**

SPWM and its IARs, in their sole discretion, may negotiate to charge different advisory fees based upon certain criteria, such as the complexity of the client's portfolio, the level of expertise required to service the account, the staff time involved in servicing the account, potential value added to the client for the services to be provided, pre-existing client relationships, anticipated future additional assets, dollar amount of assets to be managed, account retention and pro bono activities among other factors. Related client accounts may be aggregated for purposes of calculating fees. SPWM may waive its advisory fee at any time when it deems it appropriate and/or necessary.

## **Financial Planning Fees**

Financial Planning will generally be offered for an upfront charge of \$500 to \$20,000, and – if SPWM is engaged to provide ongoing financial planning services – an ongoing fixed fee that is payable monthly in advance at a rate of \$79 to \$1,000 per month. The delivery of a one-time financial plan may also be charged on an hourly basis at a rate of \$250 to \$500 per hour. Fixed fees and hourly rates will be determined on a case by case basis with the fee and/or rate based on the complexity of the situation and the needs of the client. The fixed fee or hourly rate will be agreed upon before the start of any work. SPWM will not bill an amount above \$500.00 more than 6 months in advance.

Financial planning fees (including the upfront charge) may be waived or negotiable in certain cases. Ongoing financial planning services may be terminated with 30 days' notice. Upon termination of any agreement, fees will be prorated and any unearned fee will be refunded to the client.

Ongoing financial planning fees are waived for clients receiving investment management services for so long as such clients maintain at least \$500,000 under SPWM's management.

## **Other Types of Fees and Expenses**

Our fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which may be incurred by the client. Clients may incur certain charges imposed by custodians, brokers, and other third parties such as custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual fund and exchange traded funds also charge internal management fees, which are disclosed in a fund's prospectus. Such

charges, fees and commissions are exclusive of and in addition to our fee, and we shall not receive any portion of these commissions, fees, and costs.

### Investment Management at Betterment (Outside Manager)

The annual investment management fee is determined by the below schedule:

Account Balance	Annual Fee
\$0 – \$10,000,000	0.60%
\$10,000,000+	negotiable

In addition, an annualized asset based fee of 0.25% will be charged to your account by Betterment Securities. Our firm will assess a fee starting at 0.60% (see above) for our consulting services, which we describe to you in your engagement with our firm.

- (a) At the end of each 3-month period (a “quarter”), the value of the Account shall be determined by adding the value of the securities, cash equivalents and any cash balance in the Account. If the account has a negative cash balance, the fee will be charged on the total assets under management, which will not include any cash debit (borrowing). The advisory fee is based on the weighted, daily average balances multiplied by your fee rate (as shown in the above chart) prorated over the period, and paid in arrears.
- (b) Outside Manager will deduct the advisory fee and forward Adviser’s portion of the fee to the Adviser, pursuant to applicable custody rules. It is your responsibility to verify accuracy of the calculation of the advisory fee; the custodian will not do so.
- (c) Betterment clients pay, roughly once a calendar quarter (each a “Fee Period”), a fee generally equal to 0.25% per annum of the client’s average daily account balance during the Fee Period for Betterment’s and Betterment Securities’ services. The fee is subject to waiver or reduction by Betterment in its sole discretion. Accounts are not charged a fee when they are unfunded. The value of the Account for fee calculation purposes will be

determined by Betterment in accordance with its normal practices and procedures. You authorize such fees to be deducted directly from your Betterment account.

- (d) In addition to the Advisory Fee, unaffiliated third parties may impose certain charges. These charges may include, but are not limited to, fees charged by Independent Managers, custodial fees, brokerage commissions, transaction fees, charges imposed directly by a mutual, hedge, index or exchange traded fund, fees imposed by variable annuity providers, certain deferred sales charges, odd-lot differentials, transfer taxes, and wire transfer and electronic fund fees.

For our clients' accounts that Betterment Securities maintains, Betterment Securities generally does not charge you separately for custody services.

Item 12 further describes the factors that we consider in selecting or recommending broker-dealers for client's transactions and determining the reasonableness of their compensation (e.g., commissions).

We do not accept compensation for the sale of securities or other investment products including asset-based sales charges or service fees from the sale of mutual funds.

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

We do not offer performance-based fees.

## Item 7: Types of Clients

We offer financial planning and portfolio management services to individuals, high net-worth individuals, business development companies, pension and profit sharing plans, charitable organizations, corporations or other businesses.

We do not have a minimum account size requirement.

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

Our primary methods of investment analysis are fundamental, and passive investing.

**Fundamental analysis** involves analyzing individual companies and their industry groups, such as a company's financial statements, details regarding the company's product line, the experience, and expertise of the company's management, and the outlook for the company's industry. The resulting data is used to measure the true value of the company's stock compared to the current market value. The risk of fundamental analysis is that information obtained may be incorrect and the analysis may not provide an accurate estimate of earnings, which may be the basis for a stock's value. If securities prices adjust rapidly to new information, utilizing fundamental analysis may not result in favorable performance.

**Passive investing** involves building portfolios that are comprised of various distinct asset classes. The asset classes are weighted in a manner to achieve a desired relationship between correlation, risk and return. Funds that passively capture the returns of the desired asset classes are placed in the portfolio. The funds that are used to build passive portfolios are typically index mutual funds or exchange traded funds.

Passive investment management is characterized by low portfolio expenses (i.e. the funds inside the portfolio have low internal costs), minimal trading costs (due to infrequent trading activity), and relative tax efficiency (because the funds inside the portfolio are tax efficient and turnover inside the portfolio is minimal).

In contrast, active management involves a single manager or managers who employ some method, strategy or technique to construct a portfolio that is intended to generate returns that are greater than the broader market or a designated benchmark. Academic research indicates most active managers underperform the market.

## Material Risks Involved

**All investing strategies we offer involve risk and may result in a loss of your original investment which you should be prepared to bear.** Many of these risks apply equally to stocks, bonds, commodities and any other investment or security. Material risks associated with our investment strategies are listed below.

**Market Risk:** Market risk involves the possibility that an investment's current market value will fall because of a general market decline, reducing the value of the investment regardless of the operational success of the issuer's operations or its financial condition.

**Small and Medium Cap Company Risk:** Securities of companies with small and medium market capitalizations are often more volatile and less liquid than investments in larger companies. Small and medium cap companies may face a greater risk of business failure, which could increase the volatility of the client's portfolio.

**Interest Rate Risk:** Bond (fixed income) prices generally fall when interest rates rise, and the value may fall below par value or the principal investment. The opposite is also generally true: bond prices generally rise when interest rates fall. In general, fixed income securities with longer maturities are more sensitive to these price changes. Most other investments are also sensitive to the level and direction of interest rates.

**Legal or Legislative Risk:** Legislative changes or Court rulings may impact the value of investments, or the securities' claim on the issuer's assets and finances.

**Inflation:** Inflation may erode the buying-power of your investment portfolio, even if the dollar value of your investments remains the same.

## Risks Associated with Securities

Apart from the general risks outlined above which apply to all types of investments, specific securities may have other risks.

**Commercial Paper** is, in most cases, an unsecured promissory note that is issued with a maturity of 270 days or less. Being unsecured the risk to the investor is that the issuer may default.

**Common stocks** may go up and down in price quite dramatically, and in the event of an issuer's bankruptcy or restructuring could lose all value. A slower-growth or recessionary economic environment could have an adverse effect on the price of all stocks.

**Corporate Bonds** are debt securities to borrow money. Generally, issuers pay investors periodic interest and repay the amount borrowed either periodically during the life of the security and/or at maturity. Alternatively, investors can purchase other debt securities, such as zero coupon bonds, which do not pay current interest, but rather are priced at a discount from their face values and their values accrete over time to face value at maturity. The market prices of debt securities fluctuate depending on such factors as interest rates, credit quality, and

maturity. In general, market prices of debt securities decline when interest rates rise and increase when interest rates fall. The longer the time to a bond's maturity, the greater its interest rate risk.

**Bank Obligations** including bonds and certificates of deposit may be vulnerable to setbacks or panics in the banking industry. Banks and other financial institutions are greatly affected by interest rates and may be adversely affected by downturns in the U.S. and foreign economies or changes in banking regulations.

**Municipal Bonds** are debt obligations generally issued to obtain funds for various public purposes, including the construction of public facilities. Municipal bonds pay a lower rate of return than most other types of bonds. However, because of a municipal bond's tax-favored status, investors should compare the relative after-tax return to the after-tax return of other bonds, depending on the investor's tax bracket. Investing in municipal bonds carries the same general risks as investing in bonds in general. Those risks include interest rate risk, reinvestment risk, inflation risk, market risk, call or redemption risk, credit risk, and liquidity and valuation risk.

**Options and other derivatives** carry many unique risks, including time-sensitivity, and can result in the complete loss of principal. While covered call writing does provide a partial hedge to the stock against which the call is written, the hedge is limited to the amount of cash flow received when writing the option. When selling covered calls, there is a risk the underlying position may be called away at a price lower than the current market price.

**Exchange Traded Funds** prices may vary significantly from the Net Asset Value due to market conditions. Certain Exchange Traded Funds may not track underlying benchmarks as expected.

**Investment Companies Risk.** When a client invests in open end mutual funds or ETFs, the client indirectly bears its proportionate share of any fees and expenses payable directly by those funds. Therefore, the client will incur higher expenses, many of which may be duplicative. In addition, the client's overall portfolio may be affected by losses of an underlying fund and the level of risk arising from the investment practices of an underlying fund (such as the use of derivatives). ETFs are also subject to the following risks: (i) an ETF's shares may trade at a market price that is above or below their net asset value; (ii) the ETF may employ an investment strategy that utilizes high leverage ratios; or (iii) trading of an ETF's shares may be halted if the listing exchange's officials deem such action appropriate, the shares are de-listed from the exchange, or the activation of market-wide "circuit breakers" (which are tied to large decreases in stock prices) halts stock trading generally. The Adviser has no control over the risks taken by the underlying funds in which client's invest.

## Item 9: Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of SPWM or the integrity of our management. We have no information applicable to this Item.

## Item 10: Other Financial Industry Activities and Affiliations

Neither SPWM nor any of its management persons are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.

Neither SPWM nor any of its management persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

Certain SPWM IARs are licensed insurance agents through SPWM (doing business as SurePath Insurance Solutions) and/or are appointed through various independent insurance providers. From time to time, such IARs will offer clients insurance products from those activities. Clients should be aware that these services pay compensation and thus involve a conflict of interest. SPWM addresses this conflict of interest by always acting in the best interest of the client, by disclosing the conflict in this Brochure, and by adopting policies and procedures designed to ensure such conflicts are reviewed and disclosed to clients. Clients are in no way required to purchase any product or service through any representative of SPWM in such representative's individual capacity, or through SurePath Insurance Solutions.

Michael Patrick Brewer is a Certified Public Accountant and will be involved in the sales process for tax and accounting services that are also provided through SPWM. From time to time, he will offer these services to clients. In this capacity, Michael Patrick Brewer does not have signing authority over client accounts such that it would trigger custody of any client's funds or securities. Clients should be aware that these services pay compensation and thus involve a conflict of interest. SPWM addresses this conflict of interest by always acting in the best interest of the client, by disclosing the conflict in this Brochure, and by adopting policies and procedures designed to ensure such conflicts are reviewed and disclosed to clients. Clients are in no way required use this service through any representative of SPWM or SPWM itself.

Michael Patrick Brewer is a co-owner of Brewer Consulting, LLC a digital marketing firm providing business and marketing strategies to other financial advisers. Other supervised persons of SPWM are also employees or independent contractors of Brewer Consulting, LLC. Such activities are not anticipated to present a conflict of interest because the services of Brewer Consulting, LLC are not offered to clients of SPWM.

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

As a fiduciary, our firm and its associates have a duty of utmost good faith to act solely in the best interests of each client. Our clients entrust us with their funds and personal information, which in turn places a high standard on our conduct and integrity. Our fiduciary duty is a core aspect of our Code of Ethics and represents the expected basis of all of our dealings.

This code does not attempt to identify all possible conflicts of interest, and literal compliance with each of its specific provisions will not shield associated persons from liability for personal trading or other conduct that violates a fiduciary duty to advisory clients. A summary of the Code of Ethics' Principles is outlined below.

- Integrity - Associated persons shall offer and provide professional services with integrity.
- Objectivity - Associated persons shall be objective in providing professional services to clients.
- Competence - Associated persons shall provide services to clients competently and maintain the necessary knowledge and skill to continue to do so in those areas in which they are engaged.
- Fairness - Associated persons shall perform professional services in a manner that is fair and reasonable to clients, principals, partners, and employers, and shall disclose conflict(s) of interest in providing such services.
- Confidentiality - Associated persons shall not disclose confidential client information without the specific consent of the client unless in response to proper legal process, or as required by law.

- Professionalism - Associated persons' conduct in all matter shall reflect credit of the profession.
- Diligence - Associated persons shall act diligently in providing professional services. We will, upon request, promptly provide a complete code of ethics.

Our firm and its "related persons" (associates, their immediate family members, etc.) may buy or sell securities the same as, similar to, or different from, those we recommend to clients for their accounts. A recommendation made to one client may be different in nature or in timing from a recommendation made to a different client. Clients often have different objectives and risk tolerances. At no time, however, will our firm or any related party receive preferential treatment over our clients.

In an effort to reduce or eliminate certain conflicts of interest involving the firm or personal trading, our policy may require that we restrict or prohibit associates' transactions in specific securities transactions. Any exceptions or trading pre-clearance must be approved by our Chief Compliance Officer in advance of the transaction in an account, and we maintain the required personal securities transaction records per regulation.

Additionally SPWM requires adherence to its Insider Trading Policy, and the CFA Institute's Asset Manager Code of Professional Conduct and Code of Ethics and Standards of Professional Conduct. Neither SPWM nor any of its related persons recommends to clients or buys or sells for clients' accounts investments in which SPWM or its related persons has a material financial interest.

## Item 12: Brokerage Practices

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

SPWM does not maintain custody of your assets that we manage, although we may be deemed to have custody of your assets if you give us authority to withdraw advisory fees from your account (see Item 15 Custody, below). Your assets must be maintained in an account at a "qualified custodian," generally a broker dealer or bank. We require that our clients use TD Ameritrade, Inc. ("TD Ameritrade"), a registered broker dealer and member of the SIPC as the qualified custodian. We are independently owned and operated and are not affiliated with TD Ameritrade . TD Ameritrade will hold your assets in a brokerage account and buy and sell securities when we and/or you instruct them to. While we recommend that you use TD

Ameritrade as custodian/broker, you will decide whether to do so and will open your account with TD Ameritrade by entering into an account agreement directly with TD Ameritrade. We do not open the account for you, although we may assist you in doing so. If you do not wish to place your assets with TD Ameritrade, then we cannot manage your account.

Certain legacy accounts are also maintained at Betterment Securities as described in Item 4 above.

SPWM considers several factors when recommending a custodial broker-dealer for client transactions and determining the reasonableness of such custodial broker-dealer's compensation. Such factors include the custodial broker-dealer's industry reputation and financial stability, service quality and responsiveness, execution price, speed and accuracy, reporting abilities, and general expertise. Assessing these factors as a whole allows SPWM to fulfil its duty to seek best execution for its clients' securities transactions. However, SPWM does not guarantee that the custodial broker-dealer recommended for client transactions will necessarily provide the best possible price, as price is not the sole factor considered when seeking best execution.

### **Soft-Dollar and Other Benefits**

SPWM does not receive research and other soft dollar benefits in connection with client securities transactions, which are known as "soft dollar benefits". However, the custodial broker-dealer recommended by SPWM do provide certain products and services that are intended to directly benefit SPWM, clients, or both. Such products and services include (a) an online platform through which SPWM can monitor and review client accounts or research market data, (b) access to proprietary technology that allows for order entry, (c) duplicate statements for client accounts and confirmations for client transactions, (d) invitations to educational conferences, at times at a discount, as well as access to proprietary and third-party publications, (e) practice management consulting, and (f) occasional business meals and entertainment. The receipt of these products and services creates a conflict of interest to the extent it causes SPWM to recommend a particular custodial broker-dealer as opposed to a comparable custodial broker-dealer. SPWM addresses this conflict of interest by fully disclosing this conflict of interest in this brochure, evaluating the recommended custodial broker-dealer based on the value and quality of its services as realized by clients, and by periodically evaluating alternative custodial broker-dealers to recommend. SPWM does not consider, in recommending a custodial broker-dealer, whether it or a related person receives client referrals from a custodial broker-dealer or third-party.

## Aggregating (Block) Trading for Multiple Client Accounts

Generally, we combine multiple orders for shares of the same securities purchased for advisory accounts we manage (this practice is commonly referred to as “block trading”). We will then distribute a portion of the shares to participating accounts in a fair and equitable manner. The distribution of the shares purchased is typically proportionate to the size of the account, but it is not based on account performance or the amount or structure of management fees. Subject to our discretion, regarding particular circumstances and market conditions, when we combine orders, each participating account pays an average price per share for all transactions and pays a proportionate share of all transaction costs. Accounts owned by our firm or persons associated with our firm may participate in block trading with your accounts; however, they will not be given preferential treatment.

## Item 13: Review of Accounts

Client accounts with the Investment Management Service will be reviewed regularly on a quarterly basis by Michael Patrick Brewer or another IAR of SPWM. During the regular review the account's performance is compared against like-managed accounts to identify any unacceptable performance deviation. Additionally, reasonable client imposed restrictions will be reviewed to confirm that they are being enforced. Events that may trigger a special review would be unusual performance, addition or deletions of client imposed restrictions, excessive draw-down, volatility in performance, or buy and sell decisions from the firm or per client's needs.

Clients will receive trade confirmations from the custodial broker-dealer for each transaction in their accounts as well as monthly or quarterly statements and annual tax reporting statements from their custodial broker-dealer showing all activity in the accounts, such as receipt of dividends and interest.

SPWM will provide written reports to Investment Management clients on a quarterly basis. We urge clients to compare these reports against the account statements they receive from their custodial broker-dealer .

SPWM provides Financial Planning clients with ongoing access to their plan online. The client also receives a written action plan that outlines our recommendations and the client's priorities. This document is reviewed at least every 6 months and is updated on an as-needed basis.

# Item 14: Client Referrals and Other Compensation

We receive a non-economic benefit from Betterment for Advisors and Betterment Securities in the form of the support products and services it makes available to us and other independent investment advisors whose clients maintain their accounts at Betterment Securities. These products and services, how they benefit us, and the related conflicts of interest are described above (see Item 12 Brokerage Practices). The availability to us of Betterment for Advisors' and Betterment Securities' products and services is not based on us giving particular investment advice, such as buying particular securities for our clients.

Neither SPWM nor a related person directly or indirectly compensates a person who is not SPWM's supervised person for client referrals.

# Item 15: Custody

For clients that do not have their fees deducted directly from their account(s), SPWM will not have any custody of client funds or securities. For clients that have their fees deducted directly from their account(s), SPWM will typically be deemed to have limited custody over such clients' funds or securities pursuant to applicable custody rules and subsequent guidance thereto. At no time will SPWM accept full custody of client funds or securities in the capacity of a custodial broker-dealer, and at all times client accounts will be held by a third-party qualified custodian as described in Item 12, above.

Furthermore, SPWM will comply with the following safeguards for the clients and accounts over which it is deemed to have custody by virtue of its fee deduction authority:

- A. SPWM will limit its activities that trigger custody solely to the deduction of its advisory fees from client account(s).
- B. SPWM will obtain written authorization from the client in its advisory agreement to deduct its advisory fees from the account(s) held by the third-party qualified custodian.
- C. Each time SPWM's advisory fee is deducted from a client account, SPWM will concurrently:
  - a. Send the third-party qualified custodian an invoice or statement of the fee to be

deducted from the client's account; and

- b. Send the client an invoice or statement itemizing the fee. Itemization will include the formula used to calculate the fee, the value of the assets under management on which the fee is based, and the time period covered by the fee.

## Item 16: Investment Discretion

For most client accounts where we provide investment management services, we maintain discretion over client accounts with respect to securities to be bought and sold and the amount of securities to be bought and sold. Investment discretion is explained to clients in detail when an advisory relationship has commenced. At the start of the advisory relationship, the client will execute a Limited Power of Attorney which will grant our firm discretion over the account. Additionally, the discretionary relationship will be outlined in the advisory contract and signed by the client.

A client may place limits on discretionary authority related to certain securities or the types of securities. The client may have religious, social, or environmental preferences which could limit the discretionary authority of SPWM. These preferences would influence the construction of the client's portfolio and would be documented by SPWM and reviewed annually.

## Item 17: Voting Client Securities

We do not vote Client proxies. Therefore, Clients maintain exclusive responsibility for: (1) voting proxies, and (2) acting on corporate actions pertaining to the Client's investment assets. The Client shall instruct the Client's qualified custodian to forward to the Client copies of all proxies and shareholder communications relating to the Client's investment assets. If the client would like our opinion on a particular proxy vote, they may contact us at the number listed on the cover of this brochure.

In most cases, you will receive proxy materials directly from the account custodian. However, in the event we were to receive any written or electronic proxy materials, we would forward them directly to you by mail, unless you have authorized our firm to contact you by electronic mail, in which case, we would forward you any electronic solicitation to vote proxies.

# Item 18: Financial Information

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about our financial condition. We have no financial commitment that impairs our ability to meet contractual and fiduciary commitments to clients, and we have not been the subject of a bankruptcy proceeding.

We do not have custody of client funds or securities or require or solicit prepayment of more than \$500 in fees per client six months in advance.

# Item 19: Requirements for State-Registered Advisers

- A. Please refer to the ADV Part 2B Brochure Supplement for the formal education and business background of SPWM's principal executive officers and management persons.
- B. Please refer to the ADV Part 2B Brochure Supplement for a description of any other business(es) in which SPWM is actively engaged other than giving investment advice.
- C. Neither SPWM nor any of its supervised persons are compensated for advisory services with performance-based fees.
- D. Neither SPWM nor any of its management persons has been involved in any of the events required to be disclosed in this Item 19(D), including any award or liability as part of arbitration, civil proceeding, self-regulatory organization proceeding, or administrative proceeding.
- E. Neither SPWM nor any of its management persons have any relationship or arrangement with any issuer of securities.
- F. SPWM has strived to disclose any material conflict of interest relating to it or its representatives and employees that could be reasonably expected to impair the rendering of unbiased or objective advice. Conflicts of interest may include, but are not limited to, (a) compensation arrangements connected with advisory services which are

in addition to the advisory fees, (b) other financial industry activities or affiliations, or (c) participation of interest in client transactions. Material conflicts of interest in these and other areas of SPWM's business have been disclosed in this Brochure.