

Sterling Wealth Advisors, Inc.

ADV Part 2A, Brochure

Dated: March 31, 2021

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This Brochure provides information about the qualifications and business practices of Sterling Wealth Advisors, Inc. If you have any questions about the contents of this Brochure, please contact us at (954) 771-1313 or Elizabeth@Sterlingwealthadvisors.com. 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.

Additional information about Sterling Wealth Advisors, Inc. also is available on the SEC's website at www.adviserinfo.sec.gov.

References herein to Sterling Wealth Advisors, Inc. as a "registered investment adviser" or any reference to being "registered" does not imply a certain level of skill or training.

Item 2 Material Changes

There have been no material changes to this ADV Part 2A Brochure since the March 30, 2020 annual update filing.

Sterling Wealth Advisors, Inc.'s, Chief Compliance Officer, Elizabeth A. Barrett, remains available to address any questions about these material changes, or any other aspect of this Brochure.

Item 3 Table of Contents

Item 1	Cover Page	1
Item 2	Material Changes	2
Item 3	Table of Contents	2
Item 4	Advisory Business	3
Item 5	Fees and Compensation.....	8
Item 6	Performance-Based Fees and Side-by-Side Management	11
Item 7	Types of Clients.....	11
Item 8	Methods of Analysis, Investment Strategies and Risk of Loss	11
Item 9	Disciplinary Information	14
Item 10	Other Financial Industry Activities and Affiliations.....	14
Item 11	Code of Ethics, Participation or Interest in Client Transactions and Personal Trading	15
Item 12	Brokerage Practices	16
Item 13	Review of Accounts	18
Item 14	Client Referrals and Other Compensation	18
Item 15	Custody	19
Item 16	Investment Discretion	19
Item 17	Voting Client Securities.....	19
Item 18	Financial Information	20
Item 19	Requirements for State-Registered Advisors	20

Item 4 Advisory Business

- A. Sterling Wealth Advisors, Inc. (the “Adviser”) is a Florida corporation formed on August 31, 2001 (before which it operated as a sole proprietorship). The Adviser became registered as an investment adviser in September 1998. The Adviser is principally owned by Elizabeth A. Barrett, who is the Adviser’s President, Chief Executive Officer, and Chief Compliance Officer.

- B. As discussed below, the Adviser offers to its clients (currently: individuals, high net worth individuals, trusts and estates) combined investment advisory services with financial planning, stand-alone investment advisory services, and stand-alone financial planning and related consulting services. Adviser does not sell insurance or investment products, and does not accept commissions as a result of any product recommendations. Adviser does not pay referral or finder's fees, nor does it accept such fees from other firms.

Investment Advisory Services

Financial Planning and Investment Advisory Services

This service provides ongoing, financial planning combined with discretionary investment advisory services on a *fee-only* basis. During the initial year, clients will receive a financial plan which generally addresses the services listed below. Clients will have two to four scheduled meetings during the initial year, depending on their individual situation, and generally one to four scheduled meetings during renewal years. In addition to scheduled meetings, additional face-to-face, email and/or phone consultations are generally included at no additional charge.

The financial planning services provided depend on each client’s unique situation and may include, but are not necessarily limited to: cash flow analysis, investment planning, tax planning, insurance review, inventory of assets, analysis of financial goals, portfolio analysis, development of an asset allocation strategy, retirement planning and estate plan reviews. Under this service offering, clients will also receive the investment advisory services on an ongoing basis as described immediately below.

Investment Advisory Services Only

Alternatively, the client can choose to engage the Adviser to provide discretionary investment advisory services without financial planning services on a *fee-only* basis. The Adviser’s annual investment advisory fee is based upon a percentage (%) of the market value of the assets placed under the Adviser’s management. When providing investment advisory services, Adviser will coordinate with clients to develop investment objectives and then allocate or recommend that the client allocate investment assets consistent with the designated investment objectives. Once allocated, Adviser provides ongoing monitoring and review of account performance and asset allocation as compared to client investment objectives, and may execute or recommend execution of account transactions based upon those reviews or upon other triggering events.

Financial Planning and Consulting Services (Stand-Alone)

In addition to the combined investment advisory and financial planning services set forth above, the Adviser offers the following financial planning and consulting services on a stand-alone basis (typically these plans are short term engagements for those clients who do not wish to engage in an open retainer and are completed within two to six months):

Financial Overview

This is an objective overview of a client's financial situation. A financial overview provides the client with a net worth summary and recommendations on up to three financial planning topics selected, in advance, by the client. The written recommendations will be presented in one two-hour meeting with Adviser's Principal, Elizabeth A. Barrett. No follow-up services are provided with the financial overview. This level of service is tailored to client's specific financial situation. The plan does not include help with implementation of any recommendations (i.e., investments, estate plans, tax preparation, etc.). Upon presentation of the financial plan and the recommendations associated therewith, the engagement is complete. Should the client need or desire future consultations with Adviser, the client is responsible for initiating contact and re-engaging the Adviser for this service.

Consulting Project/Retainer

If an ongoing, comprehensive financial planning and investment advisory services relationship is not desired or practical, a project retainer service may be offered in the Adviser's sole discretion. The project retainer service is narrower in scope and usually focuses on one or more of the following areas: goal setting, asset/liability analysis, tax planning, cash flow management, investment review, retirement planning, risk management, estate planning, and record keeping. The service may include client consultations as necessary, in addition to oral recommendations resulting from such consultations.

Business Retirement Plan/Retirement Consulting

The Adviser also provides consulting services to sponsors and or participants of retirement plans. In this capacity, the Adviser will generally assist with the selection and/or monitoring of investment options from which plan participants can choose in self-directing the investments for their individual plan retirement accounts, including the development of asset allocation models that are typically comprised of the various suggested investment options. The terms and conditions of this engagement including compensation to be paid to the Adviser will be set forth in a separate written agreement between the Adviser and the plan sponsor. Personalized investment advice will not be provided to plan participants regarding their plan assets. However, plan participants who wish to engage the Adviser for individualized financial planning or consulting services regarding assets outside the scope of the qualified plan may do so by executing a separate written agreement, including separate fees and fee payment arrangements.

Miscellaneous

Limitations of Non-Investment Consulting/Implementation Services. As described above, Adviser may provide financial planning and related consulting services regarding non-investment related matters, such as estate planning, tax planning, insurance, etc. either as part of the investment advisory engagement or according to the terms and conditions of a stand-alone engagement. Unless specifically agreed in writing, neither Adviser nor its representatives are responsible to implement any financial plans or financial planning advice; provide ongoing financial planning services; or provide ongoing monitoring of financial plans or financial planning advice. Adviser's financial planning and consulting services are completed upon communicating its recommendations to the client, or upon termination of the applicable agreement for ongoing services. Adviser does not serve as a law firm, accounting firm, or insurance agency, and no portion of Adviser's services should be construed as legal, accounting, or insurance implementation services. Accordingly, Adviser does not prepare estate planning documents, tax returns or sell insurance products. To the extent requested by a client, Adviser may recommend the services of other professionals for certain non-investment implementation purposes (i.e., attorneys, accountants, insurance agents, etc.). Clients are under no obligation to engage the services of any recommended professional, who shall be solely responsible for the quality and competency of the services they provide. If the client engages any unaffiliated recommended professional, and a dispute arises related to the engagement, the client agrees to seek recourse exclusively from and against the engaged professional. The preceding sentence shall not limit or waive any applicable rights under federal or state law, including securities laws and fiduciary obligations that cannot be limited or waived.

Availability of Mutual Funds and Exchange Traded Funds: While Adviser may allocate investment assets to mutual funds and exchange traded funds ("ETFs") that are not available directly to the public, Adviser may also allocate investment assets to publicly-available mutual funds and ETFs that the client could purchase without engaging Adviser as an investment adviser. However, if a client or prospective client determines to purchase publicly-available mutual funds or ETFs without engaging Adviser as an investment adviser, the client or prospective client would not receive the benefit of Adviser's initial and ongoing investment advisory services with respect to management of the asset. Other mutual funds, such as those issued by Dimensional Fund Advisors ("DFA"), are generally only available through selected registered investment advisers. Adviser may allocate client investment assets to DFA mutual funds. Therefore, upon the termination of Adviser's services to a client, restrictions regarding transferability and/or additional purchases of, or reallocation among DFA funds will apply. Adviser's Chief Compliance Officer, Elizabeth A. Barrett, remains available to address any questions that a client or prospective client may have regarding the above.

Cash Positions. Adviser may hold a portion of client's assets in cash or cash equivalent positions (such as but not limited to money market funds) typically for defensive and liquidity purposes. Investments in these assets may cause a client to miss upswings in the markets. Unless Adviser expressly agrees otherwise in writing, account assets consisting of cash and cash equivalent positions are included in the value of an account's assets for purposes of calculating Adviser's advisory fee. A client can advise Adviser not to maintain (or to limit the amount of) cash or cash equivalent positions in their account.

Retirement Plan Rollovers – No Obligation / Conflict of Interest. A client or prospective client leaving an employer typically has four options regarding an existing retirement plan (and may engage in a combination of these options): (i) leave the money in the former employer's plan, if permitted, (ii) roll over the assets to the new employer's plan, if one is available and rollovers are permitted, (iii) roll over to an Individual Retirement Account ("IRA"), or (iv) cash out the account value (which could, depending upon the client's age, result in adverse tax consequences). If Adviser recommends that a client roll over their retirement plan assets into an account to be managed by Adviser, such a recommendation creates a conflict of interest if Adviser 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 Adviser. Adviser's Chief Compliance Officer, Elizabeth A. Barrett, remains available to address any questions that a client or prospective client may have regarding the conflict of interest presented by such a rollover recommendation.

Disclosure Statement. A copy of the Adviser's written Brochure as set forth on Parts 2A and 2B of Form ADV shall be provided to each client prior to, or contemporaneously with, the execution of the applicable form of agreement between Adviser and the client. Any client who has not received a copy of Adviser's written Brochure at least 48 hours prior to executing such agreement shall have five business days subsequent to executing the agreement to terminate the Adviser's services without penalty.

Portfolio Trading Activity / Inactivity. As part of its investment advisory services, Adviser will review client portfolios on an ongoing basis to determine if any trades are necessary based upon various factors, including but not limited to investment performance, fund manager tenure, style drift, account additions/withdrawals, the client's financial circumstances, and changes in the client's investment objectives. Based upon these and other factors, there may be extended periods when Adviser determines that upon review, trades within a client's portfolio are not prudent. Clients nonetheless remain subject to the fees described in Item 5 during periods of portfolio trading inactivity.

Client Obligations. In performing its services, Adviser will not be required to verify any information received from the client or from other designated professionals who provide services to the client, and Adviser is expressly authorized to rely thereon. Clients maintain responsibility to promptly notify Adviser if there is ever any change in their financial situation or investment objectives for the purpose of reviewing, evaluating, or revising Adviser's previous recommendations or services.

Cybersecurity Risk. The information technology systems and networks that Adviser and its third-party service providers use to provide services to Adviser's clients employ various controls, which are designed to prevent cybersecurity incidents stemming from intentional or unintentional actions that could cause significant interruptions in Adviser's operations and result in the unauthorized acquisition or use of clients' confidential or non-public personal information. Clients and Adviser are nonetheless subject to the risk of cybersecurity incidents that could ultimately cause them to incur losses, including for example: financial losses, cost and reputational damage to respond to regulatory obligations, other costs associated with corrective measures, and loss from damage or interruption to systems. Although Adviser has established its systems to reduce the risk of cybersecurity incidents from coming to fruition, there is no guarantee that these efforts will always be successful, especially considering that Adviser does not directly control the cybersecurity measures and policies employed by third-party service providers. Clients could incur similar adverse consequences resulting from cybersecurity incidents that more directly affect issuers of securities in which those clients invest, broker-dealers, qualified custodians, governmental and other regulatory authorities, exchange and other financial market operators, or other financial institutions.

- C. The Adviser shall provide investment advisory services specific to the needs of each client. Prior to providing investment advisory services, an investment adviser representative will ascertain each client's investment objectives. Thereafter, the Adviser shall allocate and/or recommend that the client allocate investment assets consistent with the designated investment objectives. The client may, at any time, impose reasonable restrictions, in writing, on the Adviser's services.
- D. The Adviser does not participate in a wrap fee program.
- E. As of December 31, 2020, the Adviser had \$136,087,806 in assets under management on a discretionary basis.

Item 5 Fees and Compensation

- A. The client can determine to engage the Adviser to provide combined discretionary investment advisory services and comprehensive financial planning and/or consulting services or discretionary investment advisory services on a *fee-only* basis.

Investment Advisory Services

Financial Planning and Investment Advisory Services

If a client determines to engage the Adviser to provide ongoing financial planning and discretionary investment advisory services, the Adviser generally requires a minimum annual financial planning fee of \$6,000 (but varies depending upon the complexity and scope of the services required) plus a fee for investment advisory services based on a percentage of the market value of the assets placed under the Adviser's management on a tiered basis as follows:

<u>Market Value of Portfolio</u>	<u>% of Assets</u>
Up to \$1,000,000	1.25%
Additional Assets between \$1,000,001-\$2,000,000	1.00%
Additional Assets between \$2,000,001-\$4,000,000	0.75%
Additional Assets between \$4,000,001-\$10,000,000	0.50%
Additional Assets exceeding \$10,000,000	0.25%

The annual financial planning portion of the fee shall be prorated and charged on a quarterly basis as described below. The investment advisory service portion of the fee is paid quarterly, in advance, based upon the market value of the assets on the last day of the previous quarter.

Investment Advisory Services Only

The client can determine to engage the Adviser to provide discretionary investment advisory services on a *fee-only* basis. The Adviser's negotiable annual investment advisory fee is based on a percentage of the value of assets under management on a tiered basis as follows:

<u>Market Value of Portfolio</u>	<u>% of Assets</u>
First \$500,000	1.50%
Additional Assets between \$500,001-\$1,000,000	1.25%
Additional Assets exceeding \$1,000,000	1.00%

The investment advisory services fee is paid quarterly, in advance, based upon the market value of the assets on the last day of the previous quarter.

Minimum Fees and Investment Advisory Fees in General

Adviser generally requires an annual minimum fee of \$15,000 for combined financial planning and investment advisory services. Therefore, clients subjected to that minimum fee who maintain less than \$720,000 in assets under management will pay more than as referenced in the above fee schedule. Likewise, Adviser generally requires an annual minimum fee of \$3,000 for investment advisory services only. Therefore, clients subjected to that minimum

fee who maintain less than \$200,000 in assets under management will pay more than the 1.50% fee referenced in the above fee schedule.

Adviser, in its sole discretion and in limited circumstances, may waive or reduce this annual minimum fee requirement or negotiate the above fee schedules based upon certain criteria (e.g., anticipated future earning capacity, anticipated future additional assets, dollar amount of existing assets to be managed, related accounts, complexity of the engagement, relationship between the client and Adviser or its representatives, account composition, etc.). In addition, certain legacy clients may have accepted different pre-existing service offerings from Adviser and may therefore receive services under different fee schedules than as set forth above. As a result of these factors, similarly situated clients could pay different fees which correspondingly impacts a client's net account performance. Moreover, the services to be provided by Adviser to any particular client could be available from other advisers at lower fees, and certain clients may have fees different than those specifically set forth above.

Financial Planning and Consulting Services (Stand-Alone)

In addition to the combined investment advisory and financial planning services set forth above, the Adviser offers the following financial planning and consulting services on a negotiable stand-alone basis:

Financial Overview

The fee for a Financial Overview ranges between \$1,500 and \$10,000 depending upon complexity, which is payable upon engagement. In the event that the client engages the Adviser to provide combined investment advisory and financial planning services set forth above, a credit equal to the amount of the amount paid for the Financial Overview will be provided to the client on the next quarterly statement.

Consulting Project/Retainer

Services under the project retainer are typically provided on a flat-fee basis ranging between \$5,000 and \$20,000, or on an hourly-rate basis at \$350 per hour. These fees vary depending upon the complexity and scope of the services required. Flat fee project retainers are typically due in full at the beginning of the engagement. However, in Adviser's sole discretion, fees may be paid with one-half due at the beginning of the engagement and the remainder upon completion. These services may include: Complete Financial Review, Investment Plan, Retirement Plan, Estate and Tax Planning, etc.

The following services are not included in any of the above service offerings, which will be billed separately at a rate of \$350 per hour for a minimum fee of \$1,500: estate settlement assistance, separation of marital or partnership asset calculation and implementation assistance, and terminal illness planning.

Business Retirement Plan/Retirement Consulting

If a client determines to engage the Adviser to provide business retirement plan/retirement consulting services, the Adviser's negotiable annual fee shall be the greater of 0.50% of the retirement plan assets or \$10,000. The Adviser generally requires a minimum account size of \$2,000,000 for business retirement plan/retirement consulting. The Adviser's business retirement plan/retirement consulting services fee is typically paid quarterly, in advance, based upon the market value of the assets on the last day of the previous quarter.

- B. Clients may elect to have the Adviser's advisory fees deducted from their custodial account. The applicable form of agreement between the client and Adviser, and the custodial/ clearing agreement may authorize the custodian to debit the account for the amount of the Adviser's investment advisory fee and to directly remit that advisory fee to the Adviser in compliance with regulatory procedures. In the event that the Adviser bills the client directly, payment is due upon receipt of the Adviser's invoice. The Adviser shall deduct fees and/or bill clients quarterly in advance, based upon the market value of the assets on the last business day of the previous quarter.
- C. Unless a client's circumstances dictate otherwise, Adviser generally recommends that Charles Schwab and Co., Inc. and its affiliates ("Schwab") serve as the broker-dealer/custodian for client investment management assets. Broker-dealers charge transaction fees for executing certain securities transactions according to their fee schedule, and they or their affiliated custodians also impose charges for custodial services / fees associated with maintaining the client's account. For mutual fund and ETF purchases, clients will incur charges imposed by the respective fund, which represent the client's pro rata share of the fund's management fee and other fund expenses. These fees and expenses are described in each fund's prospectus or other offering documents. The fees charged by the applicable broker-dealer/custodian, and the charges imposed by mutual funds and ETFs, are separate from and in addition to Adviser's advisory fee referenced in this Item 5. Adviser does not share in any portion of those fees or expenses.
- D. Payment of Fees: For the Financial Overview and Consulting Project/Retainer services, payment is due upon engagement. For all other services, the Adviser's fee shall be prorated and paid quarterly in advance, with the investment advisory fee portion being based upon the market value of the assets under management as of the last day of the previous quarter. The applicable form of agreement between the Adviser and the client will continue in effect until terminated by either party by written notice in accordance with such agreement. Upon termination, the Adviser shall refund the pro-rated portion of the advanced advisory fee paid based upon the number of days remaining in the billing cycle.
- E. Neither the Adviser, nor its representatives accept compensation from the sale of securities or other investment products.

Item 6 Performance-Based Fees and Side-by-Side Management

Neither the Adviser nor any supervised person of the Adviser accepts performance-based fees.

Item 7 Types of Clients

The Adviser offers advisory services to individuals, high net worth individuals, pension and profit sharing plans, trusts and estates, etc. Adviser generally requires an annual minimum fee of \$15,000 for combined financial planning and investment advisory services. Therefore, clients subjected to that minimum fee who maintain less than \$720,000 in assets under management will pay more than as referenced in the above fee schedule. Likewise, Adviser generally requires an annual minimum fee of \$3,000 for investment advisory services only. Therefore, clients subjected to that minimum fee who maintain less than \$200,000 in assets under management will pay more than the 1.50% fee referenced in the above fee schedule. The Adviser, in its sole discretion, may waive or reduce its annual minimum fee requirement based upon certain criteria (e.g., anticipated future earning capacity, anticipated future additional assets, existing dollar amount of assets to be managed, related accounts, complexity of the engagement, relationship between the client and Adviser or its representatives, account composition, negotiations with client, etc.).

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

A. The Adviser may utilize the following methods of security analysis:

- Fundamental - (analysis performed on historical and present data, with the goal of making financial forecasts)
- Technical – (analysis performed on historical and present data, focusing on price and trade volume, to forecast the direction of prices)

The Adviser may utilize the following investment strategies when implementing investment advice given to clients:

- Long Term Purchases (securities held at least a year)
- Short Term Purchases (securities sold within a year)

Investment Risk. Investing in securities involves risk of loss that clients should be prepared to bear, including the complete loss of principal investment. Past performance does not guarantee future results. Different types of investments involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by Adviser) will be profitable or equal any specific performance levels. Investment strategies such as asset allocation, diversification, or rebalancing do not assure or guarantee better performance and cannot eliminate the risk of investment losses. There is no guarantee that a portfolio employing these or any other strategy will outperform a portfolio that does not engage in such strategies. While

asset values may increase and client account values could benefit as a result, it is also possible that asset values may decrease and client account values could suffer a loss.

- B. The Adviser's methods of analysis and investment strategies do not present any significant or unusual risks. However, every method of analysis has its own inherent risks. To perform an accurate market analysis the Adviser must have access to current/new market information. The Adviser has no control over the dissemination rate of market information; therefore, unbeknownst to the Adviser, certain analyses may be compiled with outdated market information, severely limiting the value of the Adviser's analysis. Furthermore, an accurate market analysis can only produce a forecast of the direction of market values. There can be no assurances that a forecasted change in market value will materialize into actionable and/or profitable investment opportunities.

The Adviser's primary investment strategies - Long Term Purchases and Short Term Purchases - are fundamental investment strategies. However, every investment strategy has its own inherent risks and limitations. For example, longer term investment strategies require a longer investment time period to allow for the strategy to potentially develop. Shorter term investment strategies require a shorter investment time period to potentially develop but, as a result of more frequent trading, may incur higher transactional costs when compared to a longer term investment strategy.

- C. Currently, the Adviser primarily allocates client investment assets among various no-load mutual funds (i.e. mutual funds that have no sales fee), exchange traded funds, bond funds, U.S. government securities, money market accounts, certificates of deposit, and individual treasury bonds, on a discretionary basis in accordance with the client's designated investment objectives. Each type of security has its own unique set of risks associated with it. The following provides a short description of some of the underlying risks associated with investing in these types of securities:

Market Risk. The price of a security may drop in reaction to tangible and intangible events and conditions. This type of risk may be caused by external factors (such as economic or political factors), but may also be incurred because of a security's specific underlying investments. Additionally, each security's price can fluctuate based on market movement, which may or may not be due to the security's operations or changes in its true value. For example, political, economic and social conditions may trigger market events which are temporarily negative, or temporarily positive.

Unsystematic Risk. Unsystematic risk is the company-specific or industry-specific risk in a portfolio that the investor bears. Unsystematic risk is typically addressed through diversification. However, as indicated above, diversification does not guarantee better performance and cannot eliminate the risk of investment losses.

Value Investment Risk. Value stocks may perform differently from the market as a whole and following a value-oriented investment strategy may cause a portfolio to underperform growth stocks.

Growth Investment Risk. Prices of growth stocks tend to be higher in relation to their companies' earnings and may be more sensitive to market, political and economic developments than other stocks, making their prices more volatile.

Small Company Risk. Securities of small companies are often less liquid than those of large companies and this could make it difficult to sell a small company security at a desired time or price. As a result, small company stocks may fluctuate relatively more in price. In general, small capitalization companies are more vulnerable than larger companies to adverse business or economic developments and they may have more limited resources.

Commodity Risk. The value of commodity-linked derivative instruments may be affected by changes in overall market movements, commodity index volatility, changes in interest rates, or factors affecting a particular industry or commodity, such as drought, floods, weather, livestock disease, embargoes, tariffs, and international economic, political, and regulatory developments.

Foreign Securities and Currencies Risk. Foreign securities prices may decline or fluctuate because of: (i) economic or political actions of foreign governments, and/or (ii) less regulated or liquid securities markets. Investors holding these securities are also exposed to foreign currency risk (the possibility that foreign currency will fluctuate in value against the U.S. dollar).

Interest Rate Risk. Fixed income securities and fixed income-based securities are subject to interest rate risk because the prices of fixed income securities tend to move in the opposite direction of interest rates. When interest rates rise, fixed income security prices tend to fall. When interest rates fall, fixed income security prices tend to rise. In general, fixed income securities with longer maturities are more sensitive to these price changes.

Inflation Risk. When any type of inflation is present, a dollar at present value will not carry the same purchasing power as a dollar in the future, because that purchasing power erodes at the rate of inflation.

Reinvestment Risk. Future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate), which primarily relates to fixed income securities.

Credit Risk. The issuer of a security may be unable to make interest payments and/or repay principal when due. A downgrade to an issuer's credit rating or a perceived change in an issuer's financial strength may affect a security's value and impact performance. Credit risk is considered greater for fixed income securities with ratings below investment grade. Fixed income securities that are below investment grade involve higher credit risk and are considered speculative.

Call Risk. During periods of falling interest rates, a bond issuer will call or repay a higher-yielding bond before its maturity date, forcing the investment to reinvest in bonds with lower interest rates than the original obligations.

Regulatory Risk. Changes in laws and regulations from any government can change the market value of companies subject to such regulations. Certain industries are more susceptible to government regulation. For example, changes in zoning, tax structure or laws may impact the return on investments.

Mutual Fund Risk. Mutual funds are operated by investment companies that raise money from shareholders and invests it in stocks, bonds, and/or other types of securities. Each fund will have a manager that trades the fund's investments in accordance with the fund's investment objective. Mutual funds charge a separate management fee for their services, so the returns on mutual funds are reduced by the costs to manage the funds. While mutual funds generally provide diversification, risks can be significantly increased if the fund is concentrated in a particular sector of the market. Mutual funds that are sold through brokers are called load funds, and those sold to investors directly from the fund companies are called no-load funds. Mutual funds come in many varieties. Some invest aggressively for capital appreciation, while others are conservative and are designed to generate income for shareholders. 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).

Exchange Traded Fund Risk. ETFs are marketable securities that are designed to track, before fees and expenses, the performance or returns of a relevant index, commodity, bonds or basket of assets, like an index fund. Unlike mutual funds, ETFs trade like common stock on a stock exchange. ETFs experience price changes throughout the day as they are bought and sold. In addition to the general risks of investing, there are specific risks to consider with respect to an investment in ETFs, including, but not limited to: (i) an ETF's shares may trade at a market price that is above or below its 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.

Item 9 Disciplinary Information

The Adviser has not been the subject of any disciplinary actions.

Item 10 Other Financial Industry Activities and Affiliations

- A. Neither the Adviser, nor its representatives, are registered or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.
- B. Neither the Adviser, nor its representatives, are registered or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or a representative of the foregoing.

- C. The Adviser does not have any relationship or arrangement that is material to its advisory business or to its clients with any related person. However, Adviser has entered into a succession agreement with another registered investment adviser, which is intended to mitigate a potential service disruption to clients in the event of an unforeseen loss of key personnel due to disability or death.
- D. The Adviser does not receive, directly or indirectly, compensation from investment advisors that it recommends or selects for its clients.

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

- A. The Adviser maintains an investment policy relative to personal securities transactions. This investment policy is part of Adviser's overall Code of Ethics, which serves to establish a standard of business conduct for all of Adviser's Representatives that is based upon fundamental principles of openness, integrity, honesty and trust, a copy of which is available upon request.

In accordance with Section 204A of the Investment Advisers Act of 1940 and similar state laws, the Adviser also maintains and enforces written policies reasonably designed to prevent the misuse of material non-public information by the Adviser or any person associated with the Adviser.

- B. Neither the Adviser nor any related person of Adviser recommends, buys, or sells for client accounts, securities in which the Adviser or any related person of Adviser has a material financial interest.
- C. The Adviser and/or representatives of the Adviser may buy or sell securities that are also recommended to clients. This practice may create a situation where the Adviser and/or representatives of the Adviser are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a potential conflict of interest. Practices such as "scalping" (i.e., a practice whereby the owner of shares of a security recommends that security for investment and then immediately sells it at a profit upon the rise in the market price which follows the recommendation) could take place if the Adviser did not have adequate policies in place to detect such activities. In addition, this requirement can help detect insider trading, "front-running" (i.e., personal trades executed prior to those of the Adviser's clients) and other potentially abusive practices.

The Adviser has a personal securities transaction policy in place to monitor the personal securities transactions and securities holdings of each of the Adviser's "Access Persons". The Adviser's securities transaction policy requires that an Access Person of the Adviser must provide the Chief Compliance Officer or their designee with a written report of their current securities holdings within ten (10) days of becoming an Access Person. Furthermore, Access Persons must provide the Chief Compliance Officer with a quarterly transaction report, detailing all trades in the Access Person's account during the previous quarter; and on an annual basis, each Access Person must provide the Chief Compliance Officer with a written report of the Access Person's current securities holdings. However,

at any time that the Adviser has only one Access Person, he or she shall not be required to submit any securities report described above.

- D. The Adviser and/or representatives of the Adviser *may* buy or sell securities, at or around the same time as those securities are recommended to clients. This practice creates a situation where the Adviser and/or representatives of the Adviser are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a potential conflict of interest. As indicated above in Item 11 C, the Adviser has a personal securities transaction policy in place to monitor the personal securities transaction and securities holdings of each of Adviser's Access Persons.

Item 12 Brokerage Practices

- A. If the client requests that Adviser recommend a broker-dealer/custodian for execution and/or custodial services (exclusive of those clients that may direct Adviser to use a specific broker-dealer/custodian), Adviser generally recommends that investment management accounts be maintained at Schwab. Before engaging Adviser to provide investment management services, the client will be required to enter into a formal Financial Planning and Investment Advisory Agreement or Investment Advisory Agreement with Adviser setting forth the terms and conditions under which Adviser shall manage the client's assets, and a separate custodial/clearing agreement with each designated broker-dealer/custodian. Depending on which custodian clients select to maintain their account, they may experience differences in customer service, transaction timing, the availability of sweep account vehicles and money market funds, and other aspects of investing that could cause differences in account performance.

Factors that the Adviser considers in recommending Schwab (or any other broker-dealer/custodian to clients) include historical relationship with the Adviser, financial strength, reputation, execution capabilities, pricing, research, and service. Although the commissions and/or transaction fees paid by Adviser's clients shall conform to the Adviser's duty to seek best execution, a client may pay a commission that is higher than another qualified broker-dealer might charge to execute the same transaction where the Adviser determines, in good faith, that the commission/transaction fee is reasonable. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, considering the full range of a broker-dealer's services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although Adviser will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client account transactions. The brokerage commissions or transaction fees charged by the designated broker-dealer/custodian are exclusive of, and in addition to, Adviser's investment advisory fees.

1. Non-Soft Dollar Research and Additional Benefits

Although not a material consideration when determining whether to recommend that a client utilize the services of a particular broker-dealer/custodian, Adviser receives from Schwab (or could receive from another broker-dealer/custodian, investment platform, unaffiliated vendor,

and/or product/ fund sponsor) without cost (and/or at a discount) support services and/or products, certain of which assist the Adviser to better monitor and service client accounts maintained at such institutions. The support services Adviser can obtain may include: investment-related research, pricing information and market data, software and other technology that provide access to client account data, compliance and/or practice management-related publications, discounted or free consulting services, discounted and/or free travel and attendance at conferences, meetings, and other educational and/or social events, marketing support, computer hardware and/or software and/or other products used by Adviser in furtherance of its investment advisory business operations. As referenced above, certain of the support services and/or products that Adviser can receive may assist the Adviser in managing and administering client accounts. Others do not directly provide such assistance, but rather assist the Adviser to manage and further develop its business enterprise. The receipt of these support services and products presents a conflict of interest, because Adviser has the incentive to recommend that clients utilize Schwab as a broker-dealer/custodian based upon its interest in continuing to receive the above-described support services and products, rather than based on a client's particular need. However, Adviser's clients do not pay more for investment transactions executed and/or assets maintained at Schwab as a result of this arrangement. There is no corresponding commitment made by the Adviser to Schwab or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as a result of the above arrangement. The Adviser's Chief Compliance Officer, Elizabeth A. Barrett, remains available to address any questions that a client or prospective client may have regarding the above arrangement and the conflict of interest presented.

2. The Adviser does not receive referrals from broker-dealers.
3. Directed Brokerage. The Adviser does not generally accept directed brokerage arrangements (when a client requires that account transactions be executed through a specific broker-dealer). In such client directed arrangements, the client will negotiate terms and arrangements for their account with that broker-dealer, and Adviser will not seek better execution services or prices from other broker-dealers or be able to "batch" the client's transactions for execution through other broker-dealers with orders for other accounts managed by Adviser. As a result, the client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case.

If the client directs Adviser to execute securities transactions for the client's accounts through a specific broker-dealer, the client correspondingly acknowledges that such direction may cause the accounts to incur higher commissions or transaction costs than the accounts would otherwise incur had the client determined to execute account transactions through alternative clearing arrangements that may be available through Adviser. Higher transaction costs adversely impact account performance. Transactions for

directed accounts will generally be executed following the execution of portfolio transactions for non-directed accounts.

- B. To the extent that Adviser provides investment management services to its clients, the transactions for each client account generally will be executed independently, unless Adviser decides to purchase or sell the same securities for several clients at approximately the same time. Adviser may (but is not obligated to) combine or “bunch” such orders to seek best execution, to negotiate more favorable commission rates, or to equitably allocate differences in prices and commissions or other transaction costs among Adviser’s clients, which might have been obtained if the orders were placed independently. Under this procedure, transactions will be averaged as to price and will be allocated among clients in proportion to the purchase and sale orders placed for each client account on any given day. Adviser will not receive any additional compensation or remuneration as a result of such aggregation.

Item 13 Review of Accounts

- A. For those clients to whom Adviser provides investment advisory services, account reviews are conducted on an ongoing basis by the Adviser's Principal. All investment supervisory clients are advised that it remains their responsibility to advise the Adviser of any changes in their investment objectives and/or financial situation. All clients (in person or via telephone) are encouraged to review financial planning issues (to the extent applicable), investment objectives and account performance with the Adviser on an annual basis.
- B. Adviser may conduct account reviews on a non-periodic basis upon a triggering event, such as a change in client investment objectives and/or financial situation, market events, or specific client request.
- C. Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts. The Adviser may also provide a written periodic report summarizing account activity and performance.

Item 14 Client Referrals and Other Compensation

- A. As referenced in Item 12.A.1 above, the Adviser receives economic benefits from Schwab including support services and/or products without cost (and/or at a discount). Adviser’s clients do not pay more for investment transactions executed and/or assets maintained at Schwab as a result of this arrangement. There is no corresponding commitment made by the Adviser to Schwab or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as a result of the above arrangement. The Adviser’s Chief Compliance Officer, Elizabeth A. Barrett, remains available to address any questions about this arrangement.

- B. The Adviser does not compensate, directly or indirectly, any person, other than its representatives, for client referrals.

Item 15 Custody

The Adviser shall have the ability to have its advisory fee for each client debited by the custodian on a quarterly basis. Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts. The Adviser may also provide a written periodic report summarizing account activity and performance.

To the extent that the Adviser provides clients with periodic account statements or reports, Adviser urges clients to carefully review those statements and compare them to custodial account statements. Adviser's statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities. The account custodian does not verify the accuracy of the Adviser's advisory fee calculations.

Item 16 Investment Discretion

The client can determine to engage the Adviser to provide investment advisory services on a discretionary basis. Prior to the Adviser assuming discretionary authority over a client's account, the client shall be required to execute a Financial Planning and Investment Advisory Agreement or Investment Advisory Agreement, naming the Adviser as the client's attorney and agent in fact, granting the Adviser full authority to buy, sell, or otherwise execute investment transactions involving the assets in the client's name found in the discretionary account.

Clients who engage the Adviser on a discretionary basis may, at any time, impose restrictions, in writing, on the Adviser's discretionary authority (i.e., limit the types/amounts of particular securities purchased for their account, exclude the ability to purchase securities with an inverse relationship to the market, limit or proscribe the Adviser's use of margin, etc.).

Item 17 Voting Client Securities

- A. The Adviser does not vote client proxies. Clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets.
- B. Clients will receive their proxies or other solicitations directly from their custodian. Clients may contact the Adviser to discuss any questions they may have with a particular solicitation.

Item 18 Financial Information

- A. The Adviser does not require fees of more than \$500, per client, six months or more in advance.
- B. The Adviser is unaware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments relating to its discretionary authority over certain client accounts.
- C. The Adviser has not been the subject of a bankruptcy petition.

Item 19 Requirements for State-Registered Advisors

- A. Elizabeth A. Barrett is the Adviser's principal executive officer and management person. For more information about Ms. Barrett, please see Part 2B of Adviser's Brochure.
- B. The Adviser is not actively engaged in any other business other than as set forth herein.
- C. Neither the Adviser nor its representatives accept performance-based fees.
- D. Neither the Adviser nor its representatives has been the subject of any disciplinary actions.
- E. Neither the Adviser nor its representatives has any relationship or arrangement with any issuer of securities.

The Adviser's Chief Compliance Officer, Elizabeth A. Barrett, remains available to address any questions about the above disclosures and arrangements.