

**Item 1: Cover Page**

**FORM ADV PART 2A: FIRM BROCHURE**

**March 19, 2024**



**The Stanich Group, LLC | IA Firm CRD# 282447  
DBA: "Cultivating Wealth"**

**The Stanich Group, LLC  
P.O. Box 5014  
Montauk, NY 11954  
(646) 693-7451  
sara@cultivatingwealth.com  
www.CultivatingWealth.com**

*This brochure provides information about the qualifications and business practices of The Stanich Group, LLC. If you have any questions about the contents of this brochure, please contact us at (646) 693-7451 or by email at: sara@cultivatingwealth.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 The Stanich Group, LLC is available on the SEC's website: [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)*

*Registration of an investment adviser does not imply a certain level of skill or training.*

## **Item 2: Material Changes**

The Stanich Group, LLC (“Cultivating Wealth” or “CW”) is required to advise clients and prospective clients of any material changes to our Firm via this Brochure (Form ADV 2A).

The following material changes have been made since the last filing, dated March 27, 2023.

- An update to the hourly rate in Item 5.
- An update to the investment advisory fee schedule in item 5.
- An update to the fee minimum in Item 5.

### Future Changes

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

At any time, you may view the current Disclosure Brochure online at the SEC’s Investment Adviser Public.

Disclosure website at <http://www.adviserinfo.sec.gov> by searching for our firm name or by our CRD number 282447.

You may also request a copy of this Disclosure Brochure at any time, by contacting us at (646) 693-7451.

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## **Item 4: Advisory Business**

The Stanich Group, LLC (“Cultivating Wealth” or “CW”) offers investment advisory services in the form of financial planning, discretionary investment management, and consulting services. Sara Stanich is the sole owner. Our firm is a limited liability company founded and headquartered in the State of New York and registered with the Securities and Exchange Commission (SEC). Registration of an investment adviser does not imply a certain level of skill or training.

As of 12/31/2023, CW had \$131,187,017 in discretionary assets under management (AUM).

### **Investment Management with Financial Planning**

CW provides discretionary investment management services. Our investment management service focuses on allocating assets among various asset classes, portfolio diversification, managing portfolio risk, while considering other general economic and financial factors. CW offers financial advice and guidance to our clients and reviews existing and potential investments from a strategic and tactical asset allocation approach. Investments are chosen and structured based on the individual client needs. During our discovery process, we listen actively to the client's known and unknown goals and objectives, review current investments, time horizons, risk tolerance, and liquidity needs. We also review and discuss the client's prior investment history, as well as family composition and investing background. We then assist clients with the management of their investments on a discretionary basis.

CW creates an Investment Policy Statement for each client, which outlines the client’s current situation (income, tax levels, and risk tolerance levels) and then constructs a plan to aid in the selection of a portfolio that matches each client's specific situation. Investment management services include, but are not limited to, the following:

- Investment strategy.
- Personal investment policy.
- Asset allocation.
- Asset selection.
- Risk tolerance.
- Regular portfolio monitoring.

CW evaluates the current investments of each client with respect to their risk tolerance levels and time horizon. CW will request discretionary authority from clients in order to select securities and execute transactions without permission from the client prior to each transaction. Risk tolerance levels are documented in the Investment Policy Statement, which is given to each client.

Account supervision and structure is guided by a client’s objectives (i.e. capital appreciation, growth, income, or growth and income), as well as their specific tax situations and potential implications. Clients may impose reasonable restrictions on investing in certain securities, types of securities, or industry sectors on assets managed on a discretionary basis. Our investment recommendations are not limited to any specific security or industry.

Because some types of investments involve certain additional degrees of risk, they will only be implemented or recommended when consistent with a client's stated investment objectives, risk tolerance, liquidity needs, comfort level and suitability.

CW seeks to provide that investment decisions are made in accordance with the fiduciary duties owed to its clients and without consideration of CW's economic, investment or other financial interests. To meet its fiduciary obligations, CW attempts to avoid, among other things, investment or trading practices that systematically advantage or disadvantage certain client portfolios, and accordingly, CW's policy is to seek fair and equitable allocation of investment opportunities/transactions among its clients to avoid favoring one client over another over time. It is CW's policy to allocate investment opportunities and transactions it identifies as being appropriate and prudent, including initial public offerings ("IPOs") and other investment opportunities that might have a limited supply, among its clients on a fair and equitable basis over time.

### **Financial Planning and Consulting**

Financial plans and financial planning may include but are not limited to: investment planning; life insurance; tax concerns; retirement planning; college planning; and debt/credit planning. Generally, such financial planning services will involve preparing a financial plan or rendering a financial consultation for clients based on the client's financial goals and objectives. This planning or consulting may encompass one or more of the following areas: Investment Planning, Retirement Planning, Estate Planning, Charitable Planning, Education Planning, Corporate and Personal Tax Planning, Real Estate Analysis, Mortgage/Debt Analysis, Insurance Analysis, Business and Personal Financial Planning. Financial plans and consultations rendered to clients usually include general recommendations for a course of activity or specific actions to be taken by the clients. For example, recommendations may be made that the clients begin or revise investment programs, create or revise wills or trusts, obtain or revise insurance coverage, commence or alter retirement savings, or establish education or charitable giving programs.

CW also provides consulting for small business owners to assess the current value of their business, develop strategies to increase business value, and understand the role of the business as an asset in the client's personal financial plan.

Plans or consultations are typically completed within six (6) months of the client signing a contract with us, assuming that all the information and documents we request from the client are provided to us promptly. Implementation of the recommendations will be at the discretion of the client.

### **Divorce Financial Planning**

CW will also work with clients going through divorce to prepare detailed budgets, analyze the long-term implications of multiple settlement options and produce the financial statements needed to make informed decisions relating to the divorce process.

**Client Tailored Services and Client Imposed Restrictions**

CW will tailor a financial plan, which includes an investment strategy, for each client. This process starts with an initial discovery session to get to know the client, the client’s specific needs and requirements. CW will then create an investment portfolio for the client with a specific set of recommendations based on the client’s personal needs, investment objectives, to include any personal and specific tactical restrictions which may be imposed by the client. Clients may impose certain restrictions on investing in specific securities and/or types of securities in accordance with their legal status, values and/or beliefs. However, if the requested restrictions prevent CW from properly

servicing the client’s account, or the restrictions would require CW to deviate from its standard service model, CW reserves the right to decline these requests and/or end the relationship.

**Item 5: Fees and Compensation**

CW will receive compensation based on the type of advisory services CW performs. The CW investment advisory contract may be terminated by the client within five (5) business days of the signing of the advisory agreement/contract and the client will not be responsible for advisory fees incurred during that time. Please review the fee and compensation information below.

**Investment Management with Financial Planning**

The annualized fee for *Investment Management with Financial Planning* services will be charged as a percentage of assets under management (AUM), according to the following schedule:

Asset Range	Annual Percent of Total Market Value
Up to \$1,000,000	1.00%
Next \$2,000,000	0.80%
Next \$2,000,000	0.60%
Amounts Over \$5,000,000	0.40%

The annual fees shown are based upon a blended rate. For example, the annual fee rate for a client with AUM of \$3,000,000 will be 0.87%. CW may group certain related client accounts for the purposes of determining the annual fee. The annual fees are negotiable, and legacy clients and family & friends of CW associates may pay lower fees.

Our fees are billed quarterly, in advance, at the beginning of each calendar quarter based upon the value (market value or fair market value in the absence of market value), of the client’s account at the end of the previous quarter. Clients have the option of paying the fee directly to CW or give CW the authority to deduct the fee due directly from the client’s account. The minimum annual fee will be \$7,500; this minimum fee is negotiable, and legacy clients and family & friends of CW associates may pay a lower minimum.

A minimum of \$750,000 of assets under management is usually required for *Investment Management with Financial Planning* services. CW may group certain related client accounts for evaluation of this minimum. This minimum is negotiable, and legacy clients and family & friends of CW associates may have a lower minimum.

### **Financial Planning and Consulting**

CW's offers Financial Planning and Consulting services without investment management. The standard fee for these services is \$7,500 for individuals and \$10,000 for couples and business owners, and is charged half up front and half at completion. This fee is negotiable, and legacy clients and family & friends of CW associates may pay lower fees.

CW will occasionally offer an hourly engagement for short projects or previous clients. Our hourly fees for financial planning and consulting are \$400/hr. A minimum of four hours will be charged. Hourly fees are directly invoiced to clients monthly in arrears. Hourly fees are negotiable, and legacy clients and family & friends of CW associates may pay lower fees.

### **Divorce Financial Planning**

CW's Divorce Financial Planning fee ranges from \$7,500 to \$20,000 depending on complexity. This fee is charged half up front and half at completion of the project. These fees are negotiable, and legacy clients and family & friends of CW associates may pay lower fees.

### **Fee Billing**

*Investment Management with Financial Planning* services fees are billed quarterly, in advance, based upon the end of the most recent quarter balance of the accounts managed by CW. The custodian being used will send a statement to the client(s) with the amount of AUM in each account managed by CW. Clients have the option of paying the fee directly to CW or give CW the authority to deduct the fee due directly from the client's account.

Clients may terminate the agreement for a full refund of the fees (paid/due) within five business days of signing the Investment Advisory Contract. Thereafter, clients may terminate the investment advisory contract at any time and for any reason with written notice to CW. In such a case, CW will receive pro-rata compensation, and pro-rata refunds to clients issued, based upon the type of advisory services CW performs during that time.

### **Other Fees and Expenses**

CW does not charge additional fees other than those disclosed above. CW does not receive or share any additional fees or expenses incurred by advisory clients.

CW reserves the right to negotiate fees that differ from the fee structure disclosed above.

CW clients will incur brokerage and other transaction costs by the custodian, in which CW does not receive and/or share in these fees; see Item 12 for additional information.

CW and its supervised persons do not accept any compensation for the sale of securities an/or other investment products or vehicles, including asset-based sales charges and/or service fees from the sale of mutual funds.

Lower fees for comparable services may be available from other sources.

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

Cultivating Wealth does not use or charge performance-based fees and/or participates in side-by-side management.

## **Item 7: Types of Clients & Account Requirements**

We have the following types of clients:

- Individuals.
- High Net Worth Individuals.
- Businesses.

A minimum of \$750,000 of assets under management is usually required for *Investment Management with Financial Planning* services. CW may group certain related client accounts for evaluation of this minimum. This minimum is negotiable, and legacy clients and family & friends of CW associates may have a lower minimum.

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

### **Methods of Analysis**

We use fundamental analysis, cyclical analysis and modern portfolio theory in formulating our investment advice and/or managing client assets:

**Fundamental Analysis** - 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.



**Cyclical Analysis** - Cyclical analysis is a type of technical analysis that involves evaluating recurring price patterns and trends based upon business cycles. The lengths of economic cycles may be difficult to predict with accuracy and therefore the risk of cyclical analysis is the difficulty in predicting economic trends and consequently the changing value of securities that would be affected by these changing trends.

**Modern Portfolio Theory** - Modern Portfolio Theory is a theory of investment that attempts to maximize portfolio expected return for a given amount of portfolio risk, or equivalently minimize risk for a given level of expected return, each by carefully choosing the proportions of various asset.

### **Other Methods of Analysis**

From time to time we may factor in additional methods of analysis when managing portfolios. These methods of analysis include: Technical Analysis, Quantitative Analysis, and Qualitative Analysis.

**Technical Analysis** - Technical Analysis involves studying past price patterns and trends in the financial markets to predict the direction of both the overall market and specific stocks. The risk of market timing based on technical analysis is that charts may not accurately predict future price movements. Current prices of securities may reflect all information known about the security and day to day changes in market prices of securities may follow random patterns and may not be predictable with any reliable degree of accuracy.

**Quantitative Analysis** - Quantitative analysis deals with measurable factors as distinguished from qualitative considerations such as the character of management or the state of employee morale, such as the value of assets, the cost of capital, historical projections of sales, and so on.

**Qualitative Analysis** - Qualitative analysis is a securities analysis that uses subjective judgment based on unquantifiable information, such as management expertise, industry cycles, strength of research and development, and labor relations. Qualitative analysis contrasts with quantitative analysis, which focuses on numbers that can be found on reports such as balance sheets. The two techniques, however, will often be used together in order to examine a company's operations and evaluate its potential as an investment opportunity.

### **Investment Strategies**

We believe that asset allocation across diverse investments is the key to long term success in reaching client objectives. A Client's portfolio is customized to that client's specific investment objectives and risk tolerance. All of our investment advice is based on using a strategic asset allocation methodology, with prevailing long-term trends in mind. Short-term trends and strategies will not be employed unless necessary in accordance with client mandates.

We use the following strategies in managing client accounts, provided that such strategies are appropriate to the needs of the client and consistent with the client's investment objectives, risk tolerance, and time horizons, among other considerations.

**Long-Term Purchases:** When utilizing this strategy, we may purchase securities with the idea of holding them for a relatively long time (typically held for at least a year). A risk in a long-term purchase strategy

is that by holding the security for this length of time, we may not take advantages of short-term gains that could be profitable to a client. Moreover, if our predictions are incorrect, a security may decline sharply in value before we make the decision to sell. Typically we employ this sub-strategy when we believe the securities to be well valued; and/or we want exposure to a particular asset class over time, regardless of the current projection for this class.

**Short-Term Purchases and Sales:** When utilizing this strategy, we may purchase securities with the idea of selling them when they reach a specific price. This may happen within a relatively short time (typically a year or less). We do this in an attempt to take advantage of conditions that we believe are oversold and may result in a movement in price to the upside.

We also may sell a security in a relatively short period of time (typically a year or less) if we believe that the fundamentals of that security have broken down and/or we are no longer bullish on that security.

### **Risk of Loss**

Investing in securities involves risk of loss that clients should be prepared to bear. While the stock market may increase and your account(s) could enjoy a gain, it is also possible that the stock market may decrease and your account(s) could suffer a loss. It is important that you understand the risks associated with investing in the stock market, are appropriately diversified in your investments, and ask us any questions you may have.

**Market Risks** - All investments, particularly equities and debt securities are subject to market volatility, economic factors and various other market risks. The success of a particular investment may depend to a great extent upon correctly assessing the future course of price movements of stocks and bonds. Cultivating Wealth has no way to accurately predict price movements of investments.

**Concentrated Positions** - Client portfolios may contain one or more highly concentrated investment positions and also may be heavily invested and/or over weighted in specific industries. This increases the potential volatility within a portfolio thus increasing the risk of loss relative to the overall markets as a whole.

**Small Capitalization Companies** - Assets may be invested in smaller less established companies. Both debt and equity securities of such issuers tend to be more volatile than larger, more established companies. Such volatility could adversely impact client portfolios.

**Large Capitalization Companies** - Large cap stocks can perform differently from other segments of the equity market of the equity market as a whole. Large capitalization companies may be less flexible in evolving markets or unable to implement change as quickly as smaller capitalization companies.

**Non-U.S. Investments** - Cultivating Wealth may recommend that clients invest client funds in securities (debt, equity, currencies, derivatives, etc.) of companies domiciled outside the United States. (Primarily for diversification) Such investments expose the account to a number of risks that may not exist in the domestic market alone. Such risks include, among other things, trade balances and imbalances and related economic policies, currency exchange rate fluctuations, imposition of exchange control regulation, withholding taxes, limitations on the removal of funds or other assets, possible

nationalization of assets or industries, political difficulties, and political instability in foreign nations.

**Past performance is not indicative of future results. Investing in securities involves “risk of loss” that you, the client, should be prepared to bear.**

### **Item 9: Disciplinary Information**

Cultivating Wealth and its associated persons has not been the subject of any disciplinary actions and do not have any legal and/or disciplinary information to disclose. Any disciplinary information regarding Cultivating Wealth and/or its investment advisor representatives would be disclosed here; as well as additional information being disclosed on Cultivating Wealth’s IAR’s Forms ADV Part 2B.

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

CW nor its representatives are registered as, or have pending applications to become, a broker/dealer or a representative of a broker/dealer.

CW nor its representatives are registered as or have pending applications to become either a Futures Commission Merchant, Commodity Pool Operator, or Commodity Trading Advisor or an associated person of the foregoing entities.

CW does not utilize nor select third-party investment advisers outside the use of ETFs and Mutual Funds. All investment portfolio allocations are actively managed by CW.

### **Item 11: Code of Ethics, Client Transactions and Personal Trading**

We recognize that the personal investment transactions of members and employees of our firm demand the application of a high Code of Ethics and require that all such transactions be carried out in a way that does not endanger the interest of any client, at any time. At the same time, we believe that if investment goals of CW associated persons are similar to that of clients, and therefore logical that there be common ownership of securities and portfolio structure.

#### **Code of Ethics**

CW has a written Code of Ethics that covers the following areas:

- Prohibited Purchases and Sales,
- Insider Trading,
- Personal Securities Transactions,
- Exempted Transactions,
- Prohibited Activities,
- Conflicts of Interest,
- Gifts and Entertainment,
- Confidentiality,
- Service on a Board of Directors,
- Compliance Procedures and Responsibilities,

Our Code of Ethics applies to all of our associated persons. We require all of our supervised persons to conduct business with the highest level of ethical standards and to comply with all federal and state securities laws at all times. Upon employment or affiliation and at least annually thereafter, all supervised persons will sign an acknowledgement that they have read, understand, and agree to comply with our Code of Ethics. If a client or a potential client wishes to review our Code of Ethics in its entirety, a copy will be provided promptly upon request.

### **Client Transactions and Personal Trading**

Our firm's related person may invest in the same securities that our firm's related person recommends to clients. In order to prevent conflicts of interest, we have in place a set of procedures (including a pre-clearing procedure) with respect to transactions effected by our members, officers and employees for their personal accounts. In order to monitor compliance with our personal trading policy, we have a quarterly securities transaction reporting system for all of our associates.

### **Item 12: Brokerage Practices**

We seek to recommend a custodian/broker who will hold your assets and execute transactions on terms that are overall most advantageous when compared to other available providers and their services. We consider a wide range of factors, including, among others, these:

- Timeliness of execution
- Timeliness and accuracy of trade confirmations
- Research services provided
- Ability to provide investment ideas
- Execution facilitation services provided
- Record keeping services provided
- Custody services provided
- Frequency and correction of trading errors
- Ability to access a variety of market venues
- Expertise as it relates to specific securities
- Financial condition
- Business reputation
- Quality of services

### **Selecting Brokerage Firms**

CW can and has the ability to work with multiple custodians, therefore, CW will also recommend that its clients work with Charles Schwab. CW does not receive fees or commissions from this or any arrangement. CW recommends Charles Schwab as the custodian based on the proven integrity and financial responsibility of the firm and the best execution of orders at reasonable commission rates.

### **The custodian and brokers we use**

CW does not maintain custody of your assets that we manage/on which we advise, although we are

deemed to have custody of your assets if you give us authority to withdraw assets from your account (see Item 15—Custody, below). Your assets must be maintained in an account at a “qualified custodian.” (broker-dealer or bank) We recommend that our clients use Charles Schwab & Co., Inc. (Schwab), a registered broker-dealer, member SIPC, as the qualified custodian. We are independently owned and operated and are not affiliated with Schwab. Schwab will hold your assets in a brokerage account and buy and sell securities when we instruct them to. While we recommend that you use Schwab as custodian/broker, you will decide whether to do so and will open your account with Schwab by entering into an account agreement directly with them. We do not open the account for you, although we can assist you in doing so. Even though your account is maintained at Schwab, we can still use other brokers to execute trades for your account as described below (see “Your brokerage and custody costs”).

### **How we select brokers/custodians**

We seek to select and use a custodian/broker that will hold your assets and execute transactions on terms that are, overall, most advantageous when compared with other available providers and their services. We consider a wide range of factors, including:

- Combination of transaction execution services and asset custody services (without separate custody fees for custody)
- Capability to execute, clear, and settle trades (buy and sell securities for your account)
- Capability to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.)
- Breadth of available investment products (stocks, bonds, mutual funds, exchange-traded funds [ETFs], etc.)
- Availability of investment research and tools that assist us in making investment decisions
- Quality of services
- Competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.) and willingness to negotiate the prices
- Reputation, financial strength, security and stability
- Prior service to us and our clients
- Availability of other products and services that benefit us, as discussed below (see “Products and services available to us from Schwab”)

### **Best Execution**

We believe in using custodians that provide the best services at competitive rates. The reasonableness of commission rates is based on several factors, including the broker's ability to provide professional services, execution, the broker's reputation, experience and financial stability of the broker or dealer, and the quality of service rendered by the broker or dealer in transactions. Best execution is not measured solely by reference to commission rates. Paying a broker a higher commission rate than another broker might charge is permissible if the difference in cost is reasonably justified by the quality of the brokerage services offered. The above mentioned custodian, Charles Schwab, has a history of best execution performance that is well documented in various publications and testing results.

### **Your brokerage and custody costs**

For our clients' accounts that Schwab maintains, Schwab does not charge you separately for custody services but is compensated by charging you commissions or other fees on trades that it executes or that settle into your Schwab account. Certain trades (for example, many mutual funds and specific ETFs) do not incur Schwab commissions or transaction fees. Schwab is also compensated by earning interest on the uninvited cash in your account in Schwab's Cash Features Program. This commitment benefits you because the overall commission rates you pay could be lower than they would be otherwise. In addition to commissions and asset-based fees, Schwab charges you a flat dollar amount as a "prime broker" or "trade away" fee for each trade that we have executed by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into your Schwab account. These fees are in addition to the commissions or other compensation you pay the executing broker-dealer. Because of this, in order to minimize your trading costs, we have Schwab execute most trades for your account. We have determined that having Schwab execute most trades is consistent with our duty to seek "best execution" of your trades. Best execution means the most favorable terms for a transaction based on all relevant factors, including those listed above (see "How we select brokers/custodians").

### **Products and services available to us from Schwab**

Schwab Advisor Services™ is Schwab's business serving independent investment advisory firms like us. They provide us and our clients with access to their institutional brokerage services (trading, custody, reporting, and related services), many of which are not typically available to Schwab retail customers. Schwab also makes available various support services. Some of those services help us manage or administer our clients' accounts; while others help us manage and grow our business. Schwab's support services are available on an unsolicited basis (we don't have to request them) and at no charge to us. Following is a more detailed description of Schwab's support services:

**Services that benefit you.** Schwab's institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through Schwab include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients. Schwab's services described in this paragraph benefit you and your account.

**Services that do not directly benefit a client.** Schwab also makes available to us, other products and services that benefit us but may not directly benefit you or your account. These products and services assist us in managing and administering our clients' accounts. They include investment research, both Schwab's own and that of third parties. We use this research to service all or a substantial number of our clients' accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab also makes available software and other technology that:

- Provide access to client account data (such as duplicate trade confirmations and account statements)
- Facilitate trade execution and allocate aggregated trade orders for multiple client accounts
- Provide pricing and other market data
- Facilitate payment of our fees from our clients' accounts
- Assist with back-office functions, recordkeeping, and client reporting

**Services that benefit us.**

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

- Educational conferences and events
- Consulting on technology, compliance, legal, and business needs
- Publications and conferences on practice management and business succession
- Access to employee benefits providers, human capital consultants, and insurance providers
- Marketing consulting and support

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

**Our interest in Schwab's services**

The availability of these services from Schwab benefits us because we do not have to produce or purchase them. We don't have to pay for Schwab's services. These services are not contingent upon us committing any specific amount of business to Schwab in trading commissions or assets in custody. This creates an incentive to recommend that you maintain your account with Schwab, based on our interest in receiving Schwab's services that benefit our business and Schwab's payment for services for which we would otherwise have to pay rather than based on your interest in receiving the best value in custody services and the most favorable execution of your transactions. This is a potential conflict of interest. We believe, however, that our selection of Schwab as custodian and broker is in the best interests of our clients. Our selection is primarily supported by the scope, quality, and price of Schwab's services (see "How we select brokers/ custodians") and not Schwab's services that benefit only us.

**Additional Account Services**

We provide additional investment management services for accounts where we have discretion to implement asset allocation or rebalancing strategies on behalf of the client. These are primarily 401(k) accounts, 529 plans, variable annuities, and other assets. We regularly review the current holdings and available investment options in these accounts, monitor the accounts, rebalance, and implement our strategies as necessary. Currently, CW works with The Teachers Insurance and Annuity Association of America-College Retirement Equities Fund, commonly referred to as "TIAA-CREF" or "TIAA", the NY Advisor-Guided 529 Plan, and Guideline 401K Plans.

**Order Aggregation**

It is CW's practice to aggregate account transactions across multiple client accounts if possible and in the clients' best interests.

**Directed Brokerage**

In limited circumstances, and at our discretion, clients can instruct CW to use one or more particular brokers for the transactions in their accounts. If clients choose to direct our firm to use a particular

broker, clients should understand that this might prevent us from effectively negotiating brokerage commissions on a client's behalf. This practice can prevent CW from obtaining a favorable price and execution. Thus, when directing brokerage business, clients should consider whether the commission expenses, execution, clearance, and settlement capabilities that clients will obtain through a particular broker are adequately favorable in comparison to those that we would otherwise obtain for clients.

### **Trade Errors**

*Discretionary Investment Management Accounts:* CW is responsible for "Trade Errors" for trades that CW places in client accounts. However, if in the rare case the Client places the trade, the Client is responsible and assumes responsibility for placing the trades in their account. The Client is, therefore, responsible for any trading errors directly resulting from the Client's failure to follow the Adviser's proposed investment advice and trades in the proposed securities and/or investment vehicles. (i.e. Stocks, Bonds, Mutual Funds, ETFs, etc...) The Client acknowledges in writing, in the Discretionary Investment Management Agreement (Page 5, Item #17) that if the Client places the trades, they are fully responsible for placing the trades in the proper account, as well as being responsible for any errors that may occur during the process. If a trade error occurs when a client enters a trade in a discretionary investment management account, it is the clients responsibility.

### **Third Party Money Managers**

CW may determine that having an account with an independent third-party money manager is in a client's best interests. In these situations, we will provide the client with information about the money manager, including the services they provide and the fees they charge. You may approve or disapprove the use of the independent money manager for your account. Any money manager selected to manage an account for you will have discretion to determine the securities to buy and sell for the account, subject to any reasonable restrictions imposed by you. You will be provided with the money manager's ADV Disclosure Brochure, which you should carefully review for important details about the manager and their fees and services. Fees associated with third party managers will vary and will be fully disclosed to you before any manager is retained on your behalf. Fees will be described in detail in your investment advisory agreement and in the manager's ADV Disclosure Brochure. If we recommend the use of an independent 3<sup>rd</sup> party money manager, CW will: Assist in the identification and ongoing review of your investment objectives; Recommend and assist in the selection of appropriate money managers; Recommend specific investment strategies offered by the money managers; Assist in the review of performance and progress toward your investment objectives; Recommend any appropriate changes to your investment strategy; Recommend the hiring and firing of money managers as needed

### **Trade Errors**

Trading errors can and do happen. If a trading error has occurred and was found to be the fault of Cultivating Wealth, it is Cultivating Wealth's policy is to restore a client's account to the position it should have been in had the trade error had not occurred. Depending on the circumstances, corrective actions may include canceling/busting said trade, adjusting the client account to reflect the appropriate asset allocation and/or the reimbursing of any fees to the client account.



## **Item 13: Review of Accounts**

While investments in discretionary accounts managed by Cultivating Wealth are reviewed continuously throughout the year, client account(s) are reviewed at least annually by Sara Stanich, President & Chief Compliance Officer (CCO) of Cultivating Wealth for appropriateness of the current target asset mix in relation to the client's overall account objective.

Once a financial plan is created, reviewed and implemented by Cultivating Wealth it is then up to the client and therefore the clients responsibility to inform us of any changes, items and/or factors to their specific situation that may alter their existing financial plan and account investment allocation.

### **Review Triggers**

Other than changes to a client's specific situation, reviews may be triggered by events such as changes to existing tax laws, material market related information, economic, geo-political events, and other material changes that we feel may warrant an other than annual review.

### **Regular Reports**

Cultivating Wealth's clients receive monthly and annual account performance statements from the custodian holding client assets. In addition, clients may also receive transaction confirmations from the account custodian being used.

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

### **Referral Fees**

Cultivating Wealth does not have any solicitor agreements in place nor do we pay referral fees (non-commission based) to independent solicitors (non-registered representatives) for the referral of clients to our firm in accordance with Rule 206 (4)-3 of the Investment Advisers Act of 1940.

We receive an economic benefit from Schwab 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 Schwab. In addition, Schwab has also agreed to pay for certain products and services for which we would otherwise have to pay once the value of our clients' assets in accounts at Schwab reaches a certain amount. These products and services, how they benefit us, and the related conflicts of interest are described above (see Item 12—Brokerage Practices).

## **Item 15: Custody**

CW does not accept or maintain custody of any client accounts. All clients must place their assets with a qualified custodian. Clients can choose a qualified custodian of their own preference. If a client has no preference of a qualified custodian, CW will recommend a qualified custodian to clients based on their needs. (i.e. Charles Schwab) Qualified custodians often allow for direct debit of advisory fees. Therefore, if a custodian allows for direct debiting and the client chooses to have advisory fees direct debited from their accounts, CW directly debit clients account(s) for the payment of our

advisory fees, unless a client directs us not to and chooses a different method of payment.

Clients, through the advisory agreement, give written authorization to have their advisory fees deducted directly from their account(s) at the applicable custodian; CW is deemed to have limited custody of client's assets during this fee deduction process and, therefore, must have written authorization from the client to do so. Clients will receive all account statements and billing invoices from the custodian that are required in each jurisdiction, and they should carefully review all statements for precision and accuracy.

Under government regulations, we are deemed to have custody of your assets if, for example, you authorize us to instruct Schwab to deduct our advisory fees directly from your account [or if you grant us authority to move your money to another person's account]. Schwab maintains actual custody of your assets. You will receive account statements directly from Schwab at least quarterly. They will be sent to the email or postal mailing address you provided to Schwab. You should carefully review those statements promptly when you receive them.

- I. CW possesses written authorization from the client to deduct advisory fees from an account held by a qualified custodian;
- II. CW sends the qualified custodian written notice of the amount of the fee to be deducted from the client's account and
- III. CW sends the client a written invoice itemizing the fee, including any formulae used to calculate the fee, the time period covered by the fee and the amount of assets under management on which the fee was based.

CW has the ability to work directly with The Teachers Insurance and Annuity Association of America-College Retirement Equities Fund aka "TIAA";

CW clients have the ability to work with other qualified plan custodians and 529 plan custodians.

Fees associated with third party managers will vary and will be fully disclosed to you before any manager is retained on your behalf. Fees will be described in detail in your investment advisory agreement and in the specific manager's ADV Disclosure Brochure.

#### **Safe Keeping and Safeguards in Custody**

- A. If Cultivating Wealth has custody of client funds it is solely a consequence of its authority to assist clients in making deposits and/or withdrawals from client accounts as well as in assisting clients with the payment of advisory fees.
- B. Cultivating Wealth has written authorization from the client to deduct advisory fees from the account held with the qualified custodian.
- C. Each time a fee is directly deducted from a client account, Cultivating Wealth concurrently:
  - i. Informs the qualified custodian the amount of the fee to be deducted from the client's account;

- ii. The custodian sends the client a statement showing the deduction of the fee. This may 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. Clients may request a detailed itemization of the fees paid at any time and for any reason.

D. Cultivating Wealth has implemented these transparent safeguards to help protect clients and their assets.

We encourage our clients to raise any questions with us about the custody, safety or security of their assets. The custodian we do business with will send you independent account statements listing your account balance(s), transaction history and any fee debits or other fees taken out of your account.

## **Item 16: Investment Discretion**

### **Discretionary Authority for Trading**

Cultivating Wealth uses discretionary investment management with its clients. Discretionary trading authority allows Cultivating Wealth to place trades in client accounts on their behalf. Discretionary authority is granted via a limited power of attorney executed by the client. Clients have a right to decline to implement any advice provided by Cultivating Wealth, on a discretionary basis. Cultivating Wealth does not receive any portion of the transaction fees and/or commissions paid by the client to the custodian on any given trade/transaction. In certain situations, clients may impose restrictions that limit Cultivating Wealth from investing in specific investments.

## **Item 17: Voting Client Securities**

CW will neither ask for, nor accept voting authority for client securities. Clients will receive proxies directly from the issuer of the security or from the custodian. Clients should direct all proxy questions to the issuer of the security.

## **Item 18: Financial Information**

### **Financial Condition**

Cultivating Wealth does not have any financial situation that prevents us from meeting contractual commitments to clients.

Cultivating Wealth does not require the prepayment of more than \$1,200 in fees six or more months in advance, we do not have custody of client funds or securities, and we have never been the subject of a bankruptcy proceeding.