# DISCLOSURE BROCHURE

THE INVESTMENT ADVISERS ACT OF 1940 RULE 203-1

**Part 2A of Form ADV: Firm Brochure**

SUGARLOAF
WEALTH MANAGEMENT

**HOME OFFICE**

2055 Sugarloaf Circle
Suite 200
Duluth, GA 30097

**CONTACT INFORMATION**
Tel: (770) 985-5473
Fax: (770) 972-0534

www.swmllc.com

This Brochure provides information about the qualifications and business practices of Sugarloaf Wealth Management, LLC ("SWM"). If you have any questions about the contents of this Brochure, please contact us at 770-985-5473 or sugarloaf@swmllc.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.

Sugarloaf Wealth Management, LLC is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an adviser provide you with information that you can use to determine whether to hire or retain an adviser.

Additional information about Sugarloaf Wealth Management, LLC is also available on the SEC's website at: www.adviserinfo.sec.gov. and searching on our CRD # 129602

BROCHURE DATED

**7 October 2022**

## MATERIAL CHANGES

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Since our last annual amendment, dated March 29, 2021, we have had the following material changes.

- Discontinued our Momentum and Strategic Management Programs and changed the name of our Quantitative Program to "Wealth Management Program".

- We now offer a Tiered Fee Schedule in addition to our original Breakpoint Fee Schedule.

- Have increased our typical minimum account level to $500,000.00

Our Brochure may be requested at no cost to you by contacting us at 770-985-5473 or sugarloaf@swmllc.com

Our Brochure is also available on our web site www.swmllc.com

Additional information about Sugarloaf Wealth Management, LLC is also available via the SEC's web site www.adviserinfo.sec.gov. The SEC's web site also provides information about any persons affiliated with Sugarloaf Wealth Management, LLC who are registered, as investment adviser representatives of Sugarloaf Wealth Management, LLC. Please contact Todd Smallwood, Chief Compliance Officer, if you have any questions about the contents of this brochure.

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# ADVISORY BUSINESS

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## Who We Are

Sugarloaf Wealth Management (SWM) is an SEC Registered Investment Adviser located in Duluth, GA. SWM is owned by several members, three of whom have ownership of more than 25% each. Additional information about the members is available in our ADV part 2B. Listed below are the firm's principal shareholders (i.e., those individuals controlling 25% or more of this company):

### Owners

| Name | Title | CRD# |
|---|---|---|
| Jason T. Connolly | Member | 3010841 |
| Adam C. Wilson | Member | 4564737 |
| Taylor S. Manry | Member | 5155904 |

### Assets Under Management

As of Dec. 31st, 2021, we had $512,275,885 in assets under management. We provide you with the option to have your assets managed on a discretionary or non-discretionary basis. As of Dec. 31st, 2021, we managed $505,699,269 on a discretionary basis, and $6,576,616 on a non-discretionary basis.

## Services We Offer

We have been providing financial planning and portfolio management services to individual clients as well as trusts, estates, charitable organizations, small business owners, retirement plan sponsors and other entities since 2000. We do not have any proprietary products or funds. We will gather information about you, your goals, risk tolerance, financial objectives, investment experience, time horizon and other items that may impact your investment needs. Once this information is obtained, we will provide you with a suggested investment strategy **It is important that you let us know of any changes to your situation so that we may ensure that we are providing the most appropriate advice possible.**

If we are managing your assets, you may request that we place limitations on the management of those assets. For instance, you may not want to have tobacco firms in your accounts. Please provide us with a written request and if reasonable, we will accommodate your request.

Advisory services and the sale of investment products are processed through Fidelity Brokerage Services, LLC ("Fidelity"). Fidelity is a dually registered broker/dealer and investment adviser and is also a member of the Financial Industry Regulatory Association ("FINRA"). Fidelity is not affiliated with SWM. Through Fidelity, we offer advisory services, brokerage services and investment products to our clients. Fidelity uses National Financial Services (NFS) for custody, execution and clearing services.

We seek to avoid or at least minimize conflicts of interest that may arise between our firm and you. However, all investment firms will likely have some unavoidable conflicts of interest. Because of these conflicts we maintain policies and procedures to ensure that your best interests are our top priority. We will attempt to provide details on all of these conflicts within this document.

We offer a variety of advisory services. You may receive all, none or some combination of the services described below.

### Wealth Management Program

We will provide wealth management services to you through various risk-based model portfolios, which range from Conservative to Aggressive Growth. If you have a taxable account, you may also be placed in a Tax Efficient model to limit taxable gains. Our models are based on research largely provided by third parties not affiliated with SWM. The research provided constructs and monitors models that will provide exposure to the primary asset classes. The investments chosen for the models are quantitatively screened with an emphasis on yield (income) and/or growth characteristics. A portion of the investments within some of the models will contain market hedges (typically via options) to help offset downside risk in the markets. The models will typically consist of Exchange Traded Funds ("ETF's"), Individual Stocks, Mutual Funds, Real Estate Investment Trust (REITs"), Options and Variable Annuity Sub-Accounts. Investments in these models will be monitored reallocated and/or replaced periodically.

In some circumstances, there may be periods where we feel it is in your best interest to manage your account without our investment decisions being driven by the research provided to us. Your advisor may also choose to add additional positions that he or she feels are suitable (or delete if unsuitable) to your circumstances.

This program is typically offered through our Wrap Fee Program but is also used on a Non-Wrap Fee basis. Please refer to Appendix I for additional information regarding the Wrap Fee Program. Investment Management Services are designed to build long-term wealth while maintaining risk tolerance levels acceptable to you. We offer two Investment Management Service options based on your financial needs and or our management limitations. These services include: (1) Portfolio Management; and (2) Investment Consulting.

### Fiduciary Acknowledgement

Your portfolio may include retirement account(s). When we provide "investment advice" to you regarding your retirement plan account (401k, 403B etc.) or individual retirement account (IRA) we are fiduciaries within the meaning of Title 1 of the Employee Retirement Income Security Act and/or the Internal Revenue Code (Retirement Laws) with respect to such "investment advice". The way we make money creates certain conflicts with your interest, so we operate under a special rule that requires us to act in your best interest and not put our interest ahead of yours.

Under this special rule's provisions, we must:

- Meet a professional standard of care (give prudent advice).
- Never put our financial interest ahead of yours.
- Avoid misleading statements about our conflicts of interest, fees, and investments.
- Follow policies and procedures designed to ensure that we give advice that is in your best interest.
- Charge no more than what is reasonable for our services.
- Give you basic information about conflicts of interest.

When providing recommendations to retirement plan accounts involving rollover considerations, there are generally four options regarding and existing plan account.

An employee may use a combination of these options, such as; (i) leave the funds in the employer's plan, if permitted, (ii) rollover the funds to a new employer's plan, if one is available and rollovers are permitted, (iii) rollover to an Individual Retirement Account ("IRA"), or (iv) cash out the account (which could, depending on your age and circumstances, results in significant tax consequences). **If your advisor recommends that you rollover your retirement plan account into an account managed by us, such a recommendation creates a conflict of interest as we will earn an advisory fee on the rolled over assets. You are under no obligation to rollover a retirement plan account to an account to be managed by us.**

**Rollovers and Transfers from an Employer Sponsored Plan**

We may provide general information and education to you about the factors to consider when deciding whether to move retirement assets to us, or a recommendation that you roll or transfer assets out of an employer sponsored plan to us. If we provide you with a recommendation to roll your account out of an employer plan, you understand and agree that our analysis of the costs and services of your retirement plan as compared to the cost and services we can provide, depends on the information you provide to us. Or in certain instances, information we obtain from third parties about the plan or similar plans. You are responsible for updating us promptly if your investment objectives, risk tolerance or financial circumstances change.

**Transfer of Individual Retirement Accounts IRA to IRA**

If your advisor makes a recommendation that you move assets from an IRA at another financial institution to us, he or she is required to consider, based on information you provide, whether you will be giving up certain investment-related benefits at the other institution, such as the effects of breakpoints and has determined that the recommendation is in your best interest because greater services and/or other benefits (including asset consolidation and holistic advice and planning) can be achieved with an IRA with us and the costs associated with an IRA with us are justified by these services and benefits.

## Third Party Advisor Services

We offer our clients access to various third-party investment advisors through certain programs such as mutual fund wrap programs and separately managed account programs. Any third-party investment advisor recommended to our clients will be a manager that is on an approved list compiled and maintained by Fidelity. Fidelity is responsible for initial and ongoing due diligence on any third-party investment advisors.

We provide assistance to clients in the selection and ongoing monitoring of a particular third-party investment advisor. Factors that we consider in the selection of a particular third-party advisor include but are not limited to:

- A review of their historical performance and risk measurements
- Your risk tolerance, goals, objectives, and restrictions, as well as investment experience
- The assets you have available for investment.

If our services to you include the use of these managers, you will typically sign an agreement with them in addition to the advisory agreement you will sign with us. If you were to go to these third-party managers directly, the fees they charge you could be more or less than going through us. However, when using their services directly, you will not receive our expertise in developing an investments strategy, selecting the managers to use, monitoring the performance of your account, and changing managers if needed. Additional information about any of the third-party advisory services, including a complete description of the programs, services, fees, payment structure and termination features, is available via the applicable third-party investment advisor's disclosure brochures, investment advisory contracts and/or account opening documents.

## Financial Planning/Consulting Services

We offer personal financial planning services. These services involve preparing a Financial Plan based on the client's specific financial circumstances and objectives. Financial Plans may address some or all the following areas:

- Present assets and liabilities
- Savings Needs
- Estate Planning
- Social Security Planning
- Insurance Needs
- Investment Planning
- Retirement Planning
- Survivor and Beneficiary Planning

We will gather information through in-depth discussions with you. Information gathered would include your current financial status, future goals, and attitudes towards risk. Related documents supplied by you are carefully reviewed and the plan we develop for you would likely include general and specific recommendation for courses of action, which would be implemented at your discretion. We recommend you work closely with your attorney, accountant, real estate agent, insurance agent, banker, or other professionals as appropriate in implementing the recommendations. At your request we may recommend other professionals to assist you. They would be engaged directly by you. Our advisors have established business relationships with other professionals that they may recommend to you. We monitor potential conflicts of interest with our advisors and other professionals by maintaining records on their receipt of gifts and business entertainment.

Our obligation ends once the financial plan has been completed and presented to you.

## Retirement Plan Consulting Services

We offer retirement plan consulting services to employee benefit plans and their fiduciaries. The services are designed to assist the plan sponsor (the "Company") in meeting their management and fiduciary obligations to the plan under ERISA. Retirement consulting services will consist of general or specific advice, and may include any or all the following:

• Strategic Planning and Investment Policy Development/Review
• Plan Review
• Plan Fee and Cost Review
• Acting as Third-Party Service Provider Liaison
• Assessment of Plan Investments and Investment Options
• Plan Participant Education and Communication
• Investment Advice to Participants
• Plan Benchmarking
• Plan Conversion to a New Vendor Platform
• Assistance in Plan Merger
• Legislative and Regulatory Updates; Plan Corrections
. Assist with Plan Conversion
• Coordination with Other Advisers

We will determine in advance the scope of services to be performed and the fees for all requested services. The Company will be required to enter into a written agreement with us setting forth the terms and conditions of the engagement, describing the scope of the services to be provided, and the relevant fees and fee-paying arrangements.

When we perform our agreed upon services, we will rely on information provided to us by the Company. We will not be required to verify the accuracy or consistency of any information received from the Company.

We will serve in a fiduciary capacity with respect to some of the services that we provide which will be further explained in the written agreement we sign with the Company. The Company is always free to seek independent advice about the appropriateness of any recommendations made by us.

## FEES & COMPENSATION

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In this section we will explain how we are compensated for the various advisory services we provide. We believe that our fees are competitive with firms offering similar services. However, lower fees for comparable services may be available to you from other sources. You could invest in mutual funds and other investments directly without our assistance. In that case, you would not receive our assistance in determining which investments are most appropriate to your financial situation and objectives. We also would not be available to help you maintain a disciplined approach to portfolio reallocation and to help minimize emotional reactions to market events. Also, some investments may not be available to you without the services of an investment advisor.

While it is our policy to charge investment management fees to you in accordance with the fee schedules in effect at the time of executing the Investment Management Agreement (Client Agreement), we may negotiate fees with you on a case-by-case basis. We will take into account the nature and complexity of the service provided to you, our relationship with you, the value of the assets being managed, the potential for additional business or clients, the amount of work, the attention needed to manage your accounts and if you are in our Wrap Fee program or a Non-Wrap program. Examples of this may include waiving or deeply discounting fees for family members or friends. Or for instance fees on a $1,000,000 account being less than a $250,000 account.

To the extent that you grant us the authority to debit advisory fees directly from your account, you will receive an account statement from the account custodian, no less than quarterly, showing all account holdings and transactions in your account. **We urge you to review the information on the statement for accuracy and compare the information to any reports received directly from us.** Please refer to Item 15 of this document for additional disclosures relating to custody.

Each client agreement may be canceled at any time, by either party, for any reason. Upon termination of any account, any prepaid, unearned fees will be promptly refunded on a pro-rata basis, and any earned, unpaid fees will be due and payable.

All fees paid to us for investment advisory services are separate and distinct from the fees and expenses charged by the custodian, mutual funds, exchange-traded funds, or variable annuity sub-accounts. You will be solely responsible, directly, or indirectly, for these additional expenses.

Mutual funds and similar investment vehicles pay managers to manage the assets of the fund, and the expenses of the fund, including said management fees, are deducted from all of the fund assets, are chargeable against the net asset value of fund shares owned by the Client, and are therefore borne separately by the Client. Other fees and expenses that the Client may pay outside of this Agreement include retirement plan fees, mutual fund sales loads, 12(b)-1 marketing fees charged by mutual funds, contingent deferred sales charges, annuity fees including mortality and expense charges, and surrender charges. A description of the types of fees and expenses actually charged by a particular investment are described in the prospectus or contract, as applicable, of the particular investment.

To the extent that we provide advisory services to variable annuity policyholders, variable annuity companies impose internal fees and expenses on the investments, including contingent deferred sales charges and early redemption fees. Because it is an insurance product, variable annuity companies also impose mortality charges, which are typically in a range of 1.30% - 1.70% annually. These fees are in addition to the investment advisory fees paid to us. Complete details of the internal expenses associated with the purchase of a variable annuity product are disclosed in the prospectus.

**Also, please be aware for those annuity contracts that are maintained directly at the annuity company we typically receive a trailer commission from the annuity company in addition to our management fee on that contract. This creates a conflict of interest as it provides us with a financial incentive to keep you in that contract so that we can continue to receive the trail commission from the annuity company, instead of moving you to an account managed on the Fidelity platform where we would no longer receive the trail commission.**

To the extent that any client utilizes margin, margin strategies entail additional fees and expenses, as the client must pay interest on any amounts borrowed against the account. When using margin, investment advisory fees are calculated on the net account balance (rather than the total market exposure) to avoid any incentive for us to use margin to potentially increase the fee paid by the client. The sale of certain options may have the effect of temporarily increasing the net value of the account and thus, increase the amount of the client's advisory fee.

We also receive commissions or other compensation as registered representatives and insurance agents. This compensation is separate and distinct from our advisory compensation and is discussed in greater detail below.

Advisory clients may also maintain non-advisory brokerage accounts. Representatives of SWM that provide investment advice to you are also separately licensed as registered representatives and/or investment adviser representatives of Triad Advisors ("Triad"). Triad is a dually registered broker/dealer and investment adviser and is also a member of the Financial Industry Regulatory Association ("FINRA"). Representatives of SWM are compensated through commissions assessed on the transactions executed in non-advisory brokerage accounts. **This creates an incentive for the representative to recommend investment products based on the compensation received rather than on your needs.** While representatives of SWM receive commissions on non-advisory accounts, they are not permitted to receive commissions on advisory accounts. In addition, advisory fees are not charged on commission-based brokerage accounts.

Item 12 further describes the factors that SWM considers in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their commissions.

### Wealth Management Program Fees

We provide asset management services on an annual fee basis. The fee is typically based on a percentage of the assets that we manage. Your fee schedule will either be a Tiered or Breakpoint fee schedule. The Breakpoint fee schedule is only available to legacy clients that previously had a breakpoint fee schedule and is not offered to new clients. Under a tiered fee schedule, the asset-based fee will vary for different levels of your account balance, for example, the first $1,000,000 will be billed at one rate and the next two million would be billed at a lower rate and so on. Use of a tiered fee schedule will result in a blended asset-based fee rate. Under a breakpoint fee schedule, the value of your account determines the breakpoint fee to be used and that applicable fee is applied to all billable assets in your account. These are very common forms of compensation for registered investment advisory firms and avoid the conflict of interest associated with commission-based compensation (being paid for what is sold to you). **However, in deciding to pay a fee rather than commissions, clients should understand that the fee may be higher than the commissions would be in a commissionable account during periods of lower trading. You should periodically re-evaluate along with your advisor whether the use of an asset-based fee account(s) continues to be appropriate for you.**

The Advisory Fee will be calculated as a percentage of the market value of all assets in Client's Account on the last trading day of the previous calendar quarter. The applicable percentage will be based on the table indicated below. Advisory Fees for billable variable annuity subaccounts will be billed quarterly, in arrears. All other Advisory Fees are billed quarterly, in advance. We determine the dollar amount of the Advisory Fee by multiplying the aggregate value of your billable assets under management on the last business day of the quarter by ¼ of the annual Advisory Fee. In any partial calendar quarter, the Advisory Fee will be pro-rated based upon the number of business days that the Account was open during the quarter. Advisory Fees are negotiable, and not all clients of Advisor will be charged the same fee or according to the same fee schedule.

For purposes of determining the Client's assets under management, any Account(s) owned by members of Client's household, which we refer to as a relationship, will be aggregated. Household asset level aggregation for Tiered fees include commission-based Accounts, depending on whether there are trails on the commission-based Accounts. Commission-based Accounts with trails are included in Household asset level aggregation.

Advisor's compensation is not based upon a share of capital gain or capital appreciation of any portion of Client's assets or funds.

Under our standard Tiered fee schedule, the asset-based fee will vary for different levels of your Account balance, for example, the first $1,000,000 will be billed at one rate and the next two million would be billed at a lower rate and so on. Use of a Tiered fee schedule will result in a blended asset-based fee rate.

The standard **Tiered Advisory Fees** charged to the Account(s) are as follows:

| Account Assets | Advisory Fee |
|---|---|
| $0 to $1,000,000 | 1.00% |
| Next $2,000,000 | 0.75% |
| Next $2,000,000 | 0.50% |
| Over $5,000,000 | 0.30% |

Under our Breakpoint fee schedule, the value of your Account determines the breakpoint fee to be used and that applicable fee is applied to all billable assets in your Account.

The **Breakpoint Advisory Fees*** charged to the Account(s) are as follows:

| Account Assets | Advisory Fee |
|---|---|
| $0 to $250,000 | 1.50% |
| $250,001 - $750,000 | 1.25% |
| $750,001 - $1,000,000 | 1.00% |
| $1,000,001 - $2,000,000 | 0.95% |
| $2,000,001 - $3,000,000 | 0.85% |
| $3,000,001+ | 0.75% |

**The Breakpoint fee schedule is only available to legacy clients that previously had a breakpoint fee schedule and is not offered to new clients.*

The minimum account relationship size (all accounts in a client's household) for our Management Programs is $500,000. Third Party Advisory Services minimum account size varies by third party manager. We have discretion to waive the minimum on all our programs. Third party investment advisors may each respectively agree to waive their minimums at our request.

In a fee-based account the fee includes the services of a financial advisor as part of an advisory relationship.

Your fee will be deducted from your designated account at the custodian. However, the custodian holding your assets will **not** determine whether the fees are properly calculated. **It is your responsibility to confirm that the fee we submit to the custodian is accurate.**

**The fees deducted are reported to you on your account statement, please review it for accuracy.** Fees will be deducted first from any money market funds or cash balances. If such assets are insufficient to satisfy payment of the fee, a portion of the portfolio assets will be liquidated to cover the fee. Typically, the management fee is deducted directly from your account, which you must consent to in advance. You do have the option to be invoiced should you prefer that.

Each advisor sets the asset management fees with you. Your fee schedule will be disclosed to you in the client agreement that is signed prior to us managing the assets.

If you are billed in advance and you terminate your agreement with us before the end of a billing period, any unearned prorated fees will be returned to you in a timely manner.

Each advisor also has the option to either include or exclude cash when assessing the management fee. This decision typically depends upon the level of cash being held and the amount of time the assets have been or will remain in cash. Additionally, each advisor has the option to either include or exclude individual securities and/or accounts when assessing the management fee. This decision typically depends upon whether the client wants to have the securities actively managed and monitored or is simply having the position or the account being held as a matter of convenience or for aggregation purposes to reach the next tier or breakpoint on the fee schedule.

Fee based compensation aligns our interest with yours. This is because our compensation increases when the assets' we manage for you increase. However, this link between the value of your account and our compensation creates potential conflicts of interest. **If your account value decreases, so does our compensation. This gives us an incentive to discourage you from taking money from your account even if it may be in your best interest to do so. Examples of this might include using money in your managed account to:**

- **Pay down debt**
- **Make gifts to charities or individuals**
- **Purchase a home or car, etc.**
- **Establish a non-managed savings account**

We strive to maintain a high degree of objectivity and to ensure that our advice is not based on these incentives. However, the potential for conflict of interest exists and you must be aware of this when you consider our recommendations. Our goal is that our advice to you always remains in your best interest and that we will disregard any financial impact these decisions may have on our firm. **Clients should discuss this subject thoroughly with their advisor to ensure that a fee-based account is appropriate for their needs.**

### Financial Planning/Consulting Services

These services are charged at an hourly rate of $300 per hour. An estimate of the total hours, based upon the nature and complexity of the services provided, is determined at the start of the advisory relationship. Typically, financial planning fees range from $600 - $5,000. These services may also be charged on a flat fee basis agreed upon in advance. We may waive or reduce the fee if we are also managing your assets. This option is at our discretion and is handled on a case-by-case basis. You will typically be invoiced directly for these fees.

We may recommend that you purchase securities or insurance products based on the financial plan. Please refer to "Additional Compensation – Reps and Agents" for important additional information.

### Retirement Plan Consulting Services

Retirement Plan Consulting Services fees are billed based on the terms and conditions agreed-upon by us and the client, which could result in an hourly rate, fixed fee, or asset-based fee. The exact fee and all terms and conditions are negotiated in advance of services rendered and are disclosed in the written advisory agreement.

Either party may terminate the written advisory agreement at any. Upon termination, we will deliver a final billing statement for unbilled work performed prior to termination and the client will have a period of 30 days to pay.

The fee schedule for Retirement Plan Consulting Services is based on the program selected by the client. The maximum advisory fee that may be charged under this program is 1.50%. The actual fees will be disclosed to the client in the advisory agreement.

### Wrap Fee Program Compensation

A complete description of our Wrap Fee Program's terms and conditions can be found at the end of this document in Appendix I.

### Additional Compensation - Reps and Agents

When providing financial planning or consulting services, we may recommend that you purchase certain securities or insurance products. If this occurs, we are doing so as registered representative ("reps") of Triad Advisors when purchasing securities and as agents of various insurance firms when purchasing insurance products. **Additional compensation in the form of commissions is received by us if you act on these recommendations.**

**As a result, we have an incentive to make recommendations to you to receive this additional compensation. This does not mean that the products that we may recommend are not suitable to meet your needs.**

**We may also recommend that we manage your investments. This would provide additional compensation to us in the form of management fees. As a result, we have an incentive to make these recommendations to receive the additional compensation. This does not mean that the recommendation is not suitable for you. However, again you should discuss this subject thoroughly with your advisor to ensure that a fee-based account is appropriate for your needs.**

We work with Triad, our broker/dealer, in several ways to prevent potential conflicts. We review trades and flag certain transactions for further review to ensure that they were suitable. If it is determined that an unsuitable recommendation has been made, we will work with our broker/dealer to determine the corrective steps to be taken.

To sell insurance products, all our agents are required to complete continuing education requirements that include ethics courses in order to maintain their licenses. For variable annuity insurance products, a member of our management team along with our broker/dealer will review the recommendation for suitability. For all insurance products, should it be determined that insurance products are being sold based on compensation received instead of suitability, we will work within our organization, our broker/dealer and/or the appropriate insurance commission to determine the corrective steps to be taken.

**You are never under any obligation to purchase products or services recommended by us. You always have the option of purchasing them through other brokers or agents who are not affiliated with us.**

**It is important that you be aware of these potential conflicts. We encourage you to discuss**

**them with your advisor.**

### Custodian Fees

The following are not sources of compensation to us but are costs that may be imposed by the financial institutions and/or other third parties associated with your accounts. These charges and fees are not part of but are in addition to our advisory fee. Examples include but are not limited to:

- Custodial fees
- Account termination fees. These are fees that may be charged when you close or transfer an account from one brokerage firm (custodian) to another. These fees tend to range from $0 to $200 but might be higher. You should contact your existing custodian (brokerage firm, bank, or trust company, etc.) to determine if any account termination fees will be charged and deducted from your account if you decide to transfer the account to us.
- Charges imposed directly by mutual or exchange traded funds in the account. These fees are disclosed in the fund's prospectus and may include:
- Fund management fees
- Early redemption fees
- Other fund expenses such as 12b-1
- Confirmation fees (disclosed on confirmation statements)
- Deferred sales charges
- Wire transfer and electronic fund fees
- Other fees and taxes on brokerage accounts and securities transactions. For example, some custodians may charge an additional fee on both Wrap and Non-Wrap Accounts for each trade confirmation that you do not elect to receive electronically. These fees may vary between custodians but tend to average about $1.50 per confirmation.

You may also be subject to an additional per-trade transaction charge on the selling of certain securities as disclosed on your trade confirmation. These fees are not shared with us but are transaction charges paid to regulatory agencies and/or the custodian.

Transaction charges: commonly called ticket charges are charges to purchase and sell investments, these charges are not passed through to clients who are enrolled in our Wrap Fee Program; we pay the ticket charges. Clients who are enrolled in our Non-Wrap Fee Program will pay these ticket charges. **If you authorize electronic delivery with Fidelity, they will discount or eliminate the ticket charges you pay.**

Typically, the agreements you sign with us (and the financial institution holding your assets) authorizes us to debit your account for our advisory fee. It also authorizes the financial institution to send the fee directly to us without violating any custody rules. We only work with financial institutions that will send you a statement at least quarterly. Those statements will show all transactions in the account including any advisory fee taken for that period.

See Item 12: Brokerage Practices for additional information.

## PERFORMANCE-BASED FEES & SIDE-BY-SIDE MANAGEMENT

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Sugarloaf Wealth Management does not charge any performance-based fees.

## TYPES OF CLIENTS

ITEM 7

We provide portfolio management services to High-Net-Worth Individuals, Individuals, Trusts, Estates, Charitable Organizations, Small Business Owners and other persons or entities.

The minimum relationship size (accounts owned by members of client's household) for each of the advisory services offered follows. We have discretion to waive the minimum on all our programs. Third party investment advisors may each respectively agree to waive their minimums at our request.

Our Management Programs - $500,000.00

Third Party Advisory Services - Varies by third party manager

Retirement Plan Consulting Services - No stated minimum

The minimum fee for Financial Planning/Consulting Services is $1,000.

## METHODS OF ANALYSIS, INVESTMENT STRATEGIES & RISK OF LOSS

ITEM 8

### Portfolio Management – Methods of Analysis, Investment Strategies & Managing Risk

We provide advice and recommendations relating to mutual funds, exchange-traded funds ("ETF"), variable annuities, fixed income securities, options, and equities. We will assist the client in constructing their initial asset allocation and subsequent maintenance. When analyzing investments that may be appropriate, we utilize outside research that uses Fundamental and Technical Analysis depending on the investment objective and strategy selected by the client.

- Fundamental analysis is security analysis grounded in basic factors such as company earnings, balance sheet variables and management quality, which are used to predict the future value of an investment. Information such as interest rates, GDP, inflation, and unemployment may be used to predict the direction of the economy and therefore the stock market.
- Technical analysis is the practice of using statistics to determine trends in security prices and make or recommend investment decisions based on those trends. Technical analysis focuses on matters such as trade volume, price action, demand, and volatility to help determine the market forces at work on a certain security or on the markets as a whole.

We use third parties to provide us with suggested investment models and strategies and to identify and communicate to us the timing and direction of allocation changes to those models and strategies. **At our sole discretion, we can choose to act or not act on the information we receive from these providers.**

**Investing in securities involves risk of loss that clients should be prepared to bear. We use our best judgment and good faith efforts in providing advisory services to clients. We cannot warrant or guarantee any level of account performance, or that an account will be profitable over time. Not every investment decision or recommendation made by us will be profitable. Investments in securities are subject to risks. We attempt to minimize these risks by constructing diversified portfolios appropriate for your level of risk tolerance.**

**Additionally, you should note that your portfolio will reflect your advisors' decisions with regards to investment purchases and sells, the amount and length of time that cash is held and when you became a client of SWM. For these and other reasons, the performance of your portfolio may differ from clients of SWM with similar objectives, goals, and risk tolerances.**

#### Asset Allocation Strategy

Our investment approach is firmly rooted in the belief that markets are fairly efficient (although not always rational) and that returns are determined principally by asset allocation decisions. Proper asset allocation has also been shown to reduce the volatility of returns over long periods of time. This is the reason that we include several different asset classes in our portfolios.

We offer portfolios that vary in the amount allocated to equities (stocks, stock mutual funds, etc.), fixed income investments (notes, bonds, bond funds, etc.), and alternative investments (real estate, commodities, options etc.). Your Advisor will recommend a portfolio best suited to your investment needs and desires, communicated risk tolerance and the need to assume various risks, and the investment time horizon. We will evaluate your existing investments and, if appropriate, develop a transition plan to one of our strategies. These portfolios are then monitored and consider any cash flow needs you may have. We are also very careful in gauging the level of risk appropriate for each individual client. We do our best to make sure our clients understand the potential loss of capital and purchasing power associated with their investments.

### Cash Balances

The custodian holding your assets typically maintains cash in one of the money market mutual funds offered. Your advisor will discuss your current and future cash flow needs. They can also help you create a plan to meet those needs. While it is not our practice to encourage clients to maintain a large amount of cash in their accounts, we will try to accommodate such requests.

If you want to maintain a substantial cash reserve account, we may exclude these reserves when calculating the advisory fee. Additionally, we may recommend that you maintain a certain level of cash in your managed accounts to facilitate fee taking and provide liquidity for your cash flow needs or planned purchases.

This is to prevent us from having to sell a security at an inappropriate time to cover the fees due. This may reduce your portfolio's returns when your portfolio returns are higher than the interest rate being paid on your cash balances.

### Associated Risks

We are very careful in gauging the level of risk appropriate for each individual client. We do our best to make sure our clients understand the potential loss of capital and purchasing power associated with their investments. The following are general risks a client may encounter when investing in the market:

- **Fundamental Analysis** - The data we review when using Fundamental Analysis is generally considered reliable, but we can't guarantee its accuracy and we don't verify its accuracy. In addition, the data that we review is sometimes subjective in nature and open to interpretation. Even if our data and interpretation of the data is correct, there may be other factors that determine the value of securities other than those considered in Fundamental Analysis.
- **Technical Analysis** – The utilization of Technical Analysis may only be able to forecast how an investment will perform over the short-term. In addition, this analysis does not consider the more fundamental properties of what an investment may be worth as a result of company performance and balance sheet variables that may play a part in determining the value of an investment.
- **Long-Term Strategies** – The Long-Term assumption is that financial market values will increase over time, and this may not happen. There is also the risk that the segment of the market you are invested in (or perhaps just your particular investment) will decrease over time even if overall stock market values increase. In addition, purchasing investments long-term may create an opportunity cost, locking-up assets that you may be better off using elsewhere.

**Stocks**

- Financial Risk: the risk that the companies you are invested in may perform poorly affecting the value of your investment.

- Market Risk: the risk that the stock market will decline, decreasing the value of your investment.

- Inflation Risk: the risk that prices will increase in the economy and deteriorate a stock's real return.

- Political and Governmental Risk: the risk that the value of your investment may be negatively affected by new regulations, changes in leadership, political unrest, etc.

- Certain securities recommended, such as U.S. small cap value and mid cap value stock mutual funds, and micro-cap mutual funds, possess higher levels of volatility (as individual asset classes within a portfolio). When we use these securities as part of an overall strategic asset allocation, it is because we believe that over the long-term, the potential return will be greater than the additional risk that may be experienced over the short-term.

**Bonds**

- Interest Rate Risk: the risk that the value of bond investments will fall if interest rates rise.

- Call Risk: the risk that your bond investment will be called or purchased back from you when conditions are favorable to the bond issuer but not favorable to you.

- Default Risk: the risk that the bond issuer may be unable to pay you the contractual interest or principal on the bond in a timely manner or that they may not be able to pay you at all.

- Inflation Risk: the risk that price increases in the economy will deteriorate a bond's real return.

**Options**

A small investment in options could have a large impact on the investor's performance. The use of options involves risk different from, or possibly greater than the risks associated with investing directly in the underlying asset. Options can be highly volatile, illiquid, and difficult to value. Options are typically used within some of the investments in our models as a hedge.

**Alternative Investments**

Market Risk: the risk that the value of certain alternative investments will fall, including but not limited to commodities, currencies, and real estate investments.

Manager Risk: although selected for lower volatility returns, certain alternative investment strategies may not perform as expected, and may lose value and/or increase portfolio volatility.

**Mutual Funds/ETF's**

Since mutual funds and ETF's may hold bonds stocks and/or options, please refer to the risk under those sections.

Manager Risk: the risk that an actively managed fund's investment adviser will fail to execute the fund's stated investment strategy.

Market Risk: the risk that the stock market will decline, decreasing the value of the securities being held by the fund.

Industry Risk: the risk that a group of stocks in a single industry will decline in price due to adverse developments in that industry. This would decrease the value of funds that have a large amount invested in that industry.

Inflation Risk: the risk that price increases in the economy will deteriorate a fund's real return.

### Asset Allocation

While all investments involve some level of risk, including capital and purchasing power loss, we emphasize diversification to minimize and manage it. We look to diversify not only asset classes and sectors, but philosophies and strategies as well. Our models each generally include technical, fundamental, quantitative, and qualitative input. Each of these inputs has weaknesses and risks associated with them, to say nothing of the risk associated with an asset class or sector in general. By focusing on diversification of assets and multi-faceted models we hope to reduce risk in a manner that still produces profits over the long term.

**From time to time, we will take positions that are inconsistent with the research that we receive and with a portfolio's main investment strategy. This would be done for instance to attempt to minimize capital gains in taxable accounts, or to respond to adverse market, economic, political, or other conditions.**

**This will impact the portfolio's ability to achieve its investment objective.**

Where possible the use of leveraged products will be avoided. However, (typically in annuity contracts) to match a model more closely, we may occasionally use leveraged products. Leveraged products will likely increase the percentage movement of the investment both up and down making the product more volatile and therefore riskier. To try and decrease the volatility we will adjust the weighting of the investment to offset the use of leverage.

### Liquidity

If you send us a redemption request, we may have difficulty liquidating certain positions you hold to honor that request. There might be a limited market for the resale of one or more securities in your account. This can negatively affect the value of those securities if we try to sell all or a portion of a position to fill your request.

### Summary

Please do not hesitate to discuss these and other risks in more detail with your Advisor. If your Advisor recommends that you use a third-party manager, please be sure to refer to their ADV brochure and associated disclosure documents for details on their investment strategies, methods of analysis, and associated risks.

**Investing in securities involves risk of loss that you should be prepared to bear.**

## DISCIPLINARY INFORMATION

ITEM 9

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of Sugarloaf Wealth Management or its management. We have no disciplinary actions to disclose.

## OTHER FINANCIAL INDUSTRY ACTIVITIES & AFFILIATIONS

ITEM 10

In addition to providing investment advisory services, we offer estate settlement services to our clients. We may work with individual or clients' attorneys and accountants to develop and implement a plan to effectively allocate the assets retained in an estate. Clients who are provided this service will be charged a flat fee or a fee based upon a percentage of the assets maintained in the estate. The minimum fee for estate settlement services will be $1,500 per project. We have discretion to waive the minimum fee. This fee is separate and distinct from any fees charged by us for advisory services.

A Member of our firm is also a Partner and CPA of the accounting firm Rhodes, Young, Black & Duncan, CPA (RYBD). This partner is entitled to receive distributions relative to his respective ownership interest in our firm. RYBD may recommend us to accounting clients in need of advisory services. Likewise, we may recommend RYBD to you for accounting services. Accounting services provided by RYBD are separate and distinct from our advisory services and are provided for separate and typical compensation. There is no referral fee arrangement between RYBD the firm and SWM. Advisory clients are not obligated to use RYBD for any accounting services. However, we may offer you bundled advisory and accounting/tax services in our agreement with you, should you choose this bundled arrangement, you would be required to sign a separate agreement with RYBD for those accounting and/or tax services and a portion of the fee you pay to us would be passed on to RYBD as compensation for their services. **You may be able to obtain these same bundled services cheaper at other firms.**

**Thank you for taking the time to read this far into what we feel is an important document. We know it is not the most entertaining piece. However, it is important to us that you are aware of how we operate and the potential and actual conflicts this may cause. As a way of saying thank you we would like to offer you a gift card. Next time you contact our office, please mention that you would like to take advantage of the "ADV gift card offer" and we'll be sure to get it to you. Don't stop now though, just eight more pages to go and in addition to receiving the gift card, you can proudly say that you read the whole document and we are sure that will put you in a very select group of clients!**

Our advisors that provide investment advice to you on non-advisory brokerage accounts do so as separately licensed registered representatives and/or investment adviser representatives of Triad. Triad is a diversified financial services company engaged in the sale of investment products and is not affiliated with SWM. Your advisor may recommend securities or insurance products offered by Triad to advisory clients. **They will receive commissions in addition to the customary advisory fee if products are purchased through them. As such, your advisor has an incentive to sell commissionable products in addition to advisory services because of the additional financial benefit.**

**Sugarloaf Wealth Management is also a registered insurance agency, and Members of Sugarloaf Wealth Management are licensed insurance agents. As part of the financial planning services provided to clients, we may recommend the purchase of insurance products. We would receive commissions as insurance agents in connection with such products. Thus, there is an incentive to recommend specific courses of actions through the financial planning process that would result in additional compensation for us.**

The advisory services offered by us are entirely separate and distinct from (though complimentary to) the advisory services of Triad. Associated persons of SWM do not provide investment advice on Triad's behalf. Triad does not warrant the sources of information, investment strategies, or the contents of any information provided by SWM. The brokerage services offered by these individuals through Triad are offered pursuant to the business name of Sugarloaf Wealth Management, LLC. SWM is considered an Office of Supervisory Jurisdiction (OSJ) of Triad by FINRA.

## CODE OF ETHICS

ITEM 11

### Code of Ethics

We have adopted a Code of Ethics for all our employees. This Code expresses our commitment to ethical conduct and is used to guide the personal conduct of our various team members. The Code describes the firm's fiduciary duties and responsibilities to clients and sets forth our practices of supervising the personal securities transactions of employees who have access to client trade information. The key concepts of the Code are that we shall always:

- Place your interests first.
- Act with integrity and dignity when dealing with clients, prospects, team members, and others.
- Strive to maintain and continually enhance a high degree of professional education.
- Seek to preserve our firm's independence and to maintain our complete objectivity with respect to our advisory services and each recommendation made to our clients.
- Keep your securities holdings and financial circumstances confidential.

## Participation or Interest in Client Transactions and Personal Trading

Sugarloaf Wealth Management does not participate in securities in which we have a material financial interest. As a matter of policy, we would never recommend to clients, or buy or sell for client accounts, securities in which our firm or its related persons has a material financial interest.

Our employees are allowed to buy and sell individual securities for their personal accounts that you may also invest in. This will create a conflict of interest if they receive a better price than you do on that trade. To manage this conflict, we direct that our advisors delay trading of the same securities in their personal accounts until the next day unless they are assured that you the client will receive the same or better execution price if the orders are placed the same day. To supervise this issue, we require employees who possess access to advisory recommendations to provide personal quarterly transaction reports to our compliance department. We also require access persons to receive advance approval prior to investing in any initial public offerings, private placements, and certain restricted individual securities.

Any third-party managers we use are not affiliated with us and will be governed by their own policies and procedures. You should refer to their ADV brochure documents for information on their Code of Ethics.

### Non-Public Information and Privacy

Our Code of Ethics prohibits the use of material non-public information. It also establishes procedures aimed at protecting your confidential information.

### Gifts Made to and Given by Our Advisors

Investment firms and clients are allowed to occasionally give nominal gifts to advisor’s subject to a limit of $100 per employee per calendar year. We do not permit any gifts or entertainment conditioned on the achievement of a sales target. No gifts received relate to any transactions or investments made by our clients.

Advisors are also limited in gifts that they may give to clients. This limit is up to $250 per client per calendar year and is in place to prevent client favoritism.

Our Code of Ethics requires that all employees act in accordance with all applicable Federal and State regulations governing registered investment advisory practices. Any individual not in observance of the above may be subject to discipline.

We will be glad to provide you with a complete copy of our Code of Ethics upon request.

## BROKERAGE PRACTICES

ITEM 12

We require that you provide us with written authority to determine the broker-dealer to use and the commission costs that will be charged to you for transactions. You must include any limitations on this discretionary authority in the Investment Management Agreement. You may change/amend these limitations as required. Such amendments must be provided to us in writing.

We have an arrangement with National Financial Services LLC and Fidelity Brokerage Services LLC (collectively, and together with all affiliates, "Fidelity") through which Fidelity provides our firm with "institutional platform services." The institutional platform services include, among others, brokerage, custody, and other related services. Fidelity's institutional platform services that assist us in managing and administering clients' accounts include software and other technology that (i) provide access to client account data (such as trade confirmations and account statements); (ii) facilitate trade execution and allocate aggregated trade orders for multiple client accounts; (iii) provide research, pricing and other market data; (iv) facilitate payment of fees from its clients' accounts; and (v) assist with back-office functions, recordkeeping and client reporting.

Fidelity generally does not charge its advisor clients separately for custody services but is compensated by account holders through transaction costs and other transaction-related or asset-based fees for securities trades that are executed through Fidelity or that settle into Fidelity accounts (i.e., transactions fees may be charged for certain no-load mutual funds, ETF’s, individual equity, and debt securities transactions). Fidelity provides access to many no-load mutual funds, and ETF’s without transaction charges and other no-load funds at nominal transaction charges.

As described previously, advisory representatives of our firm are also registered representatives of Triad, a FINRA member broker dealer. To meet its supervisory obligations, Triad requires that all our non-advisory activities be processed through Triad, and ultimately National Financial Services (NFS) as the clearing firm. As such, in their separate capacity as registered representatives, these individuals may receive separate, yet customary commission compensation. We will not affect any transactions through Triad for our advisory clients. Typically, all our advisory client trades will be placed through Fidelity.

Our firm is independently owned and is not affiliated with Fidelity or Triad.

### Aggregating/Batching Client Transactions

Typically, we will aggregate your trade orders with those of other clients in what we call a block trade order. This method permits the trading of aggregate blocks of securities from multiple client accounts. It allows SWM to execute trades in a timely and equitable manner. For each account that we include in the block trade, we must reasonably believe that the order is consistent with our duty to seek best execution for all clients participating in the aggregated order. The average price per share of a block trade is allocated to each account that participates. Accounts that participate in the same block trade are charged transaction costs, if applicable, in accordance with their client agreement. Accounts may be excluded from a block due to tax considerations, client direction or other factors which may make the participation impractical or ineligible.

If a block order is only partially filled, an attempt will be made to allocate on a pro rata basis. When this is not practical, allocation will be made such that, over time, no client will be advantaged or disadvantaged in relation to other client accounts. We have adopted a clear written policy for the fair and equitable allocation of transactions, (e.g., pro-rata allocation, rotational allocation, or other means).

There may be circumstances where aggregating trade orders is not practical or possible, such as a withdrawal request received after prior trades were entered. When this occurs, we may trade the same securities for your accounts before or after other client accounts are traded and at better or worse prices. Our firm has adopted policies and practices to meet the firm's fiduciary responsibilities and to ensure our trading practices are fair to all clients and that no client or account is advantaged or disadvantaged over any other.

The aggregation and allocation practices of mutual funds and third-party managers that we recommend to you are disclosed in their mutual fund prospectuses and third-party manager disclosure documents.

**We will not receive any additional compensation or remuneration because of the aggregation.**

### Agency Cross Transactions

An agency cross transaction is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, acts as broker for both the advisory client and for another person on the other side of the transaction. Agency cross transactions are permitted for advisers only if certain conditions are met under Advisers Act rules including prior written consent, client disclosures regarding trade information and annual disclosures, among other things. We have a policy of prohibiting agency cross transactions for advisory clients.

## Other Economic Benefits

Fidelity and Triad also offer other services intended to help our firm manage and further develop its advisory practice. Such services include, but are not limited to, performance reporting, financial planning, contact management systems, third party research, publications, access to educational conferences, roundtables and webinars, practice management resources, access to consultants and other third-party service providers who provide a wide array of business-related services and technology with whom our firm may contract directly.

**As a result of receiving such services for no additional cost, we have an incentive to continue to use or expand the use of Fidelity's services as this will reduce the fee, we pay Fidelity for custody services.** We examined this potential conflict of interest when we chose to enter the relationship with Fidelity and have determined that the relationship is in the best interests of our clients and satisfies our client obligations, including our duty to seek best execution. A client may pay a commission that is higher than another qualified broker-dealer might charge to affect the same transaction where we determine in good faith that the commission is reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including the value of research provided, execution capability, commission rates, and responsiveness.

Accordingly, while we will seek competitive rates, to the benefit of all clients, we may not necessarily obtain the lowest possible commission rates for specific client account transactions. Although the investment research products and services that may be obtained by us will generally be used to service all our clients, a brokerage commission paid by a specific client may be used to pay for research that is not used in managing that specific client's account.

Additionally, Fidelity and Triad have provided us with economic assistance in the form of cash, reimbursements, and forgivable loans to cover the costs of such items as account closing fees, the purchase of software and other technology, signage, stationary, etc. and to generally assist with other transitions cost incurred during our transition from a previous broker dealer and to subsequently assist with bringing any new representatives into our firm.

## REVIEW OF ACCOUNTS

ITEM 13

### Portfolio Management Reviews

At least annually we will offer to review your account(s), but this can be more frequent if you request it. This is a time for you and your advisor to discuss the impact of market and economic conditions on your portfolio or any changes in your financial or personal situation and/or investment objectives due to such things as marriage, divorce, retirement, changes in health status.

Depending on account activity, our custodians will provide monthly or quarterly statements, these statements will show all activity in your accounts during that period including any fees paid from the account. You may request additional reports prepared by us, which may contain performance, portfolio holdings, market value, and/or cost basis. Clients using the services of a third-party manager may receive additional reports prepared by that manager.

The portfolio management services provided by us are conducted on a continuous basis. External events, economic or market related, are also analyzed on an ongoing basis to determine if more frequent reviews are necessary.

### Financial Planning/Consulting Services

At the onset of a financial planning engagement, SWM's account representative conducts a thorough review of the client's personal financial condition and assesses their goals and objectives.

Financial planning clients are initially provided a report containing an analysis of their current and projected financial condition. The report may also include recommendations with respect to security selection, investment products and/or insurance products. At the client's request, the financial plan can be updated at any time for a separate fee.

## CLIENT REFERRALS & OTHER COMPENSATION

ITEM 14

All our Advisory Representatives are also Registered Representatives of Triad. This arrangement allows us to offer advisory services and programs sponsored or approved by Triad. Triad sets limits on how much we can charge for these advisory services. Some advisory programs have higher fee limits than others. As such, there is an incentive for us to recommend advisory services or programs with higher limits. In addition, Triad may charge us certain usage fees and expenses to use their advisory programs, which may decrease the amount of money we make when offering investment advice. **Therefore, there is an incentive to provide advisory programs and services that may be cheaper for us to use even if another advisory program is more suitable to the client's needs.**

In addition, Triad offers our Advisory Representatives educational, training, and incentive programs for those Advisory Representatives that meet certain sales production goals. **There is an incentive for us to manage accounts in ways that assist us in meeting these production goals even if such strategies may not be the most suitable for the account.** Certain Third-Party Advisory Service programs, custodians, and/or our broker/dealer also provide us with the opportunity to attend training or education conferences. Such conferences include the payment or reimbursement of travel, meals and lodging expenses for attendees. Payment/reimbursement of expenses is not contingent upon the sale of any specific product. **However, we have an incentive to recommend those firms that provide us with these benefits over those that do not.**

When we offer a Wrap Account, the fees for transactions executed in the account are included in the quarterly account fee. However, Fidelity will still assess any applicable transaction fees to us. **This may influence us to charge a higher quarterly account fee than we would otherwise charge you to recoup the transaction fees Fidelity charges us. We also have an incentive to trade your accounts less often to reduce our transaction fees and to use certain ETFs', Mutual Funds, or other products where Fidelity reduces or eliminates the transaction fees (these could include Fidelity's own products) even though these products are not the most suitable for your account because their use will result in higher costs to you due to their higher internal expenses. This conflict has been greatly reduced now that Fidelity no longer charges transactions fees on most products. However, it does still exist with respect to mutual funds and options contracts.**

Our advisors may participate in programs offered by Fidelity and Triad. In these programs, transaction charges for purchasing certain securities that participate in these programs may be reduced or waived. This provides us with an incentive to invest client accounts in these securities over securities that do not participate in these programs to reduce our transaction costs even if such investments are not the most suitable for your account because their use will result in higher costs to you due to their higher internal expenses.

As discussed previously, Triad and Fidelity have provided us with funding in the form of cash, fee reimbursements, forgivable loans, fee waivers and technology to assists us in our transition from

a previous broker dealer and to subsequently assist with bringing any new representatives into our firm.

### Referrals

We may pay referral fees to affiliated and unaffiliated third parties (Solicitors) equal to a percentage of the advisory fees collected from the clients the Solicitor referred to us.

For example, John Smith refers you to us. John Smith has signed a solicitor agreement with us to receive 50% of the fees we charge to you for the first 12 months. We are charging you 1.50% a year on the $100,000 of assets being managed by Advisor Brown. When we receive the first quarter's fees of $375 (($100,000 x .015)/4=$375), we will pay 50% of that $375 to John Smith as a referral fee.

As you can see from the example above, referral fees paid out do not result in any additional charge to you. Our Code of Ethics prohibits us from favoring referred clients over others.

## CUSTODY

ITEM 15

We do not act as a qualified custodian for our client assets. All transactions in your advisory accounts clear through a qualified and unaffiliated broker-dealer or custodian. However, in certain instances a member of our firm may act as a trustee on a client's account. In this instance we are deemed to have custody of the account and as such that account would be subject to an annual surprise audit by an independent party.

While we do not maintain actual possession or custody of client assets in the manner of qualified custodians, we may be deemed to have custody of client funds or securities under applicable SEC guidance for clients who have authorized us to deduct our advisory fees from the clients' account or who have granted us the limited power to transmit funds to one or more third parties as specifically designated by the client through a Standing Letter of Authorization. In such situations the custodian maintains actual possession of the clients' assets.

You will receive account statements and trade confirmations directly from the custodian who holds your assets. The custodians we utilize will typically send you a statement every month, but no less than quarterly. **You should carefully review these statements to make sure they are accurate. We also ask that you notify us promptly if the custodian fails to provide you with statements on each account.**

You may request that your advisor provide you with additional written reports that might include a list of account holdings, account values and/or account performance. The frequency of these reports is determined on a case-by-case basis and upon the discretion of your advisor. **We urge you to compare any reports that you may receive from us with the statements you receive from your custodian to make sure they are accurate.** Differences in market value may occur due to various factors, including but not limited to unsettled trades, accrued income, pricing of securities, and dividends earned but not received.

## INVESTMENT DISCRETION

ITEM 16

We manage your accounts on either a discretionary or non-discretionary basis. We will only manage your account on a discretionary basis with your written authorization. This consent is granted and evidenced in the client agreement that you sign with us.

Discretion: gives us the authority to make the following decisions without getting your consent first:

- Which securities to be bought or sold
- The number of securities to be bought or sold
- The timing of the transaction

**Restrictions:** You may request that we place limitations on this discretionary authority at any time. This might include a request to refrain from investing in certain investments or specific securities. Just provide your Advisor with the written request and we will accommodate you if we believe the request is reasonable.

**Non-Discretion:** You may also request we use non-discretion on your accounts with us. Under a non-discretionary agreement, we refrain from initiating investment transactions in your account(s) until we receive authorization from you, except for the deduction of advisory fees from your account(s), which you may have consented to in the client agreement.

**Third Party Managers:** We may use third party managers (or wrap fee program sponsors) for some or all of your assets. Their terms and conditions are described in their disclosure documents and/or Agreement. We will also continue to monitor and review the account's performance against your investment objectives.

Please reference Item 5: Fees and Compensation for information about the potential costs involved when using third party managers.

## VOTING CLIENT SECURITIES

ITEM 17

We do not act or render any advice with respect to voting of proxies for the securities in client accounts. We will have no obligation to render advice or take any action with respect to any securities subject to any legal proceedings, such as class action lawsuits or bankruptcy. Typically, custodians will have proxies sent directly to you. Some custodian agreements allow you to mark a box that will result in the custodian mailing proxies to us. **It is important that you realize that if you elect to have your proxies sent directly to us, we will not vote them but will shred them upon receipt.**

## FINANCIAL INFORMATION

ITEM 18

SWM does not require nor solicit the prepayment of $1,200 in fees per client, six months or more in advance.

We are not aware of any financial condition that is reasonably likely to impair our ability to meet our contractual commitment to you.

Due to the extreme and unprecedented circumstances resulting from the COVID-19 pandemic beginning in January 2020, Sugarloaf Wealth Management applied for and received a loan in connection with the Small Business Administration's Paycheck Protection Program (PPP). The proceeds of which allowed us to remain fully staffed and thus avoid negatively impacting the level of service we provide to you.

This loan was applied for and used in accordance with the program guidelines. More information regarding the PPP can be found at https://www.sba.gov/funding-programs/loans/coronavirus-relief-options/paycheck-protection-program

## Requirements for State Registered Advisors

ITEM 19

This item is required for those firms who register through states to conduct business. Because of our registration with the SEC, this item does not apply.

## END OF DISCLOSURE BROCHURE

## Appendix I: Wrap Fee Program Brochure

**Item I-1 to Item I-3:** Please reference Item 1: Cover Page, Item 2: Material Changes and Item: 3 Table of Contents in the
ADV Part 2A: Firm Brochure above.

**Item I-4:** Service, Fees, and Compensation – Sugarloaf Wealth Management (SWM) offers a Wrap Fee Program for clients who do not want to pay for each transaction that occurs in their account. Under this program, you receive both investment advisory services and trade execution for a single, combined annualized program fee. This means that you will not see transaction fees on your custodian statements. The program fee you pay each quarter covers those fees.
Transaction charges are assessed to SWM. **We may charge you a higher annual account fee to cover these transaction costs. This type of fee arrangement will create an incentive to trade your account less often to reduce transaction fees. Use securities that have a reduced or no transaction charge connected to them even if these securities will be more expensive for you due to their higher internal expenses.**

The program fee may or may not be more than the total cost of services if they were provided separately. Listed are some factors that may impact this:
The level of the wrap fee charges
The amount of portfolio activity
The value of services provided

**Generally, Wrap Fee Programs are relatively less expensive for actively traded accounts. However, they may result in higher overall costs when there is little trading activity in the account. The fee that we receive will be greater in our own Wrap Fee Program than what we would receive should we recommend a Third-Party Mangers Wrap Fee Program to you. This creates a conflict of interest. We strive to maintain a high degree of objectivity and to ensure that our advice is not based on these incentives. However, the potential for conflict of interest exists and you must be aware of this when you consider our recommendations.**

We provide the same level of commitment and service to our clients no matter if they participate in the wrap fee program or not. See Item 5: Fees and Compensation listed above in the ADV Part 2A: Firm Brochure for further discussion on this topic.

**Item I-5:** Account Requirements and Types of Clients – There are minimum account sizes required to open or maintain a Wrap Fee Program account. See Item 7: Types of Clients listed above in the ADV Part 2A: Firm Brochure for information on the types of clients who may use our Wrap Fee Program.

**Item I-6:** Portfolio Manager Selection and Evaluation – Your Advisor will either manage your Wrap account themselves or utilize one of our in-house portfolios or some combination of both. This decision depends upon your goals, the amount of assets managed, the tax status of your account and the amount of customization needed. We do not hire third party managers to provide services under our Wrap Fee Program. Please refer to Item 4: Advisory Business, Item 5: Fees and Compensation, and Item 8: Methods of Analysis, Investment Strategies and Risk of Loss listed above in the ADV Part 2A: Firm Brochure for additional information.

**Item I-7:** Client Information Provided to Portfolio Managers – This section does not apply, as we do not hire third party managers for our wrap fee program.

**Item I-8:** Client Contact with Portfolio Managers **-** This section does not apply, as we do not hire third party managers for our wrap fee program.

**Item I-9: Additional Information** – Please see Item 9: Disciplinary Information, Item 10: Other Financial Industry Activities and Affiliation, Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading, Item 13: Review of Accounts, Item 14: Client Referrals and Other Compensation and Item 18: Financial Information in the ADV Part 2A Brochure.