

# SCHMITT WEALTH ADVISERS

## SCHMITT WEALTH ADVISERS, LLC

*a Registered Investment Adviser*

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June 16, 2022

This brochure provides information about the qualifications and business practices of Schmitt Wealth Advisers, LLC (hereinafter “SWA” or the “Firm”). If you have any questions about the contents of this brochure, please contact the Firm at this telephone number listed above. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any state securities authority. Additional information about the Firm is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The Firm is a registered investment adviser. Registration does not imply any level of skill or training.

## Item 2. Material Changes

SWA made minor material changes to the previously filed Form ADV Part 2A (“Firm Brochure”) dated March 11, 2022.

- Item 5 - A clients initial billing period may be less than a full quarter for accounts opened and funded intra-quarter. In these situations an intra quarter bill will be calculated based on the initial asset value of the new account and the remaining number of days in that quarter. The account will be debited accordingly.

Our current Firm Brochure is available to our existing and prospective clients 24 hours a day through the Investment Adviser Public Disclosure website. We will annually and within 120 days of the end of our fiscal year, provide you either: (i) a copy of our Firm Brochure that includes or is accompanied by a summary of material changes; or (ii) a summary of material changes that includes an offer to provide a copy of the current Firm Brochure. We urge you to carefully review all subsequent summaries of material changes, as they will contain important information about any significant changes to our firm, including but not limited to advisory services, fee structure, business practices, conflicts of interest, and disciplinary history.

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## Item 4. Advisory Business

SWA offers a variety of advisory services, which include financial planning, consulting, and investment management services. Prior to SWA rendering any of the foregoing advisory services, clients are required to enter into one or more written agreements with SWA setting forth the relevant terms and conditions of the advisory relationship (the “Advisory Agreement”).

SWA is wholly owned by Andrew W. Schmitt.

While this brochure generally describes the business of SWA, certain sections also discuss the activities of its Supervised Persons, which refer to the Firm’s officers, partners, directors (or other persons occupying a similar status or performing similar functions), employees or any other person who provides investment advice on SWA’s behalf and is subject to the Firm’s supervision or control.

### Financial Planning and Consulting Services

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SWA offers clients a broad range of financial planning and consulting services, which may include any or all of the following functions:

- Retirement Planning
- Cash Flow Forecasting
- Trust and Estate Planning
- Investment Consulting
- Survivor Analysis
- Corporate Stock Option Analysis
- Risk Management
- Charitable Giving
- Distribution Planning
- Tax Planning
- Education Planning

While each of these services is available on a stand-alone basis, certain of them may also be rendered in conjunction with investment portfolio management as part of a comprehensive wealth management engagement (described in more detail below).

In performing these services, SWA is not required to verify any information received from the client or from the client’s other professionals (e.g., attorneys, accountants, etc.) and is expressly authorized to rely on such information. SWA may recommend clients engage the Firm for additional related services and/or other professionals to implement its recommendations. Clients retain absolute discretion over all decisions regarding implementation and are under no obligation to act upon any of the recommendations made by SWA under a financial planning or consulting engagement. Clients are advised that it remains their responsibility to promptly notify the Firm of any change in their

financial situation or investment objectives for the purpose of reviewing, evaluating or revising SWA's recommendations and/or services.

### **Investment and Wealth Management Services**

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SWA manages client investment portfolios on a discretionary or non-discretionary basis. In addition, SWA may provide clients with wealth management services which generally/may include a broad range of comprehensive financial planning and consulting services as well as discretionary and/or non-discretionary management of investment portfolios.

SWA primarily allocates client assets among various mutual funds and individual equity securities in accordance with their stated investment objectives. In addition, SWA may also recommend individual debt securities, exchange traded funds and third-party independent separate account managers ("Independent Managers") in certain circumstances.

Where appropriate, the Firm may also provide advice about any type of legacy position or other investment held in client portfolios. Clients may engage SWA to manage and/or advise on certain investment products that are not maintained at their primary custodian, such as variable life insurance and annuity contracts and assets held in employer sponsored retirement plans and qualified tuition plans (i.e., 529 plans). In these situations, SWA directs or recommends the allocation of client assets among the various investment options available with the product. These assets are generally maintained at the underwriting insurance company or the custodian designated by the product's provider. SWA does not include these assets in calculating client fees.

SWA tailors its advisory services to meet the needs of its individual clients and seeks, to manage client portfolios on a continuous basis in a manner consistent with those needs and objectives. SWA consults with clients on an initial and ongoing basis to assess their specific risk tolerance, time horizon, liquidity constraints and other related factors relevant to the management of their portfolios. Clients are advised to promptly notify SWA if there are changes in their financial situation or if they wish to place any limitations on the management of their portfolios. Clients may impose reasonable restrictions or mandates on the management of their accounts if SWA determines, in its sole discretion, the conditions would not materially impact the performance of a management strategy or prove overly burdensome to the Firm's management efforts. When SWA provides investment advice to you regarding your retirement plan account or individual retirement account, Adviser is a fiduciary within the meaning of Title I of the Employee Retirement Income Security Act and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. The SWA makes money creates some conflicts with your interests, so SWA operates under a special rule that requires SWA to act in your best interest and not put our interest ahead of yours.

### **Selection of Other Advisers**

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As mentioned above, SWA may select certain Independent Managers to actively manage a portion of its clients' assets. The specific terms and conditions under which a client engages an Independent Manager may be set forth in a separate written agreement with the designated Independent Manager. In addition to this brochure, clients may also receive the written disclosure documents of the respective Independent Managers engaged to manage their assets.

SWA evaluates a variety of information about Independent Managers, which may include the Independent Managers' public disclosure documents, materials supplied by the Independent Managers themselves and other third-party analyses it believes are reputable. To the extent possible, the Firm seeks to assess the Independent Managers' investment strategies, past performance and risk results in relation to its clients' individual portfolio allocations and risk exposure. SWA also takes into consideration each Independent Manager's management style, returns, reputation, financial strength, reporting, pricing and research capabilities, among other factors.

SWA continues to provide services relative to the discretionary selection of the Independent Managers. On an ongoing basis, the Firm monitors the performance of those accounts being managed by Independent Managers. SWA seeks to ensure the Independent Managers' strategies and target allocations remain aligned with its clients' investment objectives and overall best interests.

As of December 31, 2021, SWA had Regulatory Assets under Management of \$95,708,657 of which \$82,951,197 is discretionary and \$12,757,459 is non-discretionary.

## **Item 5. Fees and Compensation**

SWA offers services on a fee basis, which may include fixed fees as well as fees based upon assets under management or advisement.

### **Financial Planning and Consulting Fees**

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SWA may charge a fixed fee for providing financial planning and consulting services under a stand-alone engagement. These fees are negotiable, but generally range from \$1,000 to \$5,000, depending upon the scope and complexity of the services. If the client engages the Firm for additional investment advisory services, SWA may offset all or a portion of its fees for those services based upon the amount paid for the financial planning and/or consulting services.

The terms and conditions of the financial planning and/or consulting engagement are set forth in the Advisory Agreement and SWA generally requires one-half of the fee payable upon execution of the Advisory Agreement. The outstanding balance is generally due upon delivery of the financial plan or completion of the agreed upon services. The Firm does not, however, take receipt of \$500 or more in prepaid fees in excess of six months in advance of services rendered.

Fees that are charged in advance will be refunded based on the prorated amount of work completed at the point of termination. The fees are negotiable and the fee schedule will be attached in the Financial Planning Agreement. Clients may terminate their contracts without penalty within five business days of signing the advisory contract.

### Wealth Management Fees

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SWA offers investment management services for an annual fee based on a flat percentage of the amount of assets under the Firm's management. This management fee generally varies between 0.90% and 1.75% in accordance with the following fee schedule:

PORTFOLIO VALUE	BASE FEE
Up to \$100,000	1.75%
From \$100,001 to \$500,000	1.50%
From \$500,001 to \$1,000,000	1.25%
From \$1,000,001 to \$2,500,000	1.00%
From \$2,500,001 to \$5,000,000	0.95%
Above \$5,000,000	0.90%

The annual fee is prorated and charged quarterly, in advance, based upon the market value of the assets being managed by SWA on the last day of the previous billing period. A client's initial billing period may be less than a full quarter for accounts opened and funded intra-quarter. In these situations an intra-quarter bill will be calculated based on the initial asset value of the new account and the remaining number of days in that quarter. The account will be debited accordingly.

If assets in excess of \$100,000 are deposited into or withdrawn from an account after the inception of a billing period, the fee payable with respect to such assets is adjusted to reflect the interim change in portfolio value. For the initial period of an engagement, the fee is calculated on a *pro rata* basis. In the event the advisory agreement is terminated, the fee for the final billing period is prorated through the effective date of the termination and the outstanding or unearned portion of the fee is charged or refunded to the client, as appropriate. This Agreement may be terminated at any time upon receipt of written notice to terminate given by either party to the other.

SWA does not charge clients for asset management services the Firm provides with respect to certain client holdings (e.g., held-away assets, accommodation accounts, alternative investments, etc).

### Selection of Other Advisers Fees

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SWA's fee for the selection and ongoing monitoring of client accounts managed by independent managers is 0.5% annually. The annual fee is prorated and charged quarterly, in advance, based upon the market value of the assets under management on the last day of the previous billing period. The independent manager's

fee is disclosed in the independent manager's disclosure document provided to each client.

### **Fee Discretion**

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SWA may, in its sole discretion, negotiate to charge a lesser fee based upon certain criteria, such as anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing/legacy client relationship, account retention and pro bono activities.

### **Additional Fees and Expenses**

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In addition to the advisory fees paid to SWA, clients may also incur certain charges imposed by other third parties, such as broker-dealers, custodians, trust companies, banks and other financial institutions (collectively "Financial Institutions"). These additional charges may include securities brokerage commissions, transaction fees, custodial fees, fees charged by the Independent Managers, charges imposed directly by a mutual fund or ETF in a client's account, as disclosed in the fund's prospectus (e.g., fund management fees and other fund expenses), deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. SWA's only fees are the advisory fees received from clients. SWA does not receive any of the additional fees and expenses.

All fees paid to SWA for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds and ETFs to their shareholders. In the case of mutual funds, these fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee. If the fund also imposes sales charges, a client may pay an initial or deferred sales charge. A client could invest in a fund directly, without SWA's services. In that case, the client would not receive the services provided by SWA which are designed, among other things, to assist the client in determining which fund or funds are most appropriate to each client's financial condition and objectives. Accordingly, the client should review both the fees charged by the funds and the fees charged by SWA to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

The Firm's brokerage practices are described at length in Item 12, below.

### **Direct Fee Debit**

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Clients generally provide SWA and/or certain Independent Managers with the authority to directly debit their accounts for payment of the investment advisory fees. The Financial Institutions that act as the qualified custodian for client accounts, from which the Firm retains the authority to directly deduct fees, have agreed to send statements to clients not less than quarterly detailing all account transactions, including any amounts paid to SWA. Where required, SWA also sends to clients a written invoice itemizing the fee, including the formula 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. Alternatively, clients may elect to have SWA send a separate invoice for direct payment.

### **Account Additions and Withdrawals**

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Clients may make additions to and withdrawals from their account at any time, subject to SWA's right to terminate an account. Additions may be in cash or securities provided that the Firm reserves the right to

liquidate any transferred securities or declines to accept particular securities into a client's account. Clients may withdraw account assets on notice to SWA, subject to the usual and customary securities settlement procedures. However, the Firm generally designs its portfolios as long-term investments and the withdrawal of assets may impair the achievement of a client's investment objectives. SWA may consult with its clients about the options and implications of transferring securities. Clients are advised that when transferred securities are liquidated, they may be subject to transaction fees, short-term redemption fees, fees assessed at the mutual fund level (e.g., contingent deferred sales charges) and/or tax ramifications.

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

SWA does not provide any services for a performance-based fee (i.e., a fee based on a share of capital gains or capital appreciation of a client's assets).

## **Item 7. Types of Clients**

SWA offers services to individuals, pension and profit sharing plans, trusts, estates, charitable organizations, corporations and business entities.

### **Minimum Account Value**

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As a condition for starting and maintaining an investment management relationship, SWA generally imposes a minimum portfolio value of \$250,000. SWA may, in its sole discretion, accept clients with smaller portfolios based upon certain criteria, including anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing client, account retention, and pro bono activities. SWA only accepts clients with less than the minimum portfolio size if the Firm determines the smaller portfolio size will not cause a substantial increase of investment risk beyond the client's identified risk tolerance. SWA may aggregate the portfolios of family members to meet the minimum portfolio size.

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

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

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SWA was founded to embody a distinct client service and investment philosophy in the financial services field. Core to that philosophy SWA aspires to deliver the same level of care, advice, and personal service to our clients as we would expect to receive in a similar situation.

Broadly, our core wealth management services are planning & asset management. More specifically and dependent upon the distinctive situation of each of our clients, SWA delivers investment management, retirement planning analysis, estate planning analysis, cash flow analysis, employee stock options analysis, and advice related to budgeting, borrowing & liabilities, and tax minimization. After gaining a thorough understanding of our client's state in life and financial situation, risk tolerance, and goals and objectives, we will discuss and recommend an appropriate investment strategy.

SWA believes that risk management is an essential ingredient for success and best empowers families and individuals for a lifetime of investing and building wealth. With that objective in mind, SWA has developed and manages investment model strategies each with several different investor risk profile allocations available to appropriately match client investment portfolios to client investment risk preferences and client objectives.

All models contain similar attributes such as exposure to multiple asset classes, a broadly diversified portfolio of companies, exposure to varied company sizes (market capitalizations), exposure to varied investment styles (growth, value, and blend), exposure to all or most sectors of the economy, and international exposure. Depending upon each individual investor's investment profile allocation, SWA manages model investment strategies to include some or all asset classes such as, common stocks (equities), bonds (fixed income), cash, and alternative investments (such as precious metals). Depending upon the specific investment model strategy, exposure to these asset classes may be attained using individual common stocks, open ended mutual funds, closed ended funds, exchange traded funds (ETF's), individual bonds, and possibly a combination of some or all.

SWA manages several investment model strategies to best meet the varied objectives and preferences of our clients. Securities held within each model are identified using research databases to screen several thousand stocks, mutual funds and ETF's. Primary screens developed by SWA are based on certain fundamental attributes that SWA believes are important indicators of the relative health, relative consistency and general investment worthiness of a particular type of security. Securities identified by primary screens are further evaluated on an individual basis for potential inclusion in one or more of the SWA models.

To meet the varied client objectives and investment preferences, some models may also employ a secondary screen to identify and avoid investment in companies involved in products, services, or activities like abortion, pornography, embryonic stem cell research (as it, unlike adult stem cell research, requires the destruction of human embryos/persons), contraception, and the funding of abortion providers. Because of the varied ways companies report and disclose this type of information it may be difficult to consistently find such information. SWA makes no guarantee of the accuracy of our secondary screening methods and the resulting inclusions or exclusions. Nor does SWA guarantee the accuracy of screening methods or resulting inclusions/exclusions of any mutual funds or other managers that may be utilized within an SWA investment model strategy. SWA makes a best effort to meet

the objectives of the secondary screens mentioned above.

Depending upon client objectives and preferences, one or more of the SWA investment model strategies may be appropriate to meet client needs and objectives.

When deemed appropriate by SWA, the firm may also modify any existing investment model strategies or create new investment model strategies to meet client needs and to take advantage of changing economic or market conditions.

### **Risk of Loss**

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#### *Market Risks*

Investing involves risk, including the potential loss of principal, and all investors should be guided accordingly. The profitability of a significant portion of SWA's recommendations and/or investment decisions may depend to a great extent upon correctly assessing the future course of price movements of stocks, bonds and other asset classes. There can be no assurance that SWA will be able to predict those price movements accurately or capitalize on any such assumptions.

#### *Cybersecurity risk*

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

#### *Mutual Funds and ETFs*

An investment in a mutual fund or ETF involves risk, including the loss of principal. Mutual fund and ETF shareholders are necessarily subject to the risks stemming from the individual issuers of the fund's underlying portfolio securities. Such shareholders are also liable for taxes on any fund-level capital gains, as mutual funds and ETFs are required by law to distribute capital gains in the event they sell securities

for a profit that cannot be offset by a corresponding loss.

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

Shares of ETFs are listed on securities exchanges and transacted at negotiated prices in the secondary market. Generally, ETF shares trade at or near their most recent NAV, which is generally calculated at least once daily for indexed based ETFs and potentially more frequently for actively managed ETFs. However, certain inefficiencies may cause the shares to trade at a premium or discount to their pro rata NAV. There is also no guarantee that an active secondary market for such shares will develop or continue to exist. Generally, an ETF only redeems shares when aggregated as creation units (usually 20,000 shares or more). Therefore, if a liquid secondary market ceases to exist for shares of a particular ETF, a shareholder may have no way to dispose of such shares.

#### *Use of Independent Managers*

As stated above, SWA may select certain Independent Managers to manage a portion of its clients' assets. In these situations, SWA continues to conduct ongoing due diligence of such managers, but such recommendations rely to a great extent on the Independent Managers' ability to successfully implement their investment strategies. In addition, SWA generally may not have the ability to supervise the Independent Managers on a day-to-day basis.

#### *Management through Similarly Managed "Model" Accounts*

SWA manages certain accounts through the use of similarly managed "model" portfolios, whereby the Firm allocates all or a portion of its clients' assets among various mutual funds and/or securities on a discretionary basis using one or more of its proprietary investment strategies. In managing assets through the use of models, the Firm remains in compliance with the safe harbor provisions of Rule 3a-4 of the Investment Company Act of 1940.

The strategy used to manage a model portfolio may involve portfolio turnover that could negatively impact clients' net after tax gains. While the Firm seeks to ensure that clients' assets are managed in a

manner consistent with their individual financial situations and investment objectives, securities transactions effected pursuant to a model investment strategy are usually done without regard to a client's individual tax ramifications. Clients should contact the Firm if they experience a change in their financial situation or if they want to impose reasonable restrictions on the management of their accounts.

#### *Arbitrage Mutual Funds*

SWA may recommend the investment in arbitrage mutual funds. These funds use investment techniques with risks that are different from the risks ordinarily associated with debt and equity investments. Such techniques and strategies include merger arbitrage risks, high portfolio turnover risks, options risks, borrowing risks, short sale risks, non-diversification risks, and foreign investment risks. These funds may also include credit risks, interest rate risks, interest rate swap risks, credit default swap risks, and convertible security risks. These risks may increase volatility and may increase costs and lower performance.

#### *Precious Metal Funds*

SWA may recommend the investment in precious metals (such as gold and silver) through the purchase of mutual funds and/or ETF's. In addition to the general risks of investing in mutual funds, ETF's and securities, such funds have additional risks: i) the funds are nondiversified so that it is hurt disproportionately by poor performance of limited holdings; and ii) similarly, a concentration in a certain industry such as metals and minerals, results in more volatility than funds that invest more broadly. Precious metals can be affected by sharp price volatility caused by global economic, financial and political factors. Resource availability, government regulation, and economic cycles could also adversely affect those industries.

### **Item 9. Disciplinary Information**

SWA has not been involved in any legal or disciplinary events that are material to a client's evaluation of its advisory business or the integrity of its management.

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

This item requires investment advisers to disclose certain financial industry activities and affiliations. The Firm does not have any other financial industry activities or affiliations that need to be disclosed.

### **Item 11. Code of Ethics**

SWA has adopted a code of ethics in compliance with applicable securities laws ("Code of Ethics") that sets forth the standards of conduct expected of its Supervised Persons. SWA's Code of Ethics contains written policies reasonably designed to prevent certain unlawful practices such as the use of material non-public information by the Firm or any of its Supervised Persons and the trading by the same of securities ahead of clients in order to take advantage of pending orders.

The Code of Ethics also requires certain of SWA's personnel to report their personal securities holdings and transactions and obtain pre-approval of certain investments (*e.g.*, initial public offerings, limited

offerings). However, the Firm's Supervised Persons are permitted to buy or sell securities that it also recommends to clients if done in a fair and equitable manner that is consistent with the Firm's policies and procedures. This Code of Ethics has been established recognizing that some securities trade in sufficiently broad markets to permit transactions by certain personnel to be completed without any appreciable impact on the markets of such securities. Therefore, under limited circumstances, exceptions may be made to the policies stated below.

When the Firm is engaging in or considering a transaction in any security on behalf of a client, no Supervised Person with access to this information may knowingly effect for themselves or for their immediate family (*i.e.*, spouse, minor children and adults living in the same household) a transaction in that security unless:

- the transaction has been completed;
- the transaction for the Supervised Person is completed as part of a batch trade with clients; or
- a decision has been made not to engage in the transaction for the client.

These requirements are not applicable to: (i) direct obligations of the Government of the United States; (ii) money market instruments, bankers' acceptances, bank certificates of deposit, commercial paper, repurchase agreements and other high quality short-term debt instruments, including repurchase agreements; (iii) shares issued by mutual funds or money market funds; and (iv) shares issued by unit investment trusts that are invested exclusively in one or more mutual funds.

Clients and prospective clients may contact SWA to request a copy of its Code of Ethics.

## **Item 12. Brokerage Practices**

### **Recommendation of Broker/Dealers for Client Transactions**

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SWA does not accept discretionary authority to determine the broker or dealer to be used to implement client transactions. The client must direct a broker or dealer to be used for all trades (the "Directed Broker"). By instructing SWA to execute all transactions through the Directed Broker, a disparity may exist between the commissions borne by a particular client's account and the commissions borne by Adviser's other clients that direct Adviser to use a different broker-dealer. Moreover, by instructing Adviser to execute all transactions for a client's account through the Directed Broker, the client may not necessarily obtain commission rates and execution as favorable as those that would be obtained if SWA were able to place transactions with other broker-dealers. A client may also forego benefits that SWA may be able to obtain for its other clients through, for example, negotiating volume discounts or block trades. Not all advisers require clients to direct the use of a particular broker-dealer for all trades.

SWA generally recommends that clients utilize the custody, brokerage and clearing services of TD Ameritrade Institutional, a division of TD Ameritrade, Inc. (“TD Ameritrade”) for investment management accounts. SWA participates in the institutional customer program offered by TD Ameritrade Institutional. TD Ameritrade Institutional is a division of TD Ameritrade Inc., member FINRA/SIPC/NFA, an unaffiliated SEC-registered broker-dealer and FINRA member. TD Ameritrade offers to independent investment advisers services which include custody of securities, trade execution, clearance and settlement of transactions. SWA receives some benefits from TD Ameritrade through its participation in the program.

Factors which SWA considers in recommending TD Ameritrade or any other broker-dealer to clients include their respective financial strength, reputation, execution, pricing, research and service. TD Ameritrade may enable the Firm to obtain many mutual funds without transaction charges and other securities at nominal transaction charges. The commissions and/or transaction fees charged by TD Ameritrade may be higher or lower than those charged by other Financial Institutions.

Clients may pay commissions that are higher than another qualified Financial Institution might charge to effect the same transaction where SWA determines that the commissions are 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 Financial Institution’s services, including among others, the value of research provided, execution capability, commission rates and responsiveness. SWA seeks competitive rates but may not necessarily obtain the lowest possible commission rates for client transactions.

SWA periodically and systematically reviews its policies and procedures regarding its recommendation of Financial Institutions in light of its duty to obtain best execution.

#### **Software and Support Provided by Financial Institutions**

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SWA may receive without cost from TD Ameritrade computer software and related systems support, which allow SWA to better monitor client accounts maintained at TD Ameritrade. SWA may receive the software and related support without cost because the Firm renders investment management services to clients that maintain assets at TD Ameritrade. The software and support is not provided in connection with securities transactions of clients (i.e., not “soft dollars”). The software and related systems support may benefit SWA, but not its clients directly. In fulfilling its duties to its clients, SWA endeavors at all times to put the interests of its clients first. Clients should be aware, however, that SWA’s receipt of economic benefits from a broker/dealer creates a conflict of interest since these benefits may influence the Firm’s choice of broker/dealer over another that does not furnish similar software, systems support or services.

Specifically, SWA may receive the following benefits from TD Ameritrade:

- Performance reporting services for the first twelve months of each new client account;
- Discounted CRM services and document management services;
- Receipt of duplicate client confirmations and bundled duplicate statements;

- Access to a trading desk that exclusively services its institutional traders;
- Access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts; and
- Access to an electronic communication network for client order entry and account information.

There is no direct link between SWA's participation in TD Ameritrade's institutional customer program and the investment advice it gives to its clients, although SWA receives economic benefits through its participation in the program that are typically not available to TD Ameritrade retail investors.

Additionally, SWA may receive the following benefits from TD Ameritrade through its registered investment adviser division: receipt of duplicate client confirmations and bundled duplicate statements; access to a trading desk that exclusively services its Registered Investment Adviser participants; access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts; and access to an electronic communication network for client order entry and account information. The Firm also has the ability deduct advisory fees directly from client accounts; access to an electronic communications network for client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to the Firm by third party vendors. TD Ameritrade may fund business consulting and professional services received by SWA's related persons.

Some of the products and services made available by TD Ameritrade through the program may benefit SWA but not its client. These products or services may assist SWA in managing and administering client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help SWA manage and further develop its business enterprise. The benefits received by SWA's participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade.

### **Brokerage for Client Referrals**

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SWA does not consider, in selecting or recommending broker/dealers, whether the Firm receives client referrals from the Financial Institutions or other third party.

### **Directed Brokerage**

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The client may direct SWA in writing to use a particular Financial Institution to execute some or all transactions for the client. In that case, the client will negotiate terms and arrangements for the account with that Financial Institution and the Firm will not seek better execution services or prices from other Financial Institutions or be able to “batch” client transactions for execution through other Financial Institutions with orders for other accounts managed by SWA (as described above). As a result, the client may pay higher commissions or other transaction costs, greater spreads or may receive less favorable net prices, on transactions for the account than would otherwise be the case. Subject to its duty of best execution, SWA may decline a client’s request to direct brokerage if, in the Firm’s sole discretion, such directed brokerage arrangements would result in additional operational difficulties.

### **Trade Aggregation**

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Transactions for each client generally will be effected independently, unless SWA decides to purchase or sell the same securities for several clients at approximately the same time. SWA may (but is not obligated to) combine or “batch” such orders to obtain best execution, or to allocate equitably among the Firm’s clients differences in prices and commissions or other transaction costs that might not have been obtained had such orders been placed independently. Under this procedure, transactions will generally be averaged as to price and allocated among SWA’s clients pro rata to the purchase and sale orders placed for each client on any given day. To the extent that the Firm determines to aggregate client orders for the purchase or sale of securities, including securities in which SWA’s Supervised Persons may invest, the Firm generally does so in accordance with applicable rules promulgated under the Advisers Act and no-action guidance provided by the staff of the U.S. Securities and Exchange Commission. SWA does not receive any additional compensation or remuneration as a result of the aggregation.

In the event that the Firm determines that a prorated allocation is not appropriate under the particular circumstances, the allocation will be made based upon other relevant factors, which may include: (i) when only a small percentage of the order is executed, shares may be allocated to the account with the smallest order or the smallest position or to an account that is out of line with respect to security or sector weightings relative to other portfolios, with similar mandates; (ii) allocations may be given to one account when one account has limitations in its investment guidelines which prohibit it from purchasing other securities which are expected to produce similar investment results and can be purchased by other accounts; (iii) if an account reaches an investment guideline limit and cannot participate in an allocation, shares may be reallocated to other accounts (this may be due to unforeseen changes in an account’s assets after an order is placed); (iv) with respect to sale allocations, allocations may be given to accounts low in cash; (v) in cases when a pro rata allocation of a potential execution would result in a de minimis allocation in one or more accounts, the Firm may exclude the account(s) from the allocation; the transactions may be executed on a pro rata basis among the remaining accounts; or (vi) in cases where a small proportion of an order is executed in all accounts, shares may be allocated to one or more accounts on a random basis.

## Item 13. Review of Accounts

### Account Reviews

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SWA monitors client portfolios on a continuous and ongoing basis while regular account reviews are conducted on at least an annual basis, or more frequently if the client's needs and circumstances change. Such reviews are conducted by the Firm's Advisors. All investment advisory clients are encouraged to discuss their needs, goals and objectives with SWA and to keep the Firm informed of any changes thereto. The Firm contacts investment advisory clients at least annually (or more frequently as agreed to by SWA and the client) to review its previous services and/or recommendations and to discuss the impact resulting from any changes in the client's financial situation and/or investment objectives.

### Account Statements and Reports

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Clients are provided with transaction confirmation notices and regular summary account statements directly from the Financial Institutions where their assets are custodied. From time-to-time or as otherwise requested, clients may also receive written or electronic reports from SWA and/or an outside service provider, which contain certain account and/or market-related information, such as an inventory of account holdings or account performance. Clients should compare the account statements they receive from their custodian with any documents or reports they receive from SWA or an outside service provider.

## Item 14. Client Referrals and Other Compensation

### Client Referrals

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The Firm does not currently provide compensation to any third-party solicitors for client referrals.

## Item 15. Custody

The Advisory Agreement and/or the separate agreement with any Financial Institution generally authorize SWA and/or the Independent Managers to debit client accounts for payment of the Firm's fees and to directly remit those funds to the Firm in accordance with applicable custody rules. The Financial Institutions that act as the qualified custodian for client accounts, from which the Firm retains the authority to directly deduct fees, have agreed to send statements to clients not less than quarterly detailing all account transactions, including any amounts paid to SWA.

In addition, as discussed in Item 13, SWA may also send periodic supplemental reports to clients. Clients should carefully review the statements sent directly by the Financial Institutions and compare them to

those received from SWA.

## **Item 16. Investment Discretion**

SWA may be given the authority to exercise discretion on behalf of clients. SWA is considered to exercise investment discretion over a client's account if it can effect and/or direct transactions in client accounts without first seeking their consent. SWA is given this authority through the investment advisory agreement between SWA and the client. Clients may request a limitation on this authority (such as certain securities not to be bought or sold). SWA takes discretion over the following activities:

- The securities to be purchased or sold;
- The amount of securities to be purchased or sold;
- When transactions are made; and
- The Independent Managers to be hired or fired.

## **Item 17. Voting Client Securities**

### **Declination of Proxy Voting Authority**

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SWA generally does not accept the authority to vote a client's securities (i.e., proxies) on their behalf. Clients receive proxies directly from the Financial Institutions where their assets are custodied and may contact the Firm at the contact information on the cover of this brochure with questions about any such issuer solicitations.

## **Item 18. Financial Information**

SWA is not required to disclose any financial information due to the following:

- The Firm does not require or solicit the prepayment of more than \$500 in fees six months or more in advance of services rendered;
- The Firm does not have a financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients; and
- The Firm has not been the subject of a bankruptcy petition at any time during the past ten years.

## Item 19. Requirement for State Registered Advisers

### Principal Executive Officer and Management Person

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#### ANDREW W. SCHMITT

Born 1965

#### Post-Secondary Education

University of Dayton | B.S., Finance | 1987

#### Recent Business Background

Schmitt Wealth Advisers, LLC | Chief Compliance Officer and Investment Adviser Representative | August 2015 - Present

Raymond James & Associates | Financial Advisor and Registered Representative | September 2007 – August 2015

#### Additional Information

Neither the Firm nor its Supervised Persons are compensated for advisory services with performance-based fees. Neither the Firm nor its Supervised Persons have been the subject of the type of disciplinary event that warrants disclosure pursuant to this Item. Neither the Firm nor its Supervised Persons have a material relationship or arrangement with any issuers of securities.