



## Item 1 – Cover Page

### PART 2A OF FORM ADV: FIRM BROCHURE

June 10, 2024

600 East 96<sup>th</sup> Street, Suite 130  
Indianapolis, Indiana 46240  
Tel: 317.663.5600  
Fax: 317.663.5610  
[www.spectrum-mgmt.com](http://www.spectrum-mgmt.com)

This Form ADV Part 2A brochure (the "Brochure") provides information about the qualifications and business practices of Spectrum Wealth Counsel, LLC, doing business as Spectrum Wealth Management ("SWM" or "we," "us" or "our"). If you have questions about this Brochure's contents, please contact Leslie D. Thompson at 317.663.5600 or [www.spectrum-mgmt.com](http://www.spectrum-mgmt.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or any state securities authority.

Additional information about Spectrum Wealth Counsel, LLC, is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. Our Firm's CRD number is 323651. Registration does not imply any specific level of skill or training.

## **Item 2 – Material Changes**

**Current Document Date: June 10, 2024**

**Date of Last Update: April 15, 2024**

In this section, SWM will summarize material changes to the Brochure since our most recent prior annual updating amendment. This Item 2 – Material Changes page will notify clients with a summary of material changes since our last updated Form ADV Part 2A Brochure and/or our Form CRS. However, where SWM's management determines that an interim notification is either meaningful or required, SWM will notify its clients promptly and provide them with a summary of such changes utilizing this page. Clients may always request the full ADV Part 2A disclosure.

Since SWM's last annual amendment update, our firm has the following material changes to report:

**Item 4 - Advisory Business and Item 10 - Other Financial Industry Activities and Affiliations.** On August 31, 2023, investment vehicles affiliated with Clayton, Dubilier & Rice, LLC ("CD&R") and Stone Point Capital LLC ("Stone Point") indirectly acquired Focus Financial Partners, Inc. ("Focus Inc."). This transaction resulted in investment vehicles affiliated with CD&R collectively becoming majority owners of Focus Financial Partners, LLC ("Focus LLC") and investment vehicles affiliated with Stone Point collectively becoming owners of Focus LLC. Because SWM is an indirect, wholly-owned subsidiary of Focus LLC., the CD&R and Stone Point funds are indirect owners of SWM. Items 4 and 10 have been revised to reflect this new ownership structure.

**Item 4 - Advisory Business, Item 5 - Fees and Compensation, and Item 10 - Other Financial Industry Activities and Affiliations.** We offer clients the option of obtaining certain financial solutions from unaffiliated third-party financial institutions through UPTIQ Treasury & Credit Solutions, LLC (together with UPTIQ, Inc. and its affiliates, "UPTIQ"). UPTIQ is compensated by sharing in the revenue earned by such third-party institutions for serving our clients. When legally permissible, UPTIQ shares a portion of this earned revenue with an affiliate of our firm. The affiliate distributes this revenue to us when we are licensed to receive such revenue (or when no such license is required), and the distribution is not otherwise legally prohibited. Further information on this conflict of interest is available in Items 4, 5, and 10 of this Brochure.

**Item 8 - Methods of Analysis, Investment Strategies, and Risk of Loss.** We have removed the risks associated with exposure to COVID.

**Item 14 - Client Referrals and Other Compensation.** Our firm has enhanced disclosures regarding the provision of referral compensation to those deemed "Promoters" and explained the types of compensation for referral arrangements.

**Item 15 - Custody.** SWM has expanded disclosures in this area and acknowledges that the firm intends to accept new custodial arrangements by the end of the year.

Our Firm's Form CRS, this Firm Brochure, your financial professional's brochure supplements, our Privacy Policy, and Code of Ethics may be requested by contacting Leslie D. Thompson, Chief Compliance Officer ("CCO"), at 317.663.5600 or [lthompson@spectrum-mgmt.com](mailto:lthompson@spectrum-mgmt.com). Regardless of the request or delivery mechanism, Form CRS, Firm Brochure, brochure supplements, and other important disclosures are available free of charge. SWM's website address is [www.spectrum-mgmt.com](http://www.spectrum-mgmt.com).

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#### **Item 4 – Advisory Business**

Spectrum Wealth Counsel, LLC, doing business as Spectrum Wealth Management ("Spectrum," "SWM," "we," "us," or "our"), acquired the advisory business of Spectrum Management Group, LLC. Spectrum Management Group, LLC., was formed in March 2010 and conducted business as an SEC-registered investment adviser from October 2010 until its acquisition by SWM in 2023.

#### **Focus Financial Partners**

SWM is part of the Focus Financial Partners, LLC ("Focus LLC") partnership. Specifically, SWM is a wholly-owned indirect subsidiary of Focus LLC. Focus Financial Partners Inc. is the sole managing member of Focus LLC. Ultimate governance of Focus LLC is conducted through the board of directors at Ferdinand FFP Ultimate Holdings, LP. Focus LLC is majority-owned, indirectly and collectively, by investment vehicles affiliated with Clayton, Dubilier & Rice, LLC ("CD&R"). Investment vehicles affiliated with Stone Point Capital LLC ("Stone Point") are indirect owners of Focus LLC. Because SWM is an indirect, wholly-owned subsidiary of Focus LLC, CD&R and Stone Point investment vehicles are indirect owners of SWM.

Focus LLC also owns other registered investment advisers, broker-dealers, pension consultants, insurance firms, business managers, and other firms (the "Focus Partners"), most of which provide wealth management, benefit consulting, and investment consulting services to individuals, families, employers, and institutions. Some Focus Partners also manage or advise limited partnerships, private funds, or investment companies as disclosed on their respective Form ADVs.

SWM is managed by Robert Phillips and Leslie Thompson ("SWM Principals"), pursuant to a management agreement between Slainte, LLC, and SWM. The SWM Principals serve as leaders and officers of SWM and are responsible for the management, supervision, and oversight of SWM.

SWM endeavors to provide personalized, comprehensive wealth management strategies for growing, preserving, and effectively transferring wealth for high-net-worth individuals and families and providing investment management services to individual and institutional investors.

When we act as your investment adviser, we must act in your best interest and not put our interest ahead of yours. At the same time, the method by which we are compensated creates some conflicts with your interests. The following items outline our activities and address conflicts associated with those activities. You should understand and ask us about these potential conflicts because they can affect the investment advice we provide you.

As a fiduciary, we have duties of care and loyalty to you and are subject to obligations imposed on us by federal and state securities laws. As a result, you have certain rights that you cannot waive or limit by contract. Nothing in our agreement with you should be interpreted as a limitation of our obligations under the federal and state securities laws or as a waiver of any unwaivable rights you possess.

**As of December 31, 2023, SWM had \$922,114,855 of discretionary assets under management and \$ 54,266,814 of nondiscretionary assets under management.**

## **Wealth Management Services**

SWM's wealth management service, LifeSpectrum Planning™, is designed to build a framework for financial decision-making. LifeSpectrum Planning™ entails an intensive data-gathering process of the client's current financial condition (including review of prior tax returns, investment holdings, insurance policies, estate and legal documents, and other relevant information), organizing the data, preparing financial projections, and creating a Plan based on pre-defined goals, reporting the results of the projections, strategies, and scenarios, providing recommendations to fill gaps that would prevent a client from reaching goals, and assisting a client in implementing the Plan, which includes the discretionary management of investment assets and advisory services related to nondiscretionary investments assets outside of our advisory agreement. This service is designed for clients who meet a minimum one-million-dollars (\$1,000,000) investment under management threshold and is an ongoing process of continual monitoring and refinement as circumstances dictate. As part of these services, clients have access to secure client portals, which allow them to view information about their Plan and their investment assets, including holdings, values, and asset allocation, performance, and provide an electronic vault for valuable wealth-related documents such as wills, trusts, tax returns, insurance documents, and projections. However, it remains the client's responsibility to promptly notify SWM of any change in their financial situation or objectives. Implementation of the Plan is inherent in SWM's Wealth Management Service offering. A summary of SWM's investment management services, which are also available on a stand-alone basis, is addressed below.

While SWM has Certified Public Accountants (CPA) on staff, neither SWM nor its representatives serve as an accountant when providing recommendations, and no portion of SWM's services should be construed as the same. SWM is not a public accounting firm and does not provide accounting, audit, review, or attest services. Furthermore, other professionals representing a client – attorneys, accountants, insurance agents, and other advisors – may need to implement some of the client's recommendations by SWM. SWM suggests that clients work closely with these professionals to implement pertinent aspects of their plans. SWM is available to make recommendations for trusted professionals and coordinate with a client's other trusted professionals. The client is under no obligation to engage the services of any such recommended professional. The client retains discretion over all planning implementation decisions and is free to accept or reject any recommendation from SWM.

### **Accumulator Wealth Management Services**

Spectrum also offers wealth management to certain clients who do not meet the firm's \$1,000,000 minimum relationship threshold. Spectrum believes that its wealth management and investment portfolios are best structured for those clients who can invest a minimum of \$1,000,000 but understand certain relationships may not qualify for these services. Spectrum offers the Accumulator Wealth Management service better to serve our primary client relationships and family needs. This service is intended for client relationships based on related account relationships and specific client profiles. The service is designed to provide investment management layered with financial planning and consulting to Accumulator clients, who work closely with their designated financial professional. The financial professional assists the client in determining their financial goals, ascertaining risk tolerance, and structuring a foundational financial plan and portfolio strategy. This strategy strives towards moving the client to accrue enough assets to be eligible for regular wealth or investment management services. Once the relationship meets the minimum requirements, it is transitioned to Spectrum's standard platforms. Clients who begin with the Accumulator agreement pay more for these services as Spectrum personnel provides additional guidance and account education not generally required for more established or sophisticated relationships. Find out more about these fees in Item 5 below.

### **Wealth Management and Accumulator Retirement Plan Advice**

Wealth Management and Accumulator Clients may also engage our firm to review their portfolio holdings held away in the client's separate qualified retirement plan by the designated investment advisor representative on an as-requested basis. SWM does not charge additional fees for this service, as it is added as a compliment to the client's existing Wealth and Investment Management Agreement or Wealth and Investment Accumulator Agreement. Where applicable, the investment advisor representative will recommend asset allocation and investment strategy changes. Under this service, SWM provides advice and recommendations but will not execute this advice. Wealth Management and Accumulator Clients will be solely responsible for implementing recommendations or reallocating securities through their retirement plan transaction platform. Clients who elect SWM to execute recommendations will do so under a separate agreement described below in the Wealth Management and Accumulator Client Held Away Assets paragraph.

Clients should be aware of certain conflicts of interest that exist when we provide advice regarding qualified retirement plans. SWM may recommend that the client withdraw the assets from their employer's retirement plan and roll the assets over to an individual retirement account ("IRA") that SWM (or another adviser) will manage. The client will be charged an asset-based fee if the plan participant elects to roll the assets to an IRA managed by our firm. This practice presents a conflict of interest because SWM has a financial incentive to recommend the rollover to the client based on the potential revenues rather than solely on the client's needs. Consequently, clients are never obligated to roll over their qualified retirement plan assets or transfer the assets to our firm. Your financial professional should perform an analysis of the benefits of the rollover and what services or benefits you will lose or the additional costs of a rollover. Ask your financial professional to review this analysis before making your final decision.

### **Wealth Management and Accumulator Client Held Away Assets**

We implement investment advice on behalf of certain clients in held-away accounts maintained by independent third-party custodians. These held-away accounts are often 401(k) accounts, 529 plans, and other assets not held by our primary custodian(s).

Pontera Solutions, Inc. provides the order management system that we use for certain held-away accounts. We review, monitor, and manage these held-away accounts integrated with client accounts held at our primary custodian(s). Further information about this service is available in Item 5.

### **Investment Management Services**

SWM provides discretionary investment management services to clients on a fee basis. Clients who do not wish to engage in the comprehensive nature of SWM's Wealth Management offering may hire SWM to manage their investment assets on a stand-alone basis.

SWM's investment approach combines a blend of investment strategies detailed below. All investments made or recommended by SWM under the terms of this agreement are assessed, reviewed, and approved by the SWM Investment Committee. The intent is to delegate investment-related decisions to an experienced investment committee. The Investment Committee includes SWM Advisors who serve clients and is led by staff whose primary duties include investment-related research and recommendations. SWM portfolios consist of various building blocks available to Advisors to create portfolios for each client they serve. The result is a variety of customized portfolios designed to position each client for financial security and wealth accumulation to meet the client's objectives over the long term.

The investment strategies that form the building blocks of the client portfolio consist of the strategies noted below. SWM may also create customized portfolio solutions to meet a specific need or investment theme of a particular client mandate.

### **Individual Equity Portfolios**

***SWM All Cap*** – Our focus is to invest in quality companies with competitive advantages and the potential for sustained growth, focusing on high returns on capital and earnings growth. We seek to invest in companies with a durable earnings profile driven by a sustainable competitive advantage, financial strength, and proven management teams.

Rooted in fundamental analysis and confirmed through technical analysis, our focus is on selecting approximately thirty portfolio holdings that meet our objective. Because of the technical analysis overlay that we employ, the portfolio may increase its cash allocation during periods of heightened volatility or what we define as protect mode. Technical analysis and quantitative strategies often involve more frequent trading than a buy-and-hold strategy, which could increase brokerage costs.

***SWM Dividend Growth*** – Our focus is to invest in quality companies with competitive brand positioning, solid balance sheets, consistent dividends, cash flow, and earnings growth. Our goal is to produce an attractive and rising income stream and capital appreciation. Rooted in fundamental analysis and confirmed through technical analysis, our focus is on selecting approximately thirty portfolio holdings that meet our objective. Because of the technical analysis overlay that we employ, the portfolio may increase its cash allocation during periods of heightened volatility or what we define as protect mode. Technical analysis and quantitative strategies often involve more frequent trading than a buy-and-hold strategy, which could increase brokerage costs.

Over time, dividends have made up a substantial portion of the total return of the S&P 500. We feel that dividend income provides a distinct advantage when fixed-income yields are low, the inflation outlook is uncertain, and the broader market is volatile. In addition, dividend-payers tend to be less volatile and outperform non-dividend-paying stocks over the long term.

***SWM Growth and Income*** – Our dual mandate focuses on investing in quality growth and dividend-paying companies. We seek companies with a proven track record and strong potential for sustainable future growth in revenue, earnings, and free cash flow. Attractive dividends are an essential part of the portfolio, but we will also invest in companies that reinvest cash flow into growth opportunities or share repurchase activity. Rooted in fundamental analysis and confirmed through technical analysis, our focus is on selecting approximately thirty portfolio holdings that meet our objective. Because of the technical analysis overlay that we employ, the portfolio may increase its cash allocation during periods of heightened volatility or what we define as protect mode. Technical analysis and quantitative strategies often involve more frequent trading than a buy-and-hold strategy, which could increase brokerage costs.

***Custom Equity Portfolio*** – If a specific client mandate is required, we can create custom portfolios that align with issues of low-basis stock, ESG parameters, or specific security inclusion or exclusion from a portfolio. We employ the same focused research in developing custom solutions.

### **Tactical Focused Portfolios**

#### *Investment Philosophy*

We study macroeconomic factors and technical analysis, which focuses on evaluating trends, price, and relative strength to identify what we believe to be favorable investment opportunities. We evaluate market activities and rotate the portfolio to specific investment themes, which we believe offer the strongest potential for price appreciation. We attempt to control risk

by underweighting or removing exposure to markets exhibiting negative price trends and evaluated risk. As a result, the Tactical Focused Core Portfolios can hold most of the investments in a single asset such as U.S. Equities, Foreign Equities, or Cash. For example, it could also concentrate on broad or micro-sectors such as Technology or S&P Oil & Gas Exploration & Producers. The Tactical Focused Core portfolio can be less diversified than a traditional allocation portfolio.

**Core** - The Core portfolio invests in cost-efficient Exchange Traded Funds ("ETFs") to complement our stock portfolios by providing broader diversification of asset classes and sectors. The Core portfolio is rebalanced monthly or opportunistically.

**Sector Rotation** - The sector rotation portfolios, comprised of U.S.-focused and global-focused portfolios, invest in cost-efficient ETFs to gain market exposure to areas of the market that exhibit strong relative strength and trend over the intermediate term. Sectors tend to perform differently throughout market cycles. The buy and sell discipline is based on relative strength and trends. We believe that attention to risk management, which we define as "protect mode," is as significant as return management, which we define as "advance mode." The Sector Rotation portfolios are rebalanced monthly or opportunistically.

**SWM Macro Advance and Protect** - The SWM Macro Advance and Protect Strategy is designed to allocate up to five equity funds, four fixed-income funds, and a cash component for a total allocation across ten different asset classes. The top-level macroeconomic model determines the appropriate equity and fixed-income allocation, analyzing leading economic indicators, relative strength and market breadth indicators, and second-level indicators and ranking system to determine the equity allocation and fixed-income baskets. While unlikely, the model could allocate 100% to cash or asset class. The strategy is reviewed monthly to determine if any changes should occur. The strategy is actively traded and could lead to less favorable tax treatment of investment gains. As such, this strategy is recommended for tax-deferred accounts.

### **Allocation Focused Portfolios**

The Allocation Focused portfolios invest in cost-effective ETFs to complement our stock portfolios by providing diversification of broader asset classes and sectors.

#### *Investment Philosophy*

The Allocation Focused portfolios take a longer-term view of market conditions and drivers, focusing on diversified target allocation among asset classes, but adapt to changing macro conditions. The Allocation Focused portfolios have target allocations ranging from 100 percent equity to 100 percent fixed income. The goal of Allocation Focused Portfolios is to focus on investor risk profiles (conservative, moderate, aggressive). Unlike our Tactical Focused portfolios, the Allocation Focused portfolios maintain their target focus within tightly defined constraints. The Allocation Focused portfolios are rebalanced opportunistically.

Periodically, a client may designate the desire to purchase a specific security. In such an event, SWM will indicate the security as "non-managed" and rely upon the client's further recommendation for removing or selling such security from the client's account. SWM is not obligated to provide ongoing monitoring or due diligence of such "non-managed." security.

Before engaging SWM to provide Wealth Management or Investment Management Services, the client must enter into a formal Investment Advisory Agreement, setting forth the terms and conditions under which SWM shall manage the client's assets and the expected services to be performed. A separate custodial/clearing agreement with each designated broker-dealer/custodian will also be required to allow SWM to effectively manage the client's assets.



### **Third-Party Money Managers**

SWM provides management services to clients who choose to utilize third-party managers (registered investment advisers). We conduct due diligence on and recommend third-party managers in situations where it is appropriate. We monitor the performance of the selected registered investment adviser(s) for our clients.

A client's investment with a third-party manager is made via a contract between the client and the third-party manager. The client provides SWM authority to allocate client assets to the manager. If we determine that a particular appointed third-party manager is not providing adequate management services to the client or managing the client's portfolio in a way that is consistent with the client's investment objectives, we suggest the client terminate their agreement with the manager. However, any change to a new registered investment adviser is solely at the client's discretion.

Third-party managers are unaffiliated with our firm, and although we perform due diligence on the third-party managers, we do not control their activities nor guarantee their performance. We will initially evaluate and recommend investment advisers and portfolios based on reasonably available information at the time and periodically report on the third-party manager's investment performance in conjunction with the standard reporting process.

### **Family Office and Trust Services**

SWM also provides Family Office and Trust services. Family Office Services include wealth management, intergenerational wealth transfer strategies, advice and planning, family meeting facilitation and education, guidance towards family governance, philanthropic planning, and investment management of client trust. The Family Office service targets clients with a minimum net worth of \$10 million. SWM may accept clients with less than the minimum for this specialized service who have unique situations that require services provided through this service offering.

Trust Services are provided through NATC and other trust companies. Clients should be aware that Mr. Phillips and Ms. Thompson have passive ownership shares with NATC. As such, this creates a conflict when recommending NATC over other trust companies. Clients are never required to utilize the services of NATC, and they should evaluate each trust company to understand their services and fees before deciding which trust service is best for that client. Depending on the client's needs and wishes, we may engage independent trust companies unaffiliated with our firm. SWM offers planning and advice, while NATC and other trust companies act as the trustees of all trusts and could offer custodial services for clients' assets.

### **ERISA Plan and Pension Consulting Services**

SWM provides consulting services to plan trustees of ERISA-based plans. SWM acknowledges it is an ERISA investment fiduciary. As requested by the trustees, SWM will assist in developing an Investment Policy Statement for the Plan. SWM assumes the responsibility for the following:

- Providing professionally selected investment alternatives, risk-based models, and portfolio alternatives;
- Investment model customization includes ongoing active portfolio management, which also includes monitoring, rebalancing, and adjustments to model portfolios;
- Continuous manager due diligence;
- Conducting enrollment and educational meetings for plan participants and
- Coordination between the plan sponsor and third-party administrator

## **Retirement Accounts**

SWM is a fiduciary under the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), concerning investment management services and investment advice provided to ERISA plans and ERISA plan participants. SWM is also a fiduciary under section 4975 of the Internal Revenue Code of 1986, as amended (the "IRC") concerning investment management services and investment advice provided to individual retirement accounts ("IRAs"), ERISA plans, and ERISA plan participants. As such, SWM is subject to specific duties and obligations under ERISA and the IRC, which include, among other things, prohibited transaction rules that are intended to prohibit fiduciaries from acting on conflicts of interest. When a fiduciary gives advice, the fiduciary must either avoid certain conflicts of interest or rely upon an applicable prohibited transaction exemption (a "PTE").

## **Limited Consulting Services**

While rare, SWM may provide limited-scope consulting engagements, including a one-time financial planning engagement, investment portfolio review, facilitating family meetings, business succession planning, and consulting with personal representatives in estate matters related to financial assets. The fees for this service depend on the complexity of the service provided.

## **Certified Public Accountants**

While SWM has Certified Public Accountants (CPA) on staff, neither SWM nor its representatives serve as an accountant when providing recommendations, and no portion of SWM's services should be construed as the same. SWM is not a public accounting firm and does not provide accounting, audit, review, or attest services.

## **Focus Risk Solutions, LLC ("FRS")**

We help our clients obtain certain insurance solutions from unaffiliated, third-party insurance brokers by introducing clients to our affiliate, Focus Risk Solutions, LLC ("FRS"), a wholly-owned subsidiary of our parent company, Focus Financial Partners, LLC. Please see Items 5 and 10 for a more in-depth discussion of these services and other important information.

## **Credit and Cash Management Solutions**

We offer clients the option of obtaining certain financial solutions from unaffiliated third-party financial institutions through UPTIQ Treasury & Credit Solutions, LLC (together with UPTIQ, Inc. and its affiliates, "UPTIQ") and Flourish Financial LLC ("Flourish"). Please see Items 5 and 10 for a more complete discussion of these services and other important information.

## **Item 5 – Fees and Compensation**

### **Wealth Management and Investment Management Fees**

Wealth Management services are included in the fees charged for Investment Management. SWM is compensated by charging its clients fees based upon a percentage of each client's assets under management, including cash and cash equivalents. SWM's annual fees for services are based on a percentage of assets under management. The most typical fee is the following schedule below:

## Tiered Billing Fee Schedule

### Assets Under Management Annual Fee

<b>First \$1,000,000</b>	<b>1.20%</b>	<b>Next \$5,000,000</b>	<b>.60%</b>
<b>Next \$2,000,000</b>	<b>1.10%</b>	<b>Greater Than \$10,000,000</b>	<b>.50%</b>
<b>Next \$2,000,000</b>	<b>.75%</b>		

Although SWM has established the aforementioned fee schedule, we retain the discretion to negotiate an alternative fee schedule on a client-by-client basis based on the facts and circumstances of the client and the complexity of the service. The specific annual fee schedule is identified in the investment advisory agreement between SWM and each client. It should be noted that while the above fee schedule is our current stated fee schedule, existing clients may have an alternative schedule that was previously negotiated at a rate less than the above schedule.

Spectrum's fees are billed quarterly, in advance. They are based on the custodial value of the client's account at the end of the previous calendar quarter multiplied by one-quarter of the applicable annual percentage rate. Should a client relationship be terminated during the middle of a calendar quarter, a pro-rated refund of prepaid advisory fees shall be returned to the client. Any refund amount is calculated by dividing the most recent advisory fee paid by the total number of days in the current quarter and multiplying that figure by the number of calendar days remaining in the quarter following the termination date.

### Accumulator Wealth Management Services

Depending upon the service's scope, Accumulator clients pay a fee for developing and monitoring a financial plan, which is negotiated separately with the client. Clients will also pay a separate fee for investment management. The above-stated fee schedule discloses separate fees for active management of the investment assets. Fees are billed quarterly, in advance, upon depositing funds or securities in an account. The first payment is due upon acceptance of the client's agreement and shall be based on the opening market value of the assets in the client's account(s) on that date. The first payment shall be pro-rated to cover the period from the account's opening to the end of the next full calendar quarter. Thereafter, the fee is calculated based on the account value on the last business day of the preceding calendar quarter.

Clients generally elect to have fees directly debited by the client's qualified custodian from the client's designated account and paid to our firm. This authority is granted to Spectrum by the client's written authorization obtained in the client's investment management agreement. No fee adjustments shall be made for partial withdrawals, account appreciation, or depreciation within a billing period. If the relationship is closed within a billing period, a pro-rata refund of fees charged shall be made. SWM does not impose start-up, closing, or penalty fees in connection with the account.

Clients who utilize third-party money managers pay additional management fees to the third-party money manager, as outlined in the third-party money manager's separate disclosures and as the client had agreed to when they signed the third-party money manager's separate agreement. Clients should receive these disclosures when they begin a relationship with the third-party money manager. Fees will vary by the selected manager. Clients are charged SWM's stated separate and distinct management fee, as outlined above, for total account management. SWM does not receive any compensation from a third-party manager for making a referral.

### Wealth Management and Accumulator Client Held Away Assets Fees

We charge certain clients an "assets under management advisory fee" for services provided to the held away accounts mentioned above in Item 4, just as we do with client accounts held at our primary custodians(s). The client's investment

advisory agreement provides the specific fee schedule we charge.

### **ERISA Plan and Pension Consulting Services Fees**

Pension consulting fees are separately contracted and negotiated with SWM. Fees are negotiated based on the complexity and size of the Plan.

### **Credit and Cash Management Solutions**

We offer clients the option of obtaining certain financial solutions from unaffiliated third-party financial institutions through UPTIQ Treasury & Credit Solutions, LLC (together with UPTIQ, Inc. and its affiliates, "UPTIQ") and Flourish Financial LLC ("Flourish"). Focus Financial Partners, LLC ("Focus") is a minority investor in UPTIQ, Inc. UPTIQ is compensated by sharing in the revenue earned by such third-party financial institutions for serving our clients. The revenue paid to UPTIQ also benefits UPTIQ Inc.'s investors, including Focus, our parent company. When legally permissible, UPTIQ also shares a portion of this earned revenue with our affiliate, Focus Solutions Holdings, LLC ("FSH"). For non-residential mortgage loans made to our clients, UPTIQ will share with FSH up to 25% of all revenue it receives from such third-party financial institutions. For securities-backed lines of credit ("SBLOCs") made to our clients, UPTIQ will share with FSH up to 75% of all revenue it receives from such third-party financial institutions. For cash management products and services provided to our clients, UPTIQ will share with FSH up to 33% of all revenue it receives from the third-party financial institutions and other intermediaries that provide administrative and settlement services in connection with this program. As noted above, Flourish facilitates cash management solutions for our clients. When legally permissible, Flourish pays FSH a revenue share of up to 0.10% of the total amount of cash held in Flourish cash accounts by our clients. This earned revenue is indirectly paid by our clients through an increased interest rate charged by the third-party financial institutions or, for cash balances, a lowered yield. FSH distributes this revenue to us when we are licensed to receive such revenue (or when no such license is required), and the distribution is not otherwise legally prohibited. Further information on this conflict of interest is available in Item 10 of this Brochure.

### **Limited Consulting Services Fees**

Consulting and financial planning fees are charged on an hourly or fixed rate basis and agreed to in writing by the client. Fees are negotiated separately with the client based on the complexity of the services. SWM will provide financial planning to certain clients to complement their other services outside our traditional Wealth Management Services.

## **GENERAL INFORMATION**

***Termination of the Advisory Relationship:*** A client agreement may be canceled at any time by either party for any reason upon receipt of notice. Upon termination of any relationship, any prepaid, unearned fees will be promptly refunded as described above.

***Direct Debiting of Client Fees:*** SWM's written agreement with clients allows fees to be directly debited from the client's account held by the qualified custodian. Clients may alternatively choose to be invoiced separately.

***Mutual Fund and ETF Fees:*** All fees paid to SWM for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds and ETFs to their shareholders. These fees and expenses are described in each fund's prospectus. These fees will generally include management, other fund expenses, and possible distribution fees. It is important to note that a client pays these fees to the fund or broker/dealer holding your assets. SWM does not receive these fees. A client could invest directly in a mutual fund or ETF without our services. In that case, the client would not

receive the services provided by our firm, 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 our fees to fully understand the total fees to be paid and evaluate the advisory services being provided.

**ERISA / Pension Protection Act Of 2006 (PPA):** SWM also manages IRA or other retirement accounts subject to the Pension Protection Act of 2006 (PPA). In all cases, an "eligible investment advice arrangement" or advisory agreement will be executed with the client. We will be considered a "fiduciary advisor" and charge fees to the retirement account based on a level fees basis, which means the fees will not vary based on the investment option selected.

The amount of compensation and other consideration reasonably anticipated to be paid, directly or indirectly, to us, our affiliates, or related entities for their services in connection with the recommendation(s) is not more than reasonable compensation within the meaning of § 4975(d)(2) of the IRC and ERISA Section 408(b)(2).

**ERISA Accounts:** SWM is deemed to be a fiduciary to advisory clients that are employee benefit plans or have IRAs according to the Employee Retirement Income and Securities Act ("ERISA") and regulations under the Internal Revenue Code of 1986 (the "IRC"), respectively. As such, our firm is subject to specific duties and obligations under ERISA and the IRC, including restrictions concerning certain forms of compensation. To avoid engaging in prohibited transactions, SWM will only charge fees for investment advice about products for which our firm and related persons do not receive commissions or 12b-1 fees.

**Additional Fees and Expenses:** In addition to our advisory fees, clients are also responsible for any exchange fees and any fees and expenses charged by custodians and imposed by broker-dealers, including, but not limited to, any transaction charges imposed by a broker-dealer with which an independent investment manager affects transaction for the client's account(s). For additional information, please refer to this Form ADV's "Brokerage Practices" section (Item 12).

**Advisory Fees in General:** Clients should note that similar advisory services may (or may not) be available from other registered investment advisers for similar or lower fees.

**Limited Prepayment of Fees:** Under no circumstances do we require or solicit payment of fees above \$1,200 more than six months in advance of services rendered.

**Other Commission-Based Sales Activities:** Certain Investment Advisor Representatives are independently licensed insurance agents with unaffiliated insurance agencies. As such, these individuals receive additional compensation, generally through commission-based sales and ongoing trailing payments, for the sale of insurance products. SWM's policy is that our Investment Advisor Representatives do not offer insurance products to advisory clients. *See below regarding referral-based fees paid by an affiliate.* Investment Advisor Representatives, acting in their additional role as insurance agent, will receive insurance commissions, incentives, and advisory fees for products previously sold before 2012 or before their employment by SWM. Advisory representatives participating in these activities have provided disclosures on their respective ADV Part 2B Supplements, which clients initially receive upon engaging SWM and when material changes occur.

**Focus Risk Solutions, LLC ("FRS"):** We help our clients obtain certain insurance solutions from unaffiliated, third-party insurance brokers by introducing clients to our affiliate, Focus Risk Solutions, LLC ("FRS"), a wholly-owned subsidiary of our parent company, Focus Financial Partners, LLC. FRS has arrangements with certain third-party insurance brokers (the "Brokers") under which the Brokers assist our clients with regulated insurance sales activity. If FRS refers one of our clients to a Broker and there is a subsequent purchase of insurance through the Broker, then FRS will receive a portion of the upfront and/or ongoing commissions paid to the Broker by the insurance carrier with which the policy was placed. The amount of revenue earned by FRS for the sale of these insurance products will vary over time in response to market conditions. The amount of insurance commission revenue earned by FRS is considered to determine the amount of additional compensation that certain of our financial professionals are entitled to receive. The amount of revenue earned by FRS for a particular insurance product will also differ from the amount of revenue earned by FRS for other types of insurance products. Further

information on this conflict of interest is available in Item 10 of this Brochure.

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

SWM does not charge performance-based fees (fees based on a share of capital gains or capital appreciation of the client's assets). Additionally, SWM does not manage side-by-side accounts that charge performance- and non-performance-based fees.

#### **Item 7 – Types of Clients**

SWM's clients include individuals, high-net-worth individuals, business entities, qualified retirement plans, foundations, endowments, charitable organizations, and trusts.

SWM has a standard minimum account size of \$1,000,000 for its Wealth Management services and certain investment strategies. Accumulator clients who do not meet our minimum account size may be accepted based on related account relationships or target segments. Once an Accumulator client attains our standard minimum account size requirements, they will transition to our standard wealth management agreement.

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

SWM's investment approach combines a blend of investment strategies detailed in Item 4, Investment Management Services. SWM uses various resources and methods to conduct its analyses in connection with providing its advisory services. The following is a description of these resources and processes.

*Macro Analysis* – SWM takes a "top-down" view of the global economy, markets, geopolitics, and long-term asset allocation inputs and drivers and allocates capital across multiple asset classes based on several factors, including but not limited to valuation, risk, and trend.

*Fundamental Analysis* – SWM attempts to measure a security's intrinsic value by looking at economic and financial factors, including the overall economy, industry conditions, and the financial condition and management of the company, to determine if the relevant security is underpriced or overpriced. SWM evaluates many financial metrics focusing on a company's free cash flow, earnings growth, return on capital, and competitive advantage.

*Technical Analysis* – SWM uses various technical indicators analyzing past price movements and applies analysis to recognize recurring patterns of investor behavior and potentially predict future price movement. Technical analysis does not consider the underlying financial condition of an asset class, sector, or company. SWM uses technical analysis and a quantitative system that primarily focuses on relative strength as the basis for transacting individual securities (ETFs, individual stocks, no-load or load-waived mutual funds). Utilizing a quantitative system creates the potential for sudden losses if the anticipated price swing does not materialize. Quantitative strategies often involve more frequent trading than a buy-and-hold strategy, which increases brokerage costs and the potential for less favorable tax treatment of short-term gains.

*Resources* – SWM purchases and receives various forms of research and data from the following sources – Ned Davis Research, Morningstar, Dorsey Wright, Valueline, and YCharts, among others, and market newsletters and information from asset management companies.

*Risks of All Forms of Analysis* – SWM's securities analysis methods assume that the companies in which we invest, the rating agencies that review these securities, and other publicly available sources of information about these securities provide accurate and unbiased data. While we are alert to indications that data may be incorrect, there is always a risk

that our analysis may be compromised by inaccurate or misleading information.

### **Strategies**

The Investment Committee studies various research sources to assess potential asset class returns and identify specific asset classes and securities intended to perform as needed from a risk and return perspective over a multi-year planning horizon. In most of our investment strategies, SWM uses technical analysis and a quantitative system as an overlay strategy to our fundamental top-down and bottom-up research process. Quantitative methods often involve more frequent trading than a buy-and-hold strategy, which could increase brokerage costs.

Investment Committee approval is required to add investments to the SWM platform and subsequently recommend them for client portfolios. The Investment Committee works closely with SWM Advisors to provide recommendations and oversight of a client's portfolio.

We also consider a client's tax situation when making investment decisions. We attempt to maximize a client's after-tax return by selecting investments and asset classes that could provide a greater after-tax return when weighed against similar alternatives (e.g., taxable versus municipal bonds).

### **Risk Factors**

All investment strategies, including the strategies described above, involve risk. Clients should carefully consider the following risks and uncertainties regarding SWM's investment strategies. Clients should be cautioned that the following is only a summary of some, but not all, of the material risks associated with investing in securities.

*Risk of Loss.* Investing in securities involves the risk of loss that clients should be prepared to bear. Even when the value of the securities sold is greater than the price paid, there is the risk that the appreciation will be less than inflation. In other words, the purchasing power of the proceeds may be less than the purchasing power of the original investment. The profitability of SWM recommendations depends on correctly assessing the future course of price movements among investments. There can be no assurance that SWM will be able to predict those price movements accurately. Recommendations made by SWM are subject to certain risks, and loss of principal may occur. Past performance is not indicative of future results.

*Stock Market Risk.* Stock market risk involves the possibility that stock prices will decline over short or extended periods. Markets tend to move in cycles, with periods of rising prices and falling prices. Investing in the stocks of small- and medium-sized companies involves greater risk than is customarily associated with companies with large market capitalizations. The stock of such companies may be subject to more volatility in price than large-cap company securities.

*Foreign Securities Risk.* Foreign securities are subject to the same market risks as U.S. securities, such as general economic conditions and company and industry prospects. However, foreign securities involve the additional risk of loss due to political, economic, legal, regulatory, and operational uncertainties, differing accounting and financial reporting standards, limited availability of information, currency conversion, and pricing factors affecting investments in the securities of foreign businesses or governments.

*Interest Rate Risk.* Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds (including bond mutual funds and bond ETFs) become less attractive relative to newly issued bonds, causing the existing bonds' market values to decline. Alternatively, when interest rates fall, yields on newly issued bonds become less attractive relative to existing bonds, causing the existing bonds' market values to rise. A bond with a longer maturity (or a bond fund or ETF with a longer average maturity) will typically fluctuate more in price than a shorter-term bond. Because of their very short-term nature, money market instruments carry less interest rate risk.

*Credit Risk.* Bonds (including bond mutual funds and bond ETFs) are also exposed to credit risk, which is the possibility that the bond issuer will default on its obligation to pay interest and/or principal to the bondholder. U.S. Treasury securities, which are backed by the full faith and credit of the U.S. government, have limited credit risk. In contrast, securities issued or guaranteed by U.S. government agencies or government-sponsored enterprises not backed by the full faith and credit of the U.S. government may be subject to varying degrees of credit risk. Corporate bonds rated BBB or above by Standard & Poor's generally carry moderate credit risk. Corporate bonds rated lower than BBB are considered to have significant credit risk. Bonds with lower credit ratings typically have higher yields associated with them.

*Liquidity Risk.* Liquidity is the ability to convert an investment into cash readily. Generally, assets are more liquid if many traders are interested in a standardized product. For example, U.S. Treasury Bills are highly liquid, while real estate properties are not. Liquidity risk exists when a particular security is difficult to trade. A mutual fund's or ETF's investment in illiquid securities may reduce the returns of the mutual fund and ETF because the fund may not be able to sell the securities at the desired time for an acceptable price or might not be able to sell the securities at all.

*Call Risk.* Many fixed-income securities have a provision allowing the issuer to repay the debt early, otherwise known as a "call feature." Issuers often exercise this right when interest rates are low. Accordingly, holders of such callable securities may not benefit fully from the increase in value that other fixed-income securities experience when rates decline. Furthermore, after a callable security is repaid early, reinvesting the proceeds at current interest rates would likely be lower than those paid on the security before it was called.

*ETF and Mutual Fund Risk.* An ETF or mutual fund investment involves risk, including the loss of principal. ETF and mutual fund 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 ETFs and mutual funds are required by law to distribute capital gains if they sell securities for a profit.

The trading prices of a mutual fund's and ETF shares may differ significantly from the underlying securities' net asset value (NAV) during periods of market volatility, which may, among other factors, lead to the shares trading at a premium or discount to NAV. Certain ETFs may be concentrated by a specific industry or sector, which may cause greater price volatility and, thus, a more significant risk to investment if the securities comprising the ETF decline due to adverse developments in that particular industry or sector.

*Alternative Investments Risk.* Alternative investments, including, but not limited to, investment partnerships, alternative mutual funds, managed futures, and other private investment funds, may present unique risks. These risks may include decreased liquidity, limited transparency, and increased complexity, among others. Investing in alternatives, such as private investment funds, is intended primarily for experienced and sophisticated clients willing to bear the high economic risks of the investment. Alternative investments may use derivative instruments in their investment and trading strategies, such as options, futures, or index-based instruments. The use of derivative instruments involves multiple risks, including counterparty risk (i.e., the risk that the institution on the other side of the trade will default) and the risk that the instrument may not work as intended due to unanticipated developments in market conditions. Also, to the extent that the alternative investment uses commodities (or commodity-based derivatives) as part of its investment and trading strategies, the investment return may vary due to fluctuations in the supply and demand of the underlying commodities.

Further, alternative investments, particularly hedge funds, typically employ leveraging, short-selling, or other speculative practices. These investments also usually involve a lack of liquidity because of redemption terms and conditions, the risk there may not be a secondary market for the fund, volatility of returns, restrictions on transferring interests in the investment, a potential lack of diversification, higher fees than mutual funds, and lack of information regarding valuations and pricing. In particular, private investment funds have liquidity risk, and client investors may be unable to redeem their



investments per the offering documents' disclosures.

*Concentration Risk.* The concentration of investments will amplify the gains or losses of a portfolio as compared to the performance of a portfolio whose securities are diversified. The concentrated nature of certain investments could lead to significant losses in a client's portfolio if even a single investment turns out to be unprofitable. Thus, the performance of a concentrated portfolio could be worse than that of a diversified portfolio.

*Cash Risk.* The holding of cash as an investment risks losing ground to inflation and the opportunity cost of missing the returns available in other asset classes. SWM uses strategies that could allocate a percentage of clients' accounts to cash, depending on certain economic indicators. The risk is that, during this time, the returns available if invested in equities or fixed-income securities will be missed.

*Cybersecurity.* The computer systems, networks, and devices used by SWM and service providers to our clients and us 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 various protections, systems, networks, or devices 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 other service providers and us to transact business; violations of applicable privacy and other laws; regulatory fines, penalties, reputational damage, reimbursement or other compensation costs, or additional compliance costs; as well as the inadvertent release of confidential information.

Similar adverse consequences could result from cybersecurity breaches affecting issuers 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 these entities to prevent any cybersecurity breaches in the future.

#### **Item 9 – Disciplinary Information**

Registered investment advisers, including SWM, must disclose all material facts regarding any legal or disciplinary events that would be material to a client's evaluation of the company or its personnel. Neither SWM nor any associated persons have any reportable legal or disciplinary actions or events that must be disclosed in response to this item.

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

##### **Slainte, LLC**

Pursuant to a management agreement between Spectrum Wealth Counsel, LLC and Slainte, LLC ("Slainte"), Slainte, controlled by Mr. Robert Phillips and Ms. Leslie Thomson, has agreed to provide persons to serve as officers and leaders of Spectrum Wealth Counsel, LLC. The officers and leaders will be responsible for the management, supervision, and oversight of Spectrum Wealth Counsel, LLC. Slainte does not provide investment advisory services to clients.

### **Affiliated Professional Services Providers**

SWM may recommend the services of persons or other professionals for specific non-investment implementation purposes. The client is under no obligation to engage the services of any such recommended professional. The client retains discretion over all such implementation decisions and is free to accept or reject any recommendation made by SWM personnel.

### **Focus Financial Partners**

As noted above in response to Item 4, certain investment vehicles affiliated with CD&R collectively are indirect majority owners of Focus LLC., and certain investment vehicles affiliated with Stone Point are indirect owners of Focus LLC. Because SWM is an indirect, wholly-owned subsidiary of Focus LLC., CD&R and Stone Point investment vehicles are indirect owners of SWM.

Except as disclosed below, SWM does not believe the Focus Partnership presents a conflict of interest with our clients. SWM has no business relationship with other Focus Partners that is material to its advisory business or its clients.

### **Special Considerations for Non-Purpose Loans As Compared to Margin Loans**

Margin loans are secured by securities in a client's investment portfolio and are used to purchase securities. Non-purpose loans are also secured by securities in a client's investment portfolio, but they must be used for purposes other than purchasing securities or reducing or eliminating margin debt.

### **UPTIQ and Cash Management Solutions Credit and Cash Management Solutions**

We offer clients the option of obtaining certain financial solutions from unaffiliated third-party financial institutions through UPTIQ Treasury & Credit Solutions, LLC (together with UPTIQ, Inc. and its affiliates, "UPTIQ") and Flourish Financial LLC ("Flourish"). These third-party financial institutions are banks and non-banks that offer credit and cash management solutions to our clients, as well as certain other unaffiliated third parties that provide administrative and settlement services to facilitate UPTIQ's cash management solutions. UPTIQ acts as an intermediary to facilitate our clients' access to these credit and cash management solutions. Flourish acts as an intermediary to facilitate our clients' access to cash management solutions.

We are a wholly owned subsidiary of Focus Financial Partners, LLC ("Focus"). Focus is a minority investor in UPTIQ, Inc. UPTIQ is compensated by sharing in the revenue earned by such third-party financial institutions for serving our clients. The revenue paid to UPTIQ also benefits UPTIQ Inc.'s investors, including Focus. When legally permissible, UPTIQ also shares a portion of this earned revenue with our affiliate, Focus Solutions Holdings, LLC ("FSH"). For non-residential mortgage loans made to our clients, UPTIQ will share with FSH up to 25% of all revenue it receives from the third-party financial institutions. For securities-backed lines of credit ("SBLOCs") made to our clients, UPTIQ will share with FSH up to 75% of all revenue it receives from such third-party financial institutions. For cash management products and services provided to our clients, UPTIQ will share with FSH up to 33% of all revenue it receives from the third-party financial institutions and other intermediaries that provide administrative and settlement services in connection with this program. As noted above, Flourish facilitates cash management solutions for our clients. When legally permissible, Flourish pays FSH a revenue share of up to 0.10% of the total amount of cash held in Flourish cash accounts by our clients. This earned revenue is indirectly paid by our clients through an increased interest rate charged by the third-party financial institutions for credit solutions or reduced yield paid by the providers of cash management solutions. FSH distributes this revenue to us when we are licensed to receive such revenue (or when no such license is required), and the distribution is not otherwise legally prohibited. This revenue is also revenue for FSH's and our common parent company, Focus. Additionally, the volume generated by our clients' transactions allows Focus to negotiate better terms with UPTIQ and Flourish, which benefits Focus and us. Accordingly, we have a conflict of interest when recommending UPTIQ's and Flourish's services to clients because of the compensation to us

and our affiliates, FSH and Focus, and the transaction volume to UPTIQ and Flourish. We mitigate this conflict by (1) fully and fairly disclosing the material facts concerning the above arrangements to our clients, including in this Brochure, and (2) offering UPTIQ's and Flourish's solutions to clients on a strictly nondiscretionary and fully disclosed basis, and not as part of any discretionary investment services. Additionally, we note that clients who use UPTIQ's and Flourish's services will receive product-specific disclosure from the third-party financial institutions and other unaffiliated third-party intermediaries that provide services to our clients.

We have an additional conflict of interest when we recommend credit solutions to our clients because our interest in continuing to receive investment advisory fees from client accounts gives us a financial incentive to recommend that clients borrow money rather than liquidate some or all of the assets we manage.

### **Credit Solutions**

Clients generally retain the right to pledge assets in accounts, subject to any restrictions imposed by clients' custodians. While credit solution programs we offer facilitate secured loans through third-party financial institutions, clients are free to work directly with institutions outside such programs. Because of the limited number of participating third-party financial institutions, clients may be limited in their ability to obtain as favorable loan terms as if the client were to work directly with other banks to negotiate loan terms or obtain other financial arrangements.

Clients should also understand that pledging assets in an account to secure a loan involves additional risk and restrictions. A third-party financial institution has the authority to liquidate all or part of the pledged securities at any time, without prior notice to clients and without their consent, to maintain required collateral levels. The third-party financial institution also has the right to call client loans and require repayment within a short period of time; if the client cannot repay the loan within the specified time period, the third-party financial institution will have the right to force the sale of pledged assets to repay those loans. Selling assets to maintain collateral levels or calling loans may result in asset sales and realized losses in a declining market, leading to permanent capital loss. These sales also may have adverse tax consequences. Clients bear interest payments and any other loan-related fees in addition to the advisory fees that clients pay us for managing assets, including assets pledged as collateral. The returns on pledged assets may be less than the account fees and interest paid by the account. Clients should carefully and skeptically consider any recommendation to pursue a more aggressive investment strategy to support the cost of borrowing, particularly the risks and costs of any such strategy. More generally, before borrowing funds, a client should carefully review the loan agreement, loan application, and other forms and determine that the loan is consistent with the client's long-term financial goals and presents risks consistent with the client's financial circumstances and risk tolerance.

We use UPTIQ to facilitate credit solutions for our clients.

### **Cash Management Solutions**

For cash management programs, certain third-party intermediaries provide administrative and settlement services to our clients. Engaging third-party financial institutions and other intermediaries to provide cash management solutions does not alter how we treat cash for billing purposes. Clients should understand that in rare circumstances, depending on interest rates and other economic and market factors, the yields on cash management solutions could be lower than the aggregate fees and expenses charged by the third-party financial institutions, the intermediaries referenced above, and us. Consequently, in these rare circumstances, a client could experience a negative overall investment return with respect to those cash investments. Nonetheless, it might still be reasonable for a client to participate in a cash management program if they prefer to hold cash at the third-party financial institutions rather than at other financial institutions (e.g., to take advantage of FDIC insurance).

We use UPTIQ and Flourish to facilitate cash management solutions for our clients.

### **Focus Risk Solutions**

We help clients obtain certain insurance products from unaffiliated insurance companies by introducing clients to our affiliate,

Focus Risk Solutions, LLC ("FRS"), a wholly-owned subsidiary of our parent company, Focus Financial Partners, LLC ("Focus"). FRS acts as an intermediary to facilitate our clients' access to insurance products. FRS has agreements with certain third-party insurance brokers (the "Brokers") under which the Brokers assist our clients with regulated insurance sales activity.

If FRS refers one of our clients to a Broker and there is a subsequent purchase of insurance through the Broker, FRS will receive a portion of the upfront and/or ongoing commissions paid to the Broker by the insurance carrier in which the policy was placed. The amount of revenue earned by FRS for the sale of these insurance products will vary over time in response to market conditions. The amount of insurance commission revenue earned by FRS is considered to determine the amount of additional compensation that certain of our financial professionals are entitled to receive. The amount of revenue earned by FRS for a particular insurance product will also differ from the amount of revenue earned by FRS for other types of insurance products. This revenue is also revenue for our and FRS's common parent company, Focus. Accordingly, we have a conflict of interest when recommending FRS's services to clients because of the compensation to certain of our financial professionals and our affiliates, FRS and Focus. We address this conflict by:

- 1) fully and fairly disclosing the material facts concerning the above arrangements to our clients, including in this Brochure; and
- 2) offering FRS solutions to clients on a strictly nondiscretionary and fully disclosed basis and not as part of any discretionary investment services.

Additionally, we note that clients using FRS's services will receive product-specific disclosure from the Brokers, insurance carriers, and other unaffiliated third-party intermediaries that provide services to our clients.

The insurance carrier ultimately dictates the insurance premium. However, in some circumstances, the Brokers or FRS may have the ability to influence an insurance carrier to lower the policy premium. The final rate may be higher or lower than the prevailing market rate and may be higher than if the policy was purchased directly through the Broker without the assistance of FRS. We can offer no assurances that the rates offered to you by the insurance carrier are the lowest possible rates available in the marketplace.

### **SmartAsset**

As stated earlier in this Brochure, SWM is a wholly-owned subsidiary of Focus. Focus is also one of several minority investors in SmartAsset, which seeks to match prospective advisory clients with investment advisers. Focus has one director on SmartAsset's board. SWM's payment of a fee to SmartAsset benefits SmartAsset's investors, including Focus, our parent company.

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

As an SEC-registered investment adviser, SWM has adopted a Code of Ethics pursuant to SEC Rule 204A-1 under the Investment Advisers Act of 1940, as amended (the "Advisers Act"). The Code of Ethics applies to all SWM officers, employees, and supervised persons. The Code of Ethics includes SWM's policies related to standards of ethical and business conduct expected of personnel and addresses various reporting, disclosure, and approval requirements, as well as conflicts that may arise from personal trading by staff, as summarized below.

The Code of Ethics, among other things, requires compliance with the federal securities laws, reflects the fiduciary responsibilities of SWM and its advisory personnel, prohibits certain personal securities transactions, requires staff to report their personal securities transactions periodically and to pre-clear certain securities transactions, and is designed to prevent the misuse of material nonpublic information. SWM has implemented these requirements to prevent or mitigate actual or potential conflicts of interest with clients.

It is likely that employees and officers of SWM, and their family members, have similar investment strategies as SWM's clients, which often results in the purchase or sale of the same security being executed in an aggregate block with the average share price of the aggregate purchase or sale allocated to all participating accounts to avoid any conflict of interest.

A copy of SWM's Code of Ethics is available to any client or prospective client upon request. All requests should be directed to the Chief Compliance Officer at 317.663.5600 or spectrum-mgmt.com.

### **Item 12 – Brokerage Practices**

Unless otherwise directed by the client in writing, SWM will arrange for the execution of securities brokerage transactions for investment assets through a broker-dealer that SWM reasonably believes will provide the best execution. Clients engage a custodian broker-dealer to hold the account assets SWM manages and give SWM discretionary trading authority over those assets. SWM maintains accounts with Schwab Institutional ("Schwab"), a division of Charles Schwab & Co., LLC., and assets executed by Fidelity Brokerage Services ("Fidelity") and custodied at National Financial Services, LLC. ("NFS"). When Clients ask SWM for a custodian recommendation, SWM typically recommends Fidelity.

Factors that SWM considers in recommending either Schwab or Fidelity include execution capabilities, execution costs, the level of service they provide in the processing of transactions for client accounts, research, and other services. In seeking best execution, the determinative factor is not the lowest possible cost but whether the transaction represents the best qualitative execution, considering the full range of a broker-dealer's services, including the value of research provided, execution capability, commission rates, and responsiveness. Although SWM will consider transaction costs as a relevant factor when seeking best execution for client accounts, a client may pay a commission that is higher than another qualified broker-dealer might charge to affect the same transaction where SWM determines, in good faith, that the commission/transaction fee is reasonable concerning the value of the brokerage and research services received. The brokerage commissions or transaction fees charged by the designated broker-dealer/custodian are exclusive of and in addition to SWM's investment management fee.

SWM may aggregate client trades where possible. SWM is not required and may choose not to aggregate trades for various reasons. Aggregation of trades permits trading blocks of securities for multiple client accounts. It may allow SWM to direct trades more quickly, efficiently, and equitably. The shares are allocated among the pre-determined accounts with the specified number of shares. Participating accounts receive an average share price. Transaction costs are shared on a pro-rata basis. SWM's recommended custodian is Fidelity, and more clients are custodied with Fidelity than other custodians. When placing block trades, SWM will submit orders for block trades to Fidelity before submitting them to other custodians. Clients whose assets are custodied somewhere other than Fidelity, therefore, could potentially receive execution of block trades SWM places at less favorable prices than clients who custody their accounts at Fidelity.

As referenced above, in particular circumstances, a client who directs SWM to execute transactions through a specific broker-dealer must be identified in writing by the client to SWM (the "Directed Broker"). If a client directs SWM to use a Directed Broker, the client must represent and warrant to SWM that the client has separately arranged with the Directed Broker to provide the applicable custody, trade execution, clearance, settlement, and other brokerage services to the client in exchange for rates of commissions, commission equivalents, markups, markdowns, and other fees that the client has negotiated directly with the Directed Broker. If the client instructs SWM to execute all transactions through a Directed Broker: (i) SWM will not be in a position to freely negotiate rates of commissions, commission equivalents, markups, markdowns, or spreads; (ii) SWM may be unable to achieve the most favorable execution of the client's transactions; (iii) the directed brokerage arrangement can result in higher commissions, commission equivalents, markups, and markdowns, greater spreads, or less favorable net prices; (iv) a disparity can exist between the commissions, commission equivalents, markups, markdowns, spreads, or net prices paid by the client and those paid by other clients managed by SWM that have not instructed SWM to execute through

a Directed Broker; and (v) the client's transactions will trade separately and will not be aggregated for purposes of execution with orders for the same securities for other accounts managed by SWM.

### **Benefits Received from Schwab or Fidelity Institutional Wealth Services**

Although our firm does not accept soft dollar compensation, Schwab and Fidelity's platforms make available to our firm products and services that benefit our firm but may not directly benefit all of our clients' accounts. Many of these products and services are used to service all or some substantial number of our client accounts, including accounts not maintained at Schwab or Fidelity.

Both Schwab and Fidelity's products and services that assist us in managing and administering our clients' accounts include software and other technology that:

- provide access to client account data (such as trade confirmations and account statements);
- facilitate trade execution and allocate aggregated trade orders for multiple client accounts;
- provide general research, pricing, and other market data;
- facilitate payment of our fees from clients' accounts (direct debiting), and
- assist with back-office functions, recordkeeping, and client reporting.

Schwab and Fidelity may discount or waive fees it would otherwise charge for some of these services to our firm. Schwab and Fidelity may also provide other benefits, such as educational events or conferences for our personnel. It is important to recognize that Fidelity subjects our firm to platform charges if it does not meet certain asset-level requirements.

In evaluating whether to recommend or require that clients custody their assets at Schwab or Fidelity, we take into account the availability of some of the foregoing products and services and other arrangements as part of the total mix of factors we consider and do not solely on the nature, cost or quality of custody and brokerage services provided by Schwab or Fidelity, which creates a potential conflict of interest.

### **Item 13 – Review of Accounts**

Client accounts invested in SWM models are typically reviewed weekly for deviation from their stated investment objective and model assignment.

SWM Advisors meet with their clients at mutually agreeable intervals (typically one or more per year) to review their accounts. During these meetings, the SWM adviser typically reviews the investment portfolio, addresses any changes in the client's situation that may impact management, and determines if the current strategy should be altered. Clients are provided with transaction confirmation notices and regular summary account statements directly from the broker-dealer or custodian. In addition to the summary account statement, additional reports are available online to clients through SWM's client portal.

Accumulator Clients - Accumulator clients will typically schedule an initial client meeting with their SWM Advisor and follow-up meetings (whether in person, electronic, or virtual) depending on the nature of the consulting or financial planning services contracted with the client. During these meetings, SWM reviews the investment portfolios and financial planning areas, addresses any changes in the client's situation that may impact the portfolio management, and determines if the current strategy should be altered. Clients are provided with transaction confirmation notices and regular summary account statements directly from the broker-dealer or custodian. In addition to the summary account statement, additional reports are available online to clients through SWM's client portal(s).

Retirement Advice and Consulting Services - SWM will provide a formal quarterly review and report investment holdings of designated qualified retirement plan accounts.

#### **Item 14 – Client Referrals and Other Compensation Insurance Agents**

As previously discussed in Item 5 of this Brochure, certain Investment Advisor Representatives are also independently licensed insurance agents with unaffiliated insurance agencies. As such, these individuals receive additional compensation, generally through commission-based sales and ongoing trailing payments, for the sale of insurance products. Investment Advisor Representatives, acting in their additional role as insurance agent, will receive insurance commissions, incentives, and advisory fees for products previously sold before 2012 or before their employment by SWM.

#### **Other Forms of Compensation**

SWM's parent company is Focus Financial Partners, LLC ("Focus"). From time to time, Focus holds partnership meetings and other industry and best-practices conferences, typically including SWM, other Focus firms, and external attendees. These meetings are, first and foremost, intended to provide training or education to personnel of Focus firms, including SWM. However, the meetings provide sponsorship opportunities for asset managers, asset custodians, vendors, and other third-party service providers. Sponsorship fees allow these companies to advertise their products and services to Focus firms, including SWM. Although the participation of Focus firm personnel in these meetings is not preconditioned on the achievement of a sales target for any conference sponsor, this practice could nonetheless be deemed a conflict as the marketing and education activities conducted and the access granted at such meetings and conferences could cause SWM to focus on those conference sponsors in the course of its duties. Focus attempts to mitigate any such conflict by allocating the sponsorship fees to defray the cost of the meeting or future meetings and not as revenue for itself or any affiliate, including SWM. Conference sponsorship fees are not dependent on assets placed with any specific provider or revenue generated by such asset placement.

The following entities have provided conference sponsorship to Focus since January 1, 2023:

Orion Advisor Technology, LLC  
Fidelity Brokerage Services LLC  
FIAM LLC  
TriState Capital Bank  
StoneCastle Network, LLC  
Charles Schwab & Co., Inc.  
Practifi, Inc.  
Fidelity Distributors Company LLC  
Eaton Vance Distributors, Inc. (includes Parametric Portfolio Associates)  
The Vanguard Group, Inc.  
Flourish Financial LLC  
UPTIQ, Inc.  
Franklin Distributors, LLC (includes O'Shaughnessy Asset Management, L.L.C. (OSAM) and CANVAS)  
BlackRock, Inc.

You can access a more recently updated list of recent conference sponsors on Focus' website through the following link:  
<https://focusfinancialpartners.com/conference-sponsors/>

#### **Referral Fees and Promoters**

SWM has arrangements with certain third parties, called promoters, under which such promoters refer clients to us in

exchange for a percentage of the advisory fees we collect from such referred clients. Such compensation incentivizes the promoters to refer clients to us, which is a conflict of interest for the promoters. Rule 206(4)-1 under the Advisers Act addresses this conflict of interest by, among other things, requiring disclosure of whether the Promoter is a client or a non-client and a description of the material conflicts of interest and material terms of the compensation arrangement with the Promoter. Accordingly, we require promoters to disclose to referred clients, in writing, whether the Promoter is a client or a non-client; that the Promoter will be compensated for the referral; the material conflicts of interest arising from the relationship and/or compensation arrangement; and the material terms of the compensation arrangement, including a description of the compensation to be provided for the referral.

### **Item 15 – Custody**

Rule 206(4)-2 under the Investment Advisers Act of 1940 (the "Custody Rule") imposes certain obligations on registered investment advisers that have custody or possession of any funds or securities in which any client has a beneficial interest. An investment adviser is deemed to have custody or possession of client funds or securities if the adviser directly or indirectly holds client funds or securities or has the authority to obtain possession of them. While SWM requires clients to hold assets with a qualified custodian, SWM is deemed to have custody of client assets for the following reasons:

- Our firm has authorization to directly debit client fees from the qualified custodian holding your assets;
- Our firm will accept standing letters of authorization from clients and authorization to direct the qualified custodian to deliver funds to third parties.

Beginning in the first quarter of 2024, our firm intends to accept the following types of additional custody authorizations:

- Certain management team members can be appointed as trustees of a limited number of client accounts. In the capacity of a trustee, the trustee is responsible for carrying out the instructions outlined in the trust documents for the benefit of the named beneficiary or beneficiaries;
- Certain members of our management team may act as personal representatives for a client, and
- SWM will offer billpayer (which includes forwarding third-party checks received into our office to the designated entity) services to clients and trusts.

For clients whose fees are directly debited, the client has granted us authorization in writing. The client's qualified custodian is advised of the amount of the fee to be deducted from that client's account. The fees deducted are reflected on the statement you receive directly from the qualified custodian. At least quarterly, the custodian must send the client a statement showing all transactions within the account during the reporting period. Because the custodian does not calculate the amount of the fee to be deducted, it is important for clients to carefully review their custodial statements to verify the calculation's accuracy, among other things. Clients should contact the qualified custodian or SWM directly if they believe there may be an error in their statement.

Advisers deemed to have custody of client's funds or securities must obtain a surprise annual examination of client assets by an independent public accountant registered with them and subject to regular inspection by the Public Company Accounting Oversight Board ("PCAOB"). SWM annually enters into an agreement with an approved PCAOB independent public accountant to complete a surprise audit within 180 days of the advisor having custody. The independent accountant must file its certificate on Form ADV-E with the SEC within 120 days of the commencement of the examination.

### **Item 16 – Investment Discretion**

SWM receives discretionary authority from its clients at the outset of an advisory relationship. SWM is given this authority through an express grant of discretionary authority to SWM by the client and a power-of-attorney included in the investment



advisory agreement between SWM and the client. Clients may request a written limitation on this authority (such as specific securities not to be bought or sold). SWM takes discretion over the following activities: the securities to be purchased or sold, the quantity of securities to be purchased or sold, when transactions are made, and the broker-dealer to be utilized.

### **Item 17– Voting Client Securities**

Except for specific accounts invested in the SWM individual stock strategies noted in Item 4 and addressed below (SWM All Cap, SWM Dividend Growth, and SWM Growth and Income) or accounts managed by a specialist third-party investment manager, SWM does not have authority to and does not vote proxies or otherwise exercise voting rights concerning a client's securities. Except as otherwise disclosed herein, clients maintain exclusive responsibility for (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other types of events about the client's investment assets.

### **SWM Stock Strategies**

SWM will generally vote proxies for client accounts invested in the SWM individual stock strategies (SWM All Cap, SWM Dividend Growth, and SWM Growth and Income). However, a client has the right to vote their proxies by instructing SWM, in writing, not to vote proxies for securities in their account. SWM has engaged Broadridge for its ProxyEdge automated voting service utilizing the voting recommendations of Glass Lewis & Co., LLC ("Glass Lewis") and is referred to as a "proxy advisory firm." This service researches proxy proposals, provides voting recommendations, and automatically populates investor votes. Once the vote is automatically populated, SWM will review the automatically populated recommendation and will accept or change the vote. The system also votes the proxies on behalf of SWM. SWM has adopted Glass Lewis's Proxy Voting Guidelines, which are incorporated by reference.

SWM's CCO is responsible for monitoring the proxy voting process and ensuring that any new information provided by the proxy advisory Firm is reviewed before executing the proxy votes. The CCO strives to ensure that ProxyEdge makes voting decisions in clients' best interest and promptly submits proxy votes. If SWM exercises proxy voting rights, it will be guided by general fiduciary principles. SWM will exercise such voting rights in a way that is believed to be in the best interests of its clients and consistent with efforts to achieve a client's stated objective. When investment advisers have the authority to vote proxies concerning securities in clients' accounts, Rule 206(4)-6 under the Advisers Act addresses the fiduciary obligation of these advisers to their clients to vote proxies in the best interests of clients and to provide clients with information about how their proxies are voted. SWM will follow the principles outlined in Rule 206(4)-6.

If it is determined that a conflict or potential conflict exists between SWM's interests and those of its Clients, SWM may vote proxies, notwithstanding the existence of the conflict. If it is determined that a conflict of interest or potential conflict of interest is material, SWM's CCO will work with appropriate personnel to agree upon a method to resolve such conflict before voting proxies affected by the conflict.

A client may obtain a copy of SWM's proxy voting policies and procedures and information about how SWM voted any client's securities invested according to the SWM strategies noted above by requesting in writing to SWM's CCO, 600 E. 96<sup>th</sup> Street, Suite 130, Indianapolis, Indiana 46240

### **Class Action Settlement Notices**

Clients occasionally receive notices of class action settlements involving a security held in their portfolio, past or present. The client retains the right to file claims for class-action settlements. SWM will assist clients with completing the class-action

settlement claim form if requested. The client is responsible for promptly forwarding any notices received to SWM.

**Item 18 – Financial Information**

Under certain circumstances, registered investment advisers are required in this item to provide you with certain financial information or disclosures about the adviser's financial condition. SWM does not take physical custody of its clients' assets and does not require the prepayment of more than \$1,200 in fees six or more months in advance. Therefore, SWM is not required to include a financial statement with this Brochure.

SWM and senior management members have no financial conditions or impairments preventing them from meeting clients' contractual commitments.