SGH WEALTH MANAGEMENT

WRAP PROGRAM BROCHURE
(APPENDIX 1 TO FIRM BROCHURE)

January 1st, 2025

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This wrap fee program brochure provides information about the qualifications and business practices of SGH Wealth Management. If you have any questions about the contents of this brochure, please contact us at (248) 731-0029. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about SGH Wealth Management is available on the SEC's website at www.adviserinfo.sec.gov. You can search this site by a unique identifying number, known as a CRD number. The CRD number for the firm is 284067.

ITEM 2 - MATERIAL CHANGES

There have been no material changes made to SGH Wealth Management's ("SGH") Wrap Appendix 1 since its prior Annual Amendment filing on January 1st, 2024. ANY QUESTIONS: SGH's Chief Compliance Officer, Sam Huszczo, remains available to address any questions regarding this Wrap Appendix 1.

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ITEM 4 - SERVICES, FEES AND COMPENSATION

SGH Wealth Management ("We") is a S-Corporation formed in 2005 and was subsequently registered as a Michigan investment adviser in 2016. In 2018 we began the process of registering as a large advisory firm with the Securities and Exchange Commission (SEC). Sam G. Huszczo, CFP®, CFA® ("Mr. Huszczo") is our owner and investment adviser representative.

We offer a wrap fee program. Our wrap fee accounts are managed on an individualized basis according to the client's investment objectives, financial goals, risk tolerance, etc. We do not manage wrap fee accounts in a different fashion than non-wrap accounts. Additional information about our wrap program can be found in our Appendix 1 to the ADV Part 2A (i.e. Wrap Fee Program Brochure).

SERVICES

We provide investment management services to interested clients on a client specific basis, based upon your unique facts and circumstances. Although we manage your accounts based on your individual needs, we construct client portfolios in accordance with our model asset allocation strategies, which are adjusted for each client's risk profile. The model asset allocation strategies range from aggressive growth to capital preservation. They also differ according to the type of account such as individual retirement accounts verses non-qualified accounts. Upon selecting your risk tolerance profile, allocations are made to each of the models depending upon what is appropriate for you. We rely on the client to accurately specify their own risk tolerance to be able to fit their needs to the appropriate model portfolio. All of the model strategies include some combination of individual stocks, mutual funds, exchange traded funds, alternative investments, options, individual bonds, certificates of deposit, and may potentially include other investment products. We develop these models based upon our proprietary research on markets and market conditions as well as perceived value in selecting securities. Please see Item 8 for additional details.

We periodically review your accounts on an ongoing basis (by monitoring our models) to ensure that risk levels stay within the parameters established by your risk tolerance. We rebalance your portfolios as necessary. More or less frequent rebalancing may be required depending on macroeconomic, market or sector factors, as well as changes in your personal or family circumstances.

FEES

Management fees for accounts are charged annually, calculated and billed quarterly in advance based upon the inception value of the account(s). Although we may negotiate our fee under certain circumstances, our standard annualized rates are below:

Custodian Reported Value of Account	Annual Management Fee
$500,000 to $1,000,000	0.90%
$1,000,000 to $2,000,000	0.85%
$2,000,000 to $5,000,000	0.80%
$5,000,000 to $10,000,000	0.70%

$10,000,000 +	0.60%

<u>Please Note: Wrap Program Conflict.</u> As indicated in this Brochure, SGH sponsors a wrap program. The wrap program will generally be offered to clients who maintain in excess of $500,000 of assets under SGH's management. Under a wrap program, the client pays one "bundled" fee (***see*** Item 5 below) which includes both SGH's advisory fee and the transaction fees charged by the account custodian. When managing a client's account on a wrap fee basis, we shall receive as payment for our investment advisory services, the balance of the wrap fee after all wrap-fee costs (including account transaction fees) have been deducted. **<u>Accordingly</u>**, we have a **<u>conflict of interest</u>** because we could have an economic incentive to maximize our compensation by seeking to minimize the number of transactions/total costs in the client's account. Participation in the Program may cost more or less than purchasing such services separately. The fee that we charge for participation in the Program may be higher or lower than those charged by other sponsors of comparable wrap fee programs. **<u>ANY QUESTIONS:</u>** Our Chief Compliance Officer, Sam Huszczo, remains available to address any questions that a client or prospective client may have regarding the corresponding conflict of interest a wrap fee arrangement may create.

The first quarter's management fee will be calculated on the account's initial inception value as reported by the account's custodian. The first quarter's management fee will also be prorated for the number of days that services were provided during the initial quarter. It is withdrawn at account opening. Thereafter, the management fee will be calculated on the account's previous quarter-end value as reported by the account's custodian. Although you can restrict our services, the securities included in your account are subject to our advisory fees unless restricted by you in writing. This includes investments in money market funds, demand deposit accounts, and certificates of deposit are included in the base amount on which fees are calculated. The management fee will be directly deducted from the client's account.

In a wrap account, clients pay a single annual advisory fee for advisory services and execution of transactions. Clients do not pay brokerage commissions, markups or transaction charges for execution of transactions in addition to the advisory fee.

Although clients do <u>not</u> pay a transaction charge for transactions in a program account, clients should be aware that we pay Charles Schwab transaction charges for the transactions. The transaction charges paid by us vary based on the type of transaction (e.g., mutual fund, equity or fixed income security) and range from $0 to $40. Because we pay the transaction charges in program accounts, there is a conflict of interest. Clients should understand that the cost to us of transaction charges may be a factor that we consider when deciding which securities to select and how frequently to place transactions in a program account.

<u>Termination of Portfolio Management Services</u>

A client may terminate the Investment Management Agreement for any reason at any time and, within the first five (5) business days after signing the contract, without any cost or penalty. Thereafter, the agreement may be terminated at any time by giving seven (7) days written notice. To cancel the Agreement, the client must notify the firm in writing to SGH Wealth Management, 17550 W Eleven Mile Rd, Lathrup Village, MI 48076. Upon receipt of written notice of termination, we will cease all activity on your behalf and transactions placed on your behalf are allowed to settle. Because we charge in advance, any client that terminates his or her contract within a quarter will receive a prorated refund of fees that is based on the amount of time elapsed during the quarter. For example, if a client cancels on 45 days in to a 90-day quarter, the client will receive a refund of 50% of the fees. (45 days divided by 90 days equal 50 percent.) Please note the prorated refund may be adjusted for additional deposits and withdrawals to the advisory account within the termination quarter. If permitted by the client's custodian the refund will be deposited into the client's account; otherwise the refund will be paid to the client by company check directly to the client within 30 days of termination notice receipt. We reserve the right to terminate any Investment Management Agreement at our discretion at any time. Should we terminate prior to the end of the quarter you will receive a prorated refund as explained above.

Other Types of Fees and Charges

Program accounts will incur additional fees and charges from parties other than us as noted below. These fees and charges are in addition to the advisory fee paid to us. We do not share in any portion of these third party fees. The fee does not include other expenses such as account maintenance fees, transfer fees, electronic fund and wire fees, interest, exchange fees, taxes, spreads, mark-ups/mark-downs, custody fees for alternative investments, short-term redemption fees on mutual funds, etc.

Charles Schwab, as the custodian and broker-dealer providing brokerage and execution services on program accounts, will impose certain fees and charges. Charles Schwab notifies clients of these charges at account opening. Charles Schwab will deduct these fees and charges directly from the client's program account.

There are other fees and charges that are imposed by other third parties that apply to investments in program accounts. Some of these fees and charges are described below.

- If a client's assets are invested in mutual funds or other pooled investment products, clients should be aware that there will be two layers of advisory fees and expenses for those assets. Client will pay an advisory fee to the fund manager and other expenses as a shareholder of the fund. Client will also pay us the advisory fee with respect to those assets. Most of the mutual funds available in the program may be purchased directly. Therefore, clients could generally avoid the second layer of fees by not using our management services and by making their own investment decisions.
- Certain mutual funds impose fees and charges such as contingent deferred sales charges, early redemption fees and charges for frequent trading. These charges may apply if a client transfers into or purchases such a fund with the applicable charges in a program account.
- Although only no-load and load-waived mutual funds can be purchased in a program account, clients should understand that some mutual funds pay asset based sales charges or service fees (e.g., 12b-1 fees) to the custodian with respect to account holdings.
- If a client holds a variable annuity as part of an account, there are mortality, expense and administrative charges, fees for additional riders on the contract and charges for excessive transfers within a calendar year imposed by the variable annuity sponsor.

Further information regarding fees assessed by a mutual fund or variable annuity is available in the appropriate prospectus, which is available upon request from us or from the product sponsor directly.

Other Important Considerations

- The advisory fee is an ongoing wrap fee for investment advisory services, the execution of transactions, and other administrative and custodial services. The advisory fee may cost the client more than purchasing the program services separately. Factors that bear upon the cost of the account in relation to the cost of the same services purchased separately include the type and size of the account, historical and expected size or number of trades for the account, and number and range of supplementary advisory and client-related services provided to the client.
- The advisory fee also may cost the client more than if assets were held in a traditional brokerage account. In a brokerage account, a client is charged a commission for each transaction, and the representative has no duty to provide ongoing advice with respect to the account. If the client plans to follow a buy and hold strategy for the account or does not wish to purchase ongoing investment advice or management services, the client should consider opening a brokerage account rather than a program account.
- The investment products available to be purchased in the program can be purchased by clients outside of a program account, through broker-dealers or other investment firms not affiliated with us.
- As we absorb certain transaction costs in wrap fee accounts, we may have a financial incentive not to place transaction orders in those accounts since doing so increases its transaction costs. Thus, an incentive exists to place trades less frequently in a wrap fee arrangement.
- We do not charge our clients higher advisory fees based on their trading activity, but you should be aware that we may have an incentive to limit our trading activities in your account(s) because we are charged for executed trades.

ITEM 5 - ACCOUNT REQUIREMENTS AND TYPES OF CLIENTS

We offer our services to individuals, pensions and profit-sharing plans, trusts, estates, corporations and other business entities. Client relationships vary in scope and length of service. We generally require a minimum account size of $250,000, but we may waive this at our discretion.

SGH, in its sole discretion, may waive its $250,000 asset minimum and/or charge a lesser investment management fee based upon certain criteria (i.e. anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, negotiations with client, etc.). **Please Note**: As result of the above, similarly situated clients could pay different fees. In addition, similar advisory services may be available from other investment advisers for similar or lower fees.

ITEM 6 - PORTFOLIO MANAGER SELECTION AND EVALUATION

In our wrap program, we do not select, review or recommend other investment advisors or portfolio managers. We, through our investment adviser representatives ("IAR"), are responsible for the investment advice and management offered to clients. For more information about the IAR managing the account, client should refer to the IAR's Brochure Supplement (ADV Part 2B), which the client should have received along with this Brochure at the time the client opened the account. By having our IARs act as the portfolio managers to the program there is a conflict of interest because our evaluation of the IARs as the managers may not be objective. We attempt to mitigate this conflict of interest by holding our IARs to the same standards that we would hold a non-affiliated portfolio manager. Additionally, we attempt to mitigate this conflict of interest to the best of our ability by placing the client's interest ahead of our own through our fiduciary duty.

Our services are tailored to the client's stated goals, needs and objectives. We allow them to impose restrictions on investment in certain securities or types of securities. All restrictions must be presented to us in writing. Additionally, we receive a portion of the wrap fee because we provide portfolio management services. The wrap fee does not include performance based fees.

METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

METHODS OF ANALYSIS AND INVESTMENT STRATEGIES

With respect to our portfolio management services, we use a proprietary combination of the following types of securities analysis and investment strategies.

Asset allocation is an investment strategy that aims to balance risk and reward by apportioning a portfolio's assets according to an individual's goals, risk tolerance and investment horizon among various asset classes. The asset classes typically include equities, fixed-income, alternative investments, and cash and equivalents. Each class has different levels of risk and return, so each will behave differently over time. Any asset allocation advice provided by SGH Wealth Management is based on a number of factors, including the client's investment objectives, risk tolerances, asset class preferences, time horizons, liquidity needs, expected returns and an assessment of current economic and market views expressed by economists, analysts, banks and securities firms. These factors are based on the specific client objectives stated by the client during consultations. The client may change these objectives at any time

Fundamental analysis is a technique that attempts to determine a security's value by focusing on underlying factors that affect a company's *actual* business and its future prospects. The analysis is performed on historical and present data. On a broader scope, one can perform fundamental analysis on industries, sectors or the economy as a whole. The term refers to the analysis of the economic well-being of a financial entity as opposed to only its price movements. The risk associated with fundamental analysis is that despite that appearance that a security is undervalued, it may not rise in value as predicted.

Technical Analysis is a method of evaluating securities by analyzing statistics generated by market activity, such as past prices and volume. Technical analysts do not attempt to measure a security's intrinsic value, but instead use charts and other tools to identify patterns that can suggest future activity. The risk associated with technical analysis is that there is no broad consensus among technical traders on the best method of identifying future price movements.

Long-Term Purchases – We purchase certain securities with the expectation that the value of those securities will grow over a relatively long period of time, generally greater than one year. The risk associated with using a long-term purchase strategy is that it generally assumes the financial markets will go up in the long-term, which may not be the case. There is also the risk that the segment of the market that the client is invested in or perhaps just that client's particular investment will go down over time even if the overall financial markets advance. Purchasing investments long-term may create an opportunity cost - "locking-up" assets that may be better utilized in the short-term in other investments.

Options Writing: We write option, which are derivative securities, which mean they derive their value from that of an underlying instrument, such as a stock, stock index, interest rate or foreign currency. An option is a contract that establishes a price and time frame for the purchase or sale of a particular security. Two parties are involved in the contract: one party receives the right to exercise the contract to buy or sell the underlying security; the other is obligated to fulfill the terms of the contract. Like other securities - including stocks, bonds, and mutual funds - options carry no guarantees, and a person must be aware that it is possible to lose all of the principal he/she invests, and sometimes more. As an option holder, a person risks the entire amount of the premium he/she paid pay. But as an options writer, a person takes on a much higher level of risk. For example, if a person writes an uncovered call, he/she faces unlimited potential loss, since there is no cap on how high a stock price can rise. However, since initial options investments usually requires less capital than equivalent stock positions, a potential cash losses as an options investor are usually smaller than if someone bought the underlying stock or sold the stock short. The exception to this general rule occurs when an option is used to provide leverage: Percentage returns are often high, but it is important to remember that percentage losses can be high as well.

Short Sales – We may enter into transactions known as short sales in which we sell a security that we do not own in anticipation of a decline in the market value of the security. Losses from short sales are potentially unlimited. In particular, a tender offer or similar transaction with respect to a company whose securities we have sold short could cause the value of such securities to rise dramatically resulting in substantial losses. Brokers may also require that we cover short position at an inopportune time.

Short-Term Purchases – We purchase certain securities with the expectation that they will be sold within a relatively short period of time, generally less than one year, to take advantage of the securities' short-term price fluctuations. The risk associated with using a short-term purchase strategy is that it generally assumes that we can predict how financial markets will perform in the short-term, which may be very difficult and will incur a disproportionately higher amount of transaction costs compared to long-term trading. There are many factors that can affect financial market performance in the short-term (such as short-term interest rate changes, cyclical earnings announcements, etc.) but may have a smaller impact over longer periods of times. There may be more risk involved in executing short-term strategies. In addition, securities held less than one year before selling it are classified, by the IRS, as a short-term gain and profits may be taxed as ordinary income.

Our analysis of securities and advice relating thereto may be based upon information obtained from financial newspapers and magazines, research materials prepared by others, corporate ratings services, and annual reports, prospectuses and filings made with the Securities and Exchange Commission. Other sources of information may include MorningStar Principia mutual fund information, MorningStar Principia stock information, the World Wide Web, and other sources deemed by the investment advisor representative to be appropriate. We may also utilize computer models for performance analysis, asset allocation and risk management.

RECOMMENDED SECURITIES AND INVESTMENT RISKS

We use several types of securities in our clients' accounts. These securities may include, but are not limited to, the following: bonds and other corporate debt instruments; exchange traded funds (ETFs); mutual funds; government debt instruments including treasury bills and municipal securities; stocks; preferred stocks; high-yield debt; domestic fixed income; options; traded and non-traded real estate investment trusts; limited partnerships; managed futures; money market funds and cash.

All investments bear different types and degrees of risk and **investing in securities involves risk of loss that clients should be prepared to bear.** Investments may fluctuate in value or lose value. Our investment approach continually keeps the risk of loss in mind. While we use investment strategies that are designed to provide appropriate investment diversification, some investments have significantly greater risks than others. Obtaining higher rates-of-return on investments entails accepting higher levels of risk. Recommended investment strategies seek to balance risks and rewards to achieve investment objectives. If a client has questions about risks he/she does not understand, we would be pleased to discuss them.

We strive to render our best judgment on behalf of our clients. Still, we cannot assure or guarantee clients that investments will be profitable or assure that no losses will occur in an investment portfolio. Past performance is an important consideration with respect to any investment or investment adviser, but is not a reliable predictor of future performance. We continuously strive to provide outstanding long-term investment performance, but many economic and market variables beyond our control can affect the performance of an investment portfolio.

An investment could lose money over short or even long periods. A client should expect his/her account value and returns to fluctuate within a wide range, like the fluctuations of the overall stock and bond markets. A client's account performance could be hurt by:

- **Credit risk:** This is the risk that an issuer of a bond could suffer an adverse change in financial condition that results in a payment default, security downgrade, or inability to meet a financial obligation.
- **Inflation risk:** This is the risk that inflation will undermine the performance of an investment and/or the future purchasing power of a client's assets.
- **Interest rate risk:** The chance that bond prices overall will decline because of rising interest rates.
- **International investing risk:** Investing in the securities of non-U.S. companies involves special risks not typically associated with investing in U.S. companies. Foreign securities tend to be more volatile and less liquid than investments in U.S. securities, and may lose value because of adverse political, social or economic developments overseas or due to changes in the exchange rates between foreign currencies and the U.S. dollar. In addition,

foreign investments are subject to settlement practices, as well as regulatory and financial reporting standards, that differ from those of the U.S.

- **Currency Risk:** Investments overseas are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. Also known as exchange rate risk.
- **Leverage risk:** Using derivatives to increase the fund's combined long and short exposure creates leverage, which can magnify the fund's potential for gain or loss and, therefore, amplify the effects of market volatility on the fund's share price.
- **Liquidity risk:** Liquidity risk exists when a particular investment would be difficult to purchase or sell, possibly preventing the investor from selling such illiquid securities at an advantageous time or price, or possibly requiring the investor to dispose of other investments at unfavorable times or prices in order to satisfy its obligations.
- **Manager risk:** The chance that the proportions allocated to the various securities will cause the client's account to underperform relevant to benchmarks or other accounts with a similar investment objective.
- **Options risk:** Like other securities - including stocks, bonds, and mutual funds - options carry no guarantees, and a person must be aware that it is possible to lose all of the principal he or she invests, and sometimes more. As an option holder, a person risks the entire amount of the premium he or she paid. But as an options writer, a person takes on a much higher level of risk. For example, if a person writes an uncovered call, he or she faces unlimited potential loss, since there is no cap on how high a stock price can rise. However, since initial option investments usually require less capital than equivalent stock positions, potential cash losses as an options investor are usually smaller than if someone bought the underlying stock or sold the stock short. The exception to this general rule occurs when an option is used to provide leverage; percentage returns are often high, but it is important to remember that percentage losses can be high as well.
- **Portfolio concentration:** Accounts that are not diversified among a wide range of types of securities, countries or industry sectors may have more volatility and are considered to have more risk than accounts that are invested in a greater number of securities because changes in the value of a single security may have more of a significant effect, either negative or positive. Accordingly, portfolios are subject to more rapid changes in value than would be the case if the client maintained a more diversified portfolio.
- **Stock market risk:** The chance that stock prices overall will decline. Stock markets tend to move in cycles, with periods of rising stock prices and periods of falling stock prices.

TYPES OF SERVICES WE OFFER:

ADVISORY SERVICES OFFERED

We offer discretionary investment management services and financial planning services. Before we enter into an advisor-client relationship, we may offer a complimentary general consultation to determine a prospective client's needs and discuss services available that meet those needs. Only after a prospective client has had time to review our solutions/services can they determine whether a relationship might benefit them. Investment advisory services begin only after we and the client formalize the relationship with a properly executed agreement setting forth the terms and conditions under which we will provide our services.

FINANCIAL PLANNING

We offer clients limited financial planning services to evaluate their financial situations, goals, including risk tolerance, and time horizon, upon request. Through a series of personal exploratory interviews and the use of questionnaires, the firm will collect pertinent data, identify goals, objectives, financial problems, and potential solutions. This initial meeting will determine the extent to which financial planning and investment management is necessary. We will prepare and present specific recommendations and implement those recommendations, as agreed upon with the client. As a result of these actions, our advice may be provided on, (but is not limited to): financial and cash flow management, asset allocation and diversification planning, estate planning, strategic income tax planning, retirement planning, educational funding, goal setting, a review of insurance policies with risk management, review of employer sponsored retirement plan options or other needs as identified by the client and the firm, all potentially provided with recommendations. We may offer comprehensive planning services or the client may desire advice on certain planning components; the firm can tailor services as desired by the client. At the conclusion of the financial planning service, the firm may present the client with a written financial plan.

This financial planning service involves rendering a financial consultation for you based upon an analysis of the documents and information that you provide us. We may recommend that you utilize various financial products, such as insurance or other advisory services, to implement our recommendations and to achieve your goals. You are not obligated to follow our recommendations. We also may recommend that you work with other professionals, such as attorneys or accountants. Additionally, SGH Wealth Management takes no responsibility for the outcome of our advice related to employer sponsored retirement plans in part due to the limited options available within these type of plans.

PORTFOLIO MANAGEMENT

We provide investment management services to interested clients on a client specific basis, based upon your unique facts and circumstances. Although we manage your accounts based on your individual needs, we construct client portfolios in accordance with our model asset allocation strategies, which are adjusted for each client's risk profile. The model asset allocation strategies range from aggressive growth to capital preservation. They also differ according to the type of account such as individual retirement accounts verses non-qualified accounts. Upon selecting your risk tolerance profile, allocations are made to each of the models depending upon what is appropriate for you. We rely on the client to accurately specify their own risk tolerance to be able to fit their needs to the appropriate model portfolio. All of the model strategies include some combination of individual stocks, mutual funds, exchange traded funds, alternative investments, options, individual bonds, certificates of deposit, and may potentially include other investment products. We develop these models based upon our proprietary research on markets and market conditions as well as perceived value in selecting securities. Please see Item 8 for additional details.

We periodically review your accounts on an ongoing basis (by monitoring our models) to ensure that risk levels stay within the parameters established by your risk tolerance. We rebalance your portfolios as necessary. More or less frequent rebalancing may be required depending on macroeconomic, market or sector factors, as well as changes in your personal or family circumstances.

Tailored Services

We tailor all of our services to the client's stated goals, needs and objectives. For our portfolio management service clients, we allow them to impose restrictions on investment in certain securities or types of securities. All restrictions must be presented to us in writing.

Performance-Based Fees and Side-by-side Management

We do not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client) or conduct side-by-side management. We do not use performance-based fee structures because of the potential conflict of interest, as this may create incentives for the advisor to recommend an investment that may carry a higher degree of risk to the client.

Voting Client Securities

We will not be responsible for responding to proxies of securities held in clients' accounts. Proxy solicitation materials will be forwarded to clients directly from their custodian for response and voting. In the event a client has a question about a proxy solicitation, the client should contact us.

ITEM 7 - CLIENT INFORMATION PROVIDED TO PORTFOLIO MANAGERS

In our wrap program, we are responsible for account management; there is no separate portfolio manager involved. We obtain the necessary financial data from the client and assist the client in setting an appropriate investment objective for the account. We obtain this information by having the client complete an advisory agreement and other documentation. Clients are encouraged to contact us if there have been any changes in their financial situation or investment objectives or if they wish to impose any reasonable restrictions on the management of the account or reasonably modify existing restrictions. Client should be aware that the investment objective selected for the program is an overall objective for the entire account and may be inconsistent with a particular holding and the account's performance at any time. Client should further be aware that achievement of the stated investment objective is a long-term goal for the account.

ITEM 8 - CLIENT CONTACT WITH PORTFOLIO MANAGERS

Client should contact us at any time with questions regarding the program account.

ITEM 9 - ADDITIONAL INFORMATION

Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events within the past 10-years that would be material to your evaluation of us or the integrity of our management. We have no information applicable to this Item because we have not been the subject of any administrative, civil, criminal or regulatory proceedings.

OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

our associates may be independent insurance agents (life, annuities, long-term care and health) and they may recommend these services to clients. This other business activity pays our associates' commissions that are separate from the fees described above. This is a conflict of interest because the commissions give our associates a financial incentive to recommend and sell clients the insurance products. However, our associates attempt to mitigate any conflicts of interest to the best of their ability by placing the clients' interests ahead of their own, through their fiduciary duty and by informing clients that they are never obligated to purchase recommended insurance through them. Associates may only sell insurance in states where they are properly registered.

CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

Code of Ethics

Our Code of Ethics establishes ideals for ethical conduct upon fundamental principles of openness, integrity, honesty, and trust. We will provide a copy of our Code of Ethics to any client or prospective client upon request.

Our Code of Ethics covers all supervised persons and it describes our high standard of business conduct, and fiduciary duty to our clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition of rumor mongering, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All supervised persons must acknowledge the terms of the Code of Ethics annually, or as amended.

Material Interest in Securities

We do not have a material interest in any securities.

Investing in or Recommending the Same Securities

Our associates may buy or sell for their own accounts the same securities at or about the same time they recommend to or purchase for client accounts. This causes a conflict of interest because they can trade ahead of client trades. We mitigate the conflict of interest in two ways. First, our Code of Ethics requires employees to: (1) report personal securities transactions on at least a quarterly basis and (2) provide us with a detailed summary of certain holdings (both initially upon commencement of employment and quarterly thereafter) in which such employees have a direct or indirect beneficial interest. The reports are reviewed to ensure our associates do not trade ahead of client accounts. Additionally, we require client transactions be placed ahead of our associates' personal trades or our associates can place personal trades as part of a block trade. The records of all associates' personal and client trading activities are reviewed and made available to regulators to review on the premises.

REVIEW OF ACCOUNTS

Frequency of Account Reviews

Mr. Huszczo meets with each client, either in person or by telephone, on an annual basis. The meeting reviews the client's financial situation and each account to ensure that the accounts are invested in accordance to the client's current risk tolerance. In the event of any changes to the client's financial situation or risk tolerance, the client is encouraged to contact Mr. Huszczo as soon as possible.

Other Reviews

Additional reviews are conducted periodically depending on market conditions, economic or political events, changes in tax laws, or by changes in a client's financial situation (such as retirement, termination of employment, physical move or inheritance).

Reports and Account Statements

Clients will receive trade confirmations and monthly statements from the account custodian or clearing firm, if the account has activity during the month. If the account does not have any monthly activity, an account statement is provided by the account custodian or clearing firm at least quarterly. Such statements will show any activity in the account, as well as period ending position balances. If you do not receive your custodial statement directly from your custodian, call them immediately or call us so that we may assist you.

CLIENT REFERRALS AND OTHER COMPENSATION

We receive an economic benefit from Schwab in the form of the support products and services it makes available to us and other independent investment advisors that have their clients maintain accounts at Schwab. These products and services, how they benefit us, and the related conflicts of interest are described above (see Item 12 – Brokerage Practices in our Firm Brochure). The availability of Schwab's products and services to us is not based on our giving particular investment advice, such as buying particular securities for our clients.

In additionally, we may also receive economic benefits from the investment companies that we work with. Occasionally, we have seminars for existing clients that are sponsored by or paid in part by these investment companies. All sponsorship fees are used to reimburse incurred seminar expenses. Typically, the investment company attends the events and makes payments directly to the venue. This could be viewed as a conflict of interest because it gives us a financial incentive to use the investment company who sponsors our events. We mitigate this conflict of interest to the best of our ability by placing the clients' interests ahead of our own and through our fiduciary duty. We further mitigate the conflict of interest by allowing clients to place restrictions on securities held in their accounts and therefore clients may exclude any investment from their accounts.

SGH Wealth Management, including our advisors, do not pay for client referrals or use solicitors.

FINANCIAL INFORMATION

We do not have any financial impairment that will preclude us from meeting our contractual commitments to you. We do not serve as a custodian for your funds or securities. At no time will fees of more than $1,200 be charged six or more months in advance by our firm or your representative. We have established policies and procedures designed to prevent the collection of fees greater than $1,200 six or more months in advance. As such, a balance sheet is not required to be provided to you at this time.

CUSTODY

All client funds, securities and accounts are held at third-party custodians. Under government regulations, we are deemed to have custody of your assets if you authorize us to instruct Schwab to deduct our advisory fees directly from your account. Schwab maintains actual custody of your assets. You will receive account statements directly from Schwab at least quarterly. They will be sent to the email or postal mailing address you provided to Schwab. You should carefully review those statements promptly when you receive them. We also urge you to compare Schwab's account statements with the periodic portfolio reports you will receive from us. Our statements may vary from custodial statements based on a number of factors including custodial pricing issues, dividends due but not yet paid or fixed income accrued interest due or payable, among others. Your custodial statement is the sole authority for tax reporting purposes.

Please note that the official record-keeper of your account is your custodian. It records includes, but not limited to, performance, transactions, cost basis, capital gain and losses and all other related data generated for income tax reporting purposes.

BROKERAGE PRACTICES

SGH Wealth Management does not maintain custody of clients' assets on which we advise (although we may be deemed to have custody of your assets if you give us authority to withdraw assets from your account (see item 15 – Custody)). Clients' assets must be maintained in an account at a "qualified custodian," generally a broker-dealer or bank. We recommend that clients use Charles Schwab & Co., Inc. ("Schwab"), a FINRA-registered broker-dealer, member SIPC, as the qualified custodian. We are independently owned and operated and not affiliated with Schwab. Schwab will hold client assets in a brokerage account and buy and sell securities when we, the Advisor, instruct them to. While we recommend that clients use Schwab as custodian/broker, client will decide whether to do so and open client's account with Schwab by entering into an account agreement directly with them. We do not open the account for the client.

How we Select Brokers/Custodians to Recommend:

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

- Combination of transaction execution services along with asset custody services (generally without a separate fee for custody)

- Capability to execute, clear, and settle trades (buy and sell securities for your account)
- Capabilities to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.)
- Breadth of investment products made available (stocks, bonds, mutual funds, exchange-traded funds (ETFs), etc.)
- Availability of investment research and tools that assist us in making investment decisions
- Quality of services
- Competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.) and willingness to negotiate them
- Reputation, financial strength, and stability of the provider
- Their prior service to us and our other clients

For our clients' accounts it maintains, Schwab generally does not charge you separately for custody services but is compensated by charging you commissions or other fees on trades that it executes or that settle into your Schwab account. These fees are in addition to the commissions or other compensation you pay the executing broker-dealer. In order to minimize your trading costs, we recommend Schwab execute most trades for your account. As a fiduciary it is our highest priority to act in our clients' bet interest. Although our assessment and recommendation of Schwab is based on an objective assessment of Schwab, it is an inherent conflict of interest in recommending Schwab when we (and you) receive benefits that we do not pay for separately. We mitigate this conflict by this disclosure to you in this Form ADV Part 2A.

Products and Services Available to Us from Schwab:

Schwab Advisor Services™ (formerly Schwab Institutional) is Schwab's business serving independent investment advisory firms like us. They provide our clients and us with access to its institutional brokerage— trading, custody, reporting, and related services—many of which are not typically available to Schwab retail customers. Schwab also makes available various support services. Some of those services help us manage or administer our clients' accounts, while others help us manage and grow our business. Here is a more detailed description of Schwab's support services:

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

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

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

Services That Generally Benefit Only Us. Schwab also offers other services intended to help us manage and further develop our business enterprise. These services include:

- educational conferences and events;
- technology, compliance, legal, and business consulting;
- publications and conferences on practice management and business succession; and
- access to employee benefits providers, human capital consultants, and insurance providers.

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

<u>Research and Soft Dollar Benefits</u>

"Soft dollars" are defined as a form of payment investment firms can use to pay for goods and services such as news subscriptions or research. When an investment firm gives its business to a particular brokerage firm, the brokerage firm in return can agree to use some of its revenue to pay for these types of services. The benefits described above from Schwab are not considered soft dollars.

<u>Directed Brokerage</u>

Some clients may direct us to use a specific broker-dealer to execute securities transactions for their accounts. In that case, you must provide access to the account, account statements, and pay fees and commissions generated at your broker dealer/custodian. You are responsible for the paperwork required to maintain the account as well as communications required with that firm. When so directed, the use of a custodian other than Schwab, may not allow us to be able to effectively achieve best execution on clients' transactions, include affected accounts in block trades, negotiate favorable commission and transaction fees, and/or give us access to the securities we use for client accounts. Approval and acceptance of a custodian other than Schwab will be made on a case-by-case basis.

Trade Aggregation

We may, but are not obligated to, aggregate transactions in equity and fixed income securities for a client with other clients to improve the quality of execution. When transactions are so aggregated, the actual prices applicable to the aggregated transactions will be averaged, and the client account will be deemed to have purchased or sold its proportionate share of the securities involved at the average price obtained. We may determine not to aggregate transactions, for example, based on the size of the trades, the number of client accounts, the timing of the trades, the liquidity of the securities and the discretionary nature of the trades. If we do not aggregate orders, some clients purchasing securities around the same time may receive a less favorable price than other clients. This means that this practice of not aggregating may cost clients more money. Most mutual fund or ETF trades do not garner any client benefit from trade aggregation.

ANY QUESTIONS: SGH's Firm's Chief Compliance Officer, Sam Huszczo remains available to address any questions regarding this wrap brochure.