Stonebrook Private, LLC

FORM ADV PART 2A, APPENDIX 1

WRAP FEE PROGRAM BROCHURE

Item 1 – Cover Page

April 24, 2025

This wrap fee program brochure provides information about the qualifications and business practices of Stonebrook Private, LLC. If you have any questions regarding the contents of this brochure, please contact our Chief Compliance Officer, Roseann Higgins, by telephone at (513) 977-8459 or by email at roseann.higgins@dinsmorecomplianceservices.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Stonebrook Private, LLC is a registered investment adviser. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training. Additional information about Stonebrook Private, LLC is available on the SEC's website at www.adviserinfo.sec.gov.

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Item 2 – Material Changes

Form ADV Part 2A requires registered investment advisers to amend their wrap fee program brochure when information becomes materially inaccurate. If there are any material changes to an adviser's wrap fee program brochure, the adviser is required to notify you and provide you with a description of the material changes.

The last annual update of our Firm Brochure occurred on February 6, 2025.

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Item 4 – Services, Fees and Compensation

Stonebrook Private, LLC ("Stonebrook" or the "Firm") is a limited liability company organized in the State of Michigan. Stonebrook is an investment advisory firm registered with the United States Securities and Exchange Commission ("SEC"). Stonebrook was founded in February 2023 and became a registered investment advisor in March 2023. Stonebrook is owned and operated by Todd D. Knickerbocker (Managing Partner) and Spencer J. Knickerbocker, CFP®, CFA®, CAIA® (Partner and Chief Investment Officer). In Janury 2025, Elevation Point, an investment advisory firm located in Minnesota acquired a 20% ownership stake in the Firm.

The Stonebrook Wrap Fee Program (the "Program") is an investment advisory program sponsored by Stonebrook. This Brochure describes the Program as it relates to clients receiving services through the Program.

In addition to the Program, the Firm offers a variety of advisory services, which include financial planning and consulting services, family office services and investment management services under different arrangements then those described in this Brochure. Information about these services is contained in the Firm's Form ADV Part 2A.

A. Description of the Program

Stonebrook provides investment management services as the sponsor and manager of the Program. The Program utilizes registered mutual funds and exchange traded funds ("ETFs"), but will also utilize equity securities, corporate bonds, REITS, private funds/alternative investments and variable annuities, among others, if we determine such investments fit within a client's objectives and are in the best interest of our clients. Under the Program the client pays a single fee ("Program Fee") for Stonebrook's investment advice, custody and commissions for securities transactions executed through the Program custodian/broker-dealer, as described below. See Additional Fees and Expenses below for information regarding fees and expenses not included in the Program Fee.

As part of the Program, Stonebrook may further recommend to clients that all or a portion of their investment portfolio be managed on a discretionary basis by one or more unaffiliated money managers or investment platforms ("External Managers"). The client may be required to enter into a separate agreement with the External Manager(s), which will set forth the terms and conditions of the client's engagement of the External Manager. Stonebrook generally renders services to the client relative to the discretionary selection of External Managers. Stonebrook also assists in establishing the client's investment objectives for the assets managed by External Managers, monitors and reviews the account performance and defines any restrictions on the account. The investment management fees charged by the designated External Managers, are exclusive of, and in addition to, the annual advisory fee charged by Stonebrook. Commissions for securities transactions at the direction of an External Manager executed at Schwab, as defined below, are included in the Program Fee. Any commissions for securities transactions at the direction of an External Manager executed at a broker-dealer/custodian other than Schwab are in addition to the Program Fee.

Prior to receiving services under the Program, clients are required to enter into a written agreement with Stonebrook setting forth the relevant terms and conditions of the advisory relationship. Client must also open a securities brokerage account and complete a new account agreement with Charles Schwab & Co., Inc. ("Schwab"), which is a "qualified custodian" as that term is described in Rule 206(4)-2 of the Investment Advisers Act of 1940.

Stonebrook is independently owned and operated and not affiliated with Schwab. Schwab will act solely as a broker-dealer and not as an investment advisor to you. Schwab will have no discretion over your account and will act solely on instructions it receives from us [or you]. Schwab has no responsibility for our services and undertakes no duty to you to monitor our firm's management of your account or other services we provide to you. Schwab will hold your assets in a brokerage account and buy and sell securities and execute other transactions when we [or you] instruct them to. We do not open the account for you.

In addition to compensating Stonebrook for advisory services, the wrap fee you pay Stonebrook allows us to pay for brokerage and execution services provided by Schwab.

Note for IRA and Retirement Plan Clients: When Stonebrook provides investment advice to you regarding your retirement plan account or individual retirement account, Stonebrook is a fiduciary within the meaning of Title I of the Employee Retirement Income Security Act and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. The way Stonebrook makes money creates some conflicts with your interests, so Stonebrook operates under a special rule that requires Stonebrook to act in your best interest and not put Stonebrook's interest ahead of yours.

B. The Program Fee

The Program Fee covers Stonebrook's advisory services, custody and commissions for securities transactions effected through Schwab, whether on the instruction of Stonebrook or an External Manager. The Program Fee does not cover the investment management fees charged by the designated External Managers. The number of transactions made in clients' accounts, the size of the accounts, and the securities used to construct a portfolio, as well as the commissions charged for each transaction, determines the relative cost of the Program versus paying for execution on a per transaction basis and paying a separate fee for advisory services. Participants in the Program may pay a higher or lower aggregate fee than if the investment management and brokerage services are purchased separately. Stonebrook does not charge its clients higher advisory fees based on their trading activity, but clients should be aware that Stonebrook may have an incentive to limit its trading activities in client accounts because Stonebrook is charged for executed trades. Stonebrook has an incentive to execute transaction for your account at Schwab. Stonebrook addresses this conflict of interest by this disclosure and by its policies and procedures which work to ensure that accounts are managed in accordance with clients' goals and objectives without consideration of trading costs incurred by Stonebrook.

<u>Cash Positions</u>

At any specific point in time, depending upon perceived or anticipated market conditions or events (there being no guarantee that such anticipated market conditions/events will occur), Stonebrook may maintain cash positions for defensive or other purposes. All cash positions (money markets, etc.) will be included as part of assets under management for purposes of calculating the Program Fee.

Additional Fees and Expenses

In addition to the Program Fee, clients will be responsible for transfer taxes, odd lot differentials, exchange fees, interest charges, ADR processing fees and any charges, taxes or other fees mandated by any federal, state or other applicable law, retirement plan account fees (where applicable), electronic fund and wire fees. Furthermore, Stonebrook fees do not cover transaction fees or "trade away" fees imposed for trades placed away from Schwab.

Fee Schedule

Stonebrook charges an annual Program Fee that is agreed upon with each client and set forth in an agreement executed by Stonebrook and the client. The Program Fee is based on a percentage of the value of assets under management. The investment advisory fee in the first quarter of service is prorated from the inception date of the account[s] to the end of the first quarter. Fees may be negotiable at the sole discretion of the Advisor. Certain Clients may also be offered a fixed fee engagement. The Client's fees will take into consideration the aggregate assets under management with the Advisor. The maximum annual Program Fee is 1.25%.

The wrap fee does not cover all fees and costs. The fees not included in the wrap fee include charges imposed directly by a mutual fund, index fund, or exchange traded fund which shall be disclosed in the fund's prospectus (i.e., fund management fees and other fund expenses), mark-ups and mark-downs, spreads paid to market makers, fees (such as a commission or markup) for trades executed away from Schwab at another broker-dealer, margin interest, wire transfer fees and other cashiering fees and taxes on brokerage accounts and securities transactions.

C. Compensation for Recommending the Program

Stonebrook does not have any arrangements where it receives an economic benefit from a third party for recommending the Program.

Item 5 – Account Requirments and Types of Clients

Stonebrook offers investment advisory services to individuals, including high net worth individuals, and entities, including, but not limited to, family offices, trusts, estates, private foundations, and qualified retirement plans. Stonebrook does not impose a minimum portfolio size or a minimum initial investment to open a Program account. However, Stonebrook does reserve the right to accept or decline a potential client for any reason in its sole discretion.

Item 6 – Portfolio Manager Selection and Evaluation

A. Selection and Review of Portfolio Managers

As referenced above, Stonebrook may utilize the advisory services of External Managers. In utilizing External Managers as portfolio managers for the Program, Stonebrook reviews External Managers based on the following factors:

- past performance;
- cost;
- investment philosophy;
- market outlook;
- experience of portfolio managers and executive team;
- opinions of third party analysts; and
- disciplinary, legal and regulatory histories of the firm and its associates.

Stonebrook does not calculate External Manager's portfolio management performance. Instead, Stonebrook relies upon the performance figures based on the client's account statements or reports provided to Stonebrook by the External Managers. Stonebrook does not verify the accuracy of such performance information or its compliance with presentation standards. As a result, performance information may not be calculated on a uniform and consistent basis.

B. Advisory Services Offered by Stonebrook

See Item 4 of this Wrap Fee Program Brochure for a full description of the Program. In addition to the Program, Stonebrook provides investment management on a non-wrap fee basis, financial planning and consulting services, as well as investment management services to retirement plans.

Investment Management Services

Stonebrook offers investment management services on a discretionary basis and non-discretionary basis in a non-wrap fee format. All investment advice provided is customized to each client's investment objectives and financial needs. The information provided by the client, together with any other information relating to the client's overall financial circumstances, will be used by Stonebrook to determine the appropriate portfolio asset allocation and investment strategy for the client. Financial planning services also are provided, depending on the needs of the client.

Investment Management Services to Retirement Plans

Stonebrook offers discretionary and non-discretionary advisory services to qualified plans, including 401k plans. These services include, depending upon the needs of the plan client, recommending, or for discretionary clients selecting, investment options for plans to offer to participants, ongoing monitoring of a plan's investment options, assisting plan fiduciaries in creating and/or updating the plan's written investment policy statements, working with plan service providers, and providing general investment education to plan participants.

Financial Planning and Consulting Services

Stonebrook offers personal comprehensive financial planning services to set forth goals, objectives and implementation strategies for the client over the long-term. Depending upon individual client requirements, the comprehensive financial plan will include recommendations for retirement planning, educational planning, estate planning, cash flow planning, tax planning and insurance needs and analysis. Stonebrook prepares and provides the financial planning client with a written comprehensive financial plan and performs quarterly, semi-annual or annual reviews of the plan with the client, dependent on the client's needs in accordance with the financial planning agreement. In addition, Stonebrook provides financial planning services that are completed upon the delivery of the financial plan to the client. In such situations, Stonebrook does not provide any ongoing reviews of the client's financial plan. Clients should notify us promptly anytime there is a change in their financial situation, goals, objectives, or needs and/or if there is any change to the financial information initially provided to us.

Clients are under no obligation to implement any of the recommendations provided in their written financial plan. However, should a client decide to proceed with the implementation of the investment recommendations then the client can either have Stonebrook implement those recommendations or utilize the services of any investment adviser or broker-dealer of their choice.

Stonebrook cannot provide any guarantees or promises that a client's financial goals and objectives will be met.

C. Client Tailored Advisory Services

Clients may impose reasonable restrictions on the management of their accounts if Stonebrook determines, in its sole discretion, that the conditions would not materially impact the performance of a management strategy or prove overly burdensome for Stonebrook's management efforts.

D. The Program

As described above, Stonebrook and External Managers serve as the portfolio managers of the Program. Stonebrook provides investment management services to Transition Clients through the Program. See Item 4 above for a description of the Program and the other advisory services offered by Stonebrook. Clients may impose reasonable restrictions on the management of their accounts if Stonebrook determines, in its sole discretion, that the conditions would not materially impact the performance of a management strategy or prove overly burdensome for Stonebrook's management efforts. As described above in Item 4, Stonebrook receives all of the Program Fee after the payment of the brokerage, execution and custodian fees and expenses. In addition, as described in Item 4, the Program Fee does not cover the investment management fees charged by the designated External Managers.

E. Performance-Based Fees and Side-By-Side Management

Stonebrook does not charge performance-based fees or participate in side-by-side management. Performance-based fees are fees that are based on a share of capital gains or capital appreciation of a client's account. Side-by-side management refers to the practice of managing accounts that are charged performance-based fees while at the same time managing accounts that are not charged performance-based fees. Stonebrook's fees are calculated as described in Item 5 above.

F. Methods of Analysis, Investment Strategies and Risk of Loss

Methods of Analysis, Investment Strategies

A primary step in Stonebrook's investment strategy is getting to know the clients – to understand their financial condition, risk profile, investment goals, tax situation, liquidity constraints – and assemble a complete picture of their financial situation. To aid in this understanding, Stonebrook offers clients financial planning that is highly customized and tailored. This comprehensive approach is integral to the way that Stonebrook does business. Once Stonebrook has a true understanding of its clients' needs and goals, the investment process can begin, and the Firm can recommend strategies and investments that it believes are aligned with the client's goals and risk profile.

Stonebrook primarily employs fundamental analysis methods in developing investment strategies for its clients. Research and analysis from Stonebrook is based on numerous sources, including third-party research materials and publicly-available materials, such as company annual reports, prospectuses, and press releases.

Stonebrook generally employs a long-term investment strategy for its clients, as consistent with their financial goals. At times, the Firm may also buy and sell positions that are more short-term in nature, depending on the goals of the client and/or the fundamentals of the security, sector or asset class.

Client portfolios with similar investment objectives and asset allocation goals may own different securities and investments. The client's portfolio size, tax sensitivity, desire for simplicity, income needs, long-term wealth transfer objectives, time horizon and choice of custodian are all factors that influence Stonebrook's investment recommendations.

Investing in securities involves a risk of loss. A client can lose all or a substantial portion of his/her investment. A client should be willing to bear such a loss. Some investments are intended only for sophisticated investors and can involve a high degree of risk.

Material Risks Involved

Investing in securities involves a significant risk of loss which clients should be prepared to bear. Stonebrook's investment recommendations are subject to various market, currency, economic, political and business risks, and such investment decisions will not always be profitable. Clients should be aware that there may be a loss or depreciation to the value of the client's account. There can be no assurance that the client's investment objectives will be obtained and no inference to the contrary should be made.

Generally, the market value of equity stocks will fluctuate with market conditions, and small-stock prices generally will fluctuate more than large-stock prices. The market value of fixed income securities will generally fluctuate inversely with interest rates and other market conditions prior to maturity. Fixed income securities are obligations of the issuer to make payments of principal and/or interest on future dates, and include, among other securities: bonds, notes and debentures issued by corporations; debt securities issued or guaranteed by the U.S. government or one of its agencies or instrumentalities, or by a non-U.S. government or one of its agencies or instrumentalities; municipal securities; and mortgage-backed and asset-backed securities. These securities may pay fixed, variable, or floating rates of interest, and may include zero coupon obligations and inflation-linked fixed income securities. The value of longer duration fixed income securities will generally fluctuate more than shorter duration fixed income securities. Investments in overseas markets also pose special risks, including currency fluctuation and political risks, and it may be more volatile than that of a U.S. only investment. Such risks are generally intensified for investments in emerging markets. In addition, there is no assurance that a mutual fund or ETF will achieve its investment objective. Past performance of investments is no guarantee of future results.

Additional risks involved in the securities recommended by Stonebrook pursuant to the Program include, among others:

- *Stock market risk*, which is the chance that stock prices overall will decline. The market value of equity securities will generally fluctuate with market conditions. Stock markets tend to move in cycles, with periods of rising prices and periods of falling prices. Prices of equity securities tend to fluctuate over the short term as a result of factors affecting the individual companies, industries or the securities market as a whole. Equity securities generally have greater price volatility than fixed income securities.
- *Sector risk*, which is the chance that significant problems will affect a particular sector, or that returns from that sector will trail returns from the overall stock market. Daily fluctuations in specific market sectors are often more extreme than fluctuations in the overall market.
- *Issuer risk*, which is the risk that the value of a security will decline for reasons directly related to the issuer, such as management performance, financial leverage, and reduced demand for the issuer's goods or services.
- *Non-diversification risk*, which is the risk of focusing investments in a small number of issuers, industries or foreign currencies, including being more susceptible to risks associated with a single economic, political or regulatory occurrence than a more diversified portfolio might be.
- *Value investing risk*, which is the risk that value stocks not increase in price, not issue the anticipated stock dividends, or decline in price, either because the market fails to recognize the stock’s intrinsic value, or because the expected value was misgauged. If the market does not recognize that the securities are undervalued, the prices of those securities might not appreciate as anticipated. They also may decline in price even though in theory they are already undervalued. Value stocks are typically less volatile than growth stocks, but may lag behind growth stocks in an up market.
- *Smaller company risk*, which is the risk that the value of securities issued by a smaller company will go up or down, sometimes rapidly and unpredictably as compared to more widely held securities. Investments in smaller companies are subject to greater levels of credit, market and issuer risk.
- *Foreign (non-U.S.) investment risk*, which is the risk that investing in foreign securities result in the portfolio experiencing more rapid and extreme changes in value than a portfolio that invests exclusively in securities of U.S. companies. Risks associated with investing in foreign securities include fluctuations in the exchange

rates of foreign currencies that may affect the U.S. dollar value of a security, the possibility of substantial price volatility as a result of political and economic instability in the foreign country, less public information about issuers of securities, different securities regulation, different accounting, auditing and financial reporting standards and less liquidity than in the U.S. markets.

- *Interest rate risk*, which is the chance that prices of fixed income securities decline because of rising interest rates. Similarly, the income from fixed income securities may decline because of falling interest rates.
- *Credit risk,* which is the chance that an issuer of a fixed income security will fail to pay interest and principal in a timely manner, or that negative perceptions of the issuer's ability to make such payments will cause the price of that fixed income security to decline.
- *Exchange Traded Fund (ETF) risk*, which is the risk of an investment in an ETF, including the possible loss of principal. ETFs typically trade on a securities exchange and the prices of their shares fluctuate throughout the day based on supply and demand, which may not correlate to their net asset values. Although ETF shares will be listed on an exchange, there can be no guarantee that an active trading market will develop or continue. Owning an ETF generally reflects the risks of owning the underlying securities it is designed to track. ETFs are also subject to secondary market trading risks. In addition, an ETF may not replicate exactly the performance of the index it seeks to track for a number of reasons, including transaction costs incurred by the ETF, the temporary unavailability of certain securities in the secondary market, or discrepancies between the ETF and the index with respect to weighting of securities or number of securities held.
- *Management risk*, which is the risk that the investment techniques and risk analyses applied by Stonebrook may not produce the desired results and that legislative, regulatory, or tax developments, affect the investment techniques available to Stonebrook. There is no guarantee that a client's investment objectives will be achieved.
- *Real Estate risk*, which is the risk that an investor's investments in Real Estate Investment Trusts ("REITs") or real estate-linked derivative instruments will subject the investor to risks similar to those associated with direct ownership of real estate, including losses from casualty or condemnation, and changes in local and general economic conditions, supply and demand, interest rates, zoning laws, regulatory limitations on rents, property taxes and operating expenses. An investment in REITs or real estate-linked derivative instruments subject the investor to management and tax risks.
- *Investment Companies ("Mutual Funds") risk*, when an investor invests in mutual funds, the investor will bear additional expenses based on his/her pro rata share of the mutual fund's operating expenses, including the management fees. The risk of owning a mutual fund generally reflects the risks of owning the underlying investments the mutual fund holds.
- *Commodity risk*, generally commodity prices fluctuate for many reasons, including changes in market and economic conditions or political circumstances (especially of key energy-producing and consuming countries), the impact of weather on demand, levels of domestic production and imported commodities, energy conservation,

domestic and foreign governmental regulation (agricultural, trade, fiscal, monetary and exchange control), international politics, policies of OPEC, taxation and the availability of local, intrastate and interstate transportation systems and the emotions of the marketplace. The risk of loss in trading commodities can be substantial.

- *Cybersecurity risk,* which is the risk related to unauthorized access to the systems and networks of Stonebrook and its service providers. The computer systems, networks and devices used by Stonebrook and service providers to us and our clients to carry out routine business operations employ a variety of protections designed to prevent damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches. Despite the various protections utilized, systems, networks or devices potentially can be breached. A client could be negatively impacted as a result of a cybersecurity breach. Cybersecurity breaches can include unauthorized access to systems, networks or devices; infection from computer viruses or other malicious software code; and attacks that shut down, disable, slow or otherwise disrupt operations, business processes or website access or functionality. Cybersecurity breaches cause disruptions and impact business operations, potentially resulting in financial losses to a client; impediments to trading; the inability by us and other service providers to transact business; violations of applicable privacy and other laws; regulatory fines, penalties, reputational damage, reimbursement or other compensation costs, or other compliance costs; as well as the inadvertent release of confidential information. Similar adverse consequences could result from cybersecurity breaches affecting issues of securities in which a client invests; governmental and other regulatory authorities; exchange and other financial market operators, banks, brokers, dealers and other financial institutions; and other parties. In addition, substantial costs may be incurred by those entities in order to prevent any cybersecurity breaches in the future.
- *Alternative Investments / Private Funds risk*, investing in alternative investments is speculative, not suitable for all clients, and intended for experienced and sophisticated investors who are willing to bear the high economic risks of the investment, which can include:
    - loss of all or a substantial portion of the investment due to leveraging, short-selling or other speculative investment practices;
    - lack of liquidity in that there may be no secondary market for the investment and none expected to develop;
    - volatility of returns;
    - restrictions on transferring interests in the investment;
    - potential lack of diversification and resulting higher risk due to concentration of trading authority when a single adviser is utilized;
    - absence of information regarding valuations and pricing;
    - delays in tax reporting;
    - less regulation and higher fees than mutual funds;
    - risks associated with the operations, personnel, and processes of the manager of the funds investing in alternative investments.
- *Closed-End Funds risk*, Closed-end funds typically use a high degree of leverage. They may be diversified or non-diversified. Risks associated with closed-end fund investments

include liquidity risk, credit risk, volatility and the risk of magnified losses resulting from the use of leverage. Additionally, closed-end funds may trade below their net asset value.

- *Structured* Notes risk -
    - *Complexity*. Structured notes are complex financial instruments. Clients should understand the reference asset(s) or index(es) and determine how the note's payoff structure incorporates such reference asset(s) or index(es) in calculating the note's performance. This payoff calculation may include leverage multiplied on the performance of the reference asset or index, protection from losses should the reference asset or index produce negative returns, and fees. Structured notes may have complicated payoff structures that can make it difficult for clients to accurately assess their value, risk and potential for growth through the term of the structured note. Determining the performance of each note can be complex and this calculation can vary significantly from note to note depending on the structure. Notes can be structured in a wide variety of ways. Payoff structures can be leveraged, inverse, or inverse-leveraged, which may result in larger returns or losses. Clients should carefully read the prospectus for a structured note to fully understand how the payoff on a note will be calculated and discuss these issues with Stonebrook.
    - *Market risk*. Some structured notes provide for the repayment of principal at maturity, which is often referred to as "principal protection." This principal protection is subject to the credit risk of the issuing financial institution. Many structured notes do not offer this feature. For structured notes that do not offer principal protection, the performance of the linked asset or index may cause clients to lose some, or all, of their principal. Depending on the nature of the linked asset or index, the market risk of the structured note may include changes in equity or commodity prices, changes in interest rates or foreign exchange rates, and/or market volatility.
    - *Issuance price and note value*. The price of a structured note at issuance will likely be higher than the fair value of the structured note on the date of issuance. Issuers now generally disclose an estimated value of the structured note on the cover page of the offering prospectus, allowing investors to gauge the difference between the issuer's estimated value of the note and the issuance price. The estimated value of the notes is likely lower than the issuance price of the note to investors because issuers include the costs for selling, structuring and/or hedging the exposure on the note in the initial price of their notes. After issuance, structured notes may not be re-sold on a daily basis and thus may be difficult to value given their complexity.
    - *Liquidity*. The ability to trade or sell structured notes in a secondary market is often very limited, as structured notes (other than exchange-traded notes known as ETNs) are not listed for trading on securities exchanges. As a result, the only potential buyer for a structured note may be the issuing financial institution's broker-dealer affiliate or the broker-dealer distributor of the structured note. In addition, issuers often specifically disclaim their intention to repurchase or make

markets in the notes they issue. Clients should, therefore, be prepared to hold a structured note to its maturity date, or risk selling the note at a discount to its value at the time of sale.

- *Credit risk*. Structured notes are unsecured debt obligations of the issuer, meaning that the issuer is obligated to make payments on the notes as promised. These promises, including any principal protection, are only as good as the financial health of the structured note issuer. If the structured note issuer defaults on these obligations, investors may lose some, or all, of the principal amount they invested in the structured notes as well as any other payments that may be due on the structured notes.

There also are risks surrounding various insurance products that are recommended to Stonebrook clients from time to time. Such risks include, but are not limited to loss of premiums. Prior to purchasing any insurance product, clients should carefully read the policy and applicable disclosure documents.

Clients are advised that they should only commit assets for management that can be invested for the long term, that volatility from investing can occur, and that all investing is subject to risk. Stonebrook does not guarantee the future performance of a client's portfolio, as investing in securities involves the risk of loss that clients should be prepared to bear.

Past performance of a security or a fund is not necessarily indicative of future performance or risk of loss.

G. Voting Client Securities

Stonebrook does not accept the authority to and does not vote proxies on behalf of clients. Clients retain the responsibility for receiving and voting proxies for all and any securities maintained in client Program portfolios.

Item 7 – Client Information Provided to Portfolio Managers

Stonebrook and External Managers are the portfolio managers under the Program. External Managers have access to client information due to their access, for trading purposes, to the custodian's system. Stonebrook does not provide information otherwise to the External Managers.

Item 8 – Client Contact with Portfolio Managers

Clients may contact Stonebrook personnel during regular business hours to discuss the Program and their Program accounts. Therefore, no restrictions are placed on a client's ability to contact or consult with Stonebrook. Clients are not provided the opportunity to contact and consult with External Managers.

Item 9 – Additional Information

A. Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to a client's evaluation of the adviser and the integrity of the adviser's management. Stonebrook has no information applicable to this Item.

B. Other Financial Industry Activities and Affiliations

<u>Registered Representative Activities</u>

Certain advisory persons of Stonebrook are registered representatives with PCS. PCS is a registered broker-dealer and member of FINRA. In this capacity, such representatives of Stonebrook offer securities or alternative investments and receive normal and customary fees or commissions as a result of these transactions. In addition, these individuals receive additional ongoing 12b-1 fees for mutual fund purchases from the mutual fund company during the period that the client maintains the mutual fund investment. As a result of this relationship, PCS has access to certain confidential information (e.g., financial information, investment objectives, transactions and holdings) about clients, even if a client does not establish an account through PCS. If you would like a copy of the PCS privacy policy, please contact Stonebrook as described on the cover page of this brochure.

Clients should be aware that the receipt of additional compensation itself creates an inherent conflict of interest, and may affect the judgment of these individuals when making recommendations. Stonebrook and PCS are separate, nonaffiliated entities. Nevertheless, to the extent that a Stonebrook representative recommends the purchase of securities or other investment products where the representative receives commissions for doing so, a conflict of interest exists because the representative is incentivized to make recommendations based on the compensation received rather than on a client's needs. Stonebrook has adopted certain procedures designed to mitigate the effects of this conflict. As part of Stonebrook' fiduciary duty to clients, Stonebrook and its representatives endeavor at all times to put the interests of clients first, and recommendations will only be made to the extent that they are reasonably believed to be in the best interests of clients. Additionally, the conflicts presented by this relationship are disclosed to clients through this brochure, client agreement and/or verbally prior to or at the time of entering into an Agreement. Clients are not obligated to implement recommended transactions through any Stonebrook representative or any particular broker-dealer. Clients have the option to purchase any recommended investment through broker-dealers other than PCS.

Stonebrook clients should understand that lower fees and/or commissions for comparable services may be available from other broker-dealers.

Insurance Agent Activities

Advisory persons of Stonebrook are licensed as insurance professionals. Such persons earn commission-based compensation for selling insurance products to clients. Insurance commissions earned by advisory persons who are insurance professionals are separate from and in addition to Stonebrook's advisory fee. This practice presents a conflict of interest as an advisory person who is an insurance professional has an incentive to recommend insurance products for the purpose of generating commissions rather than solely based on client needs. Stonebrook addresses this conflict through disclosure and strives to make recommendations which are in the best interests of its clients. Clients are under no obligation to purchase insurance products through any person affiliated with Stonebrook. Stonebrook clients should understand that lower fees and/or commissions for comparable services may be available from other insurance providers.

C. Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

Stonebrook has a Code of Ethics (the "Code") which requires Stonebrook's employees ("supervised persons") to comply with their legal obligations and fulfill the fiduciary duties owed to the Firm's clients. Among other things, the Code of Ethics sets forth policies and procedures related to conflicts of interest, outside business activities, gifts and entertainment, compliance with insider trading laws and policies and procedures governing personal securities trading by supervised persons.

Personal securities transactions of supervised persons present potential conflicts of interest with the price obtained in client securities transactions or the investment opportunity available to clients. The Code addresses these potential conflicts by prohibiting securities trades that would breach a fiduciary duty to a client and requiring, with certain exceptions, supervised persons to report their personal securities holdings and transactions to Stonebrook for review by the Firm's Chief Compliance Officer. The Code also requires supervised persons to obtain pre-approval of certain investments, including initial public offerings and limited offerings.

Stonebrook will provide a copy of the Code of Ethics to any client or prospective client upon request.

D. Review of Accounts

While Program accounts are monitored on an ongoing basis, Stonebrook's investment adviser representatives seek to have at least one annual meeting with each client to conduct a formal review of the clients' accounts. Program accounts are reviewed for consistency with the investment strategy and other parameters set forth for the account and to determine if any adjustments need to be made.

Other Reviews and Triggering Factors

In addition to the periodic reviews described above, reviews may be triggered by changes in a Program account holder's personal, tax or financial status. Other events that may trigger a review of a Program account are material changes in market conditions as well as macroeconomic and company-specific events. Program clients are encouraged to notify Stonebrook of any changes in his/her personal financial situation that might affect his/her investment needs, objectives, or time horizon.

Regular Reports

Written brokerage statements are generated no less than quarterly and are sent directly from the qualified custodian. These reports list the account positions, activity in the account over the covered period, and other related information. Clients are also sent confirmations following each brokerage account transaction unless confirmations have been waived.

Stonebrook may also determine to provide account statements and other reporting to clients on a periodic basis. Stonebrook also provides account reports during client meetings.

Clients are urged to carefully review all custodial account statements and compare them to any statements and reports provided by Stonebrook. Stonebrook statements and reports may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

E. Client Referrals and Other Compensation

Client Referrals

Stonebrook seeks to enter into agreements with individuals and organizations, some of whom may be affiliated or unaffiliated with Stonebrook for the referral of clients to us. All such agreements will be in writing and comply with the applicable state and federal regulations. If a client is introduced to Stonebrook by a solicitor, Stonebrook will pay that solicitor a fee in accordance with the applicable federal and state securities law requirements. While the specific terms of each agreement may differ, generally, the compensation will be based upon Stonebrook's engagement of new clients and the retention of those clients and would be calculated using a varying percentage of the fees paid to Stonebrook by such clients until the account is closed by written authorization from the client. Any such fee shall be paid solely from Stonebrook's fees, and shall not result in any additional charge to the client.

As described above, the Program is only made available to Transition Clients. Therefore, any referred "new" clients of Stonebrook are provided investment management and other services pursuant to other programs and service models maintained by Stonebrook.

Other Compensation

As described above, Stonebrook requires that Program clients utilize Schwab as the custodian/broker-dealer for their Program account(s). In exchange for using or otherwise recommending the services of Schwab, Stonebrook may receive, without cost, computer software and related systems support that allows Stonebrook to monitor and service its clients' accounts maintained with Schwab. Schwab also makes available to the Firm products and services that benefit the Firm but may not directly benefit the client or the client's account. These products and services assist Stonebrook in managing and administering client accounts. They include investment research, both Schwab's own and that of third parties. Stonebrook may use this research to service all or some substantial number of client 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.

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.

In addition, Stonebrook receives financial support from Schwab up to capped dollar amount to be used toward qualifying marketing, technology, consulting and/or research expenses incurred by Stonebrook in registering and launching the operations of Stonebrook. This financial support is available to Stonebrook during the first 12 months from the start of Stonebrook clients having assets custodied at Schwab, and the ultimate amount payable by Schwab is dependent upon the amount of Stonebrook client assets custodied at Schwab. Furthermore, Schwab has agreed to reimburse account termination fees charged to Stonebrook clients by the former custodian of the clients' accounts up to a capped dollar amount. This reimbursement is available during an initial 12 month period.

Schwab may provide some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to the Firm. 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 the Firm with other benefits such as occasional business entertainment of Firm personnel.

The benefits received by Stonebrook through its participation in the Schwab custodial platform do not depend on the amount of brokerage transactions directed to Schwab. In addition, there is no corresponding commitment made by Stonebrook to Schwab to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as a result of participation in the program. While as a fiduciary, we endeavor to act in our clients' best interests, our requirement that Program clients maintain their assets in accounts at Schwab will be based in part on the benefit to Stonebrook of the availability of some of the foregoing products and services and not solely on the nature, cost or quality of custody and brokerage services provided by Schwab. The receipt of these benefits creates a potential conflict of interest and may indirectly influence Stonebrook's choice of Schwab for custody and brokerage services.

F. Financial Information

Stonebrook is not required to disclose any financial information pursuant to this item due to the following:

a) Stonebrook does not require or solicit the prepayment of more than $1,200 in fees six months or more in advance of rendering services;

b) Stonebrook is unaware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments relating to its discretionary authority over certain client accounts; and

c) Stonebrook has never been the subject of a bankruptcy petition.