

# Form ADV

## Part 2A

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### Sandhill Wealth Management, Inc.

March 5, 2024

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This brochure (“Brochure”) provides information about the qualifications and business practices of Sandhill Wealth Management, Inc. (“SH”). You should review this Brochure in conjunction with our separate brochure supplement (“Supplement”). The Supplement(s) has been prepared for the purpose of providing information about the qualifications and background of the supervised person(s) working with you on our behalf or who may otherwise participate in the advisory services provided to you. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

If you have any questions about the contents of this Brochure or our Supplement(s), please contact us at 407-214-6424 or david@sandhillwealth.com. Additional information about SH or any of our supervised persons (who are registered under our firm) is also available on the SEC’s Investment Adviser Public Disclosure (“IAPD”) which can be found at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

The format/layout of this Brochure has been dictated by the SEC. As such, the Brochure’s table of contents can be found after the “Material Changes” section of this Brochure, not at the beginning of the Brochure. The subsections appearing under each heading shall follow the mandated ordering of the items required to be addressed in this Brochure as set forth in the instructions and guidance issued by the SEC in regard to Part 2A of the Form ADV. SH’s response to each such item shall immediately follow each numbered item. We encourage any reader of this Brochure to also refer to the SEC’s instructions and guidance related to Part 2A of the Form ADV. Throughout this Brochure, any references to “we,” “our,” “ours,” “us,” etc. are meant to refer to SH.

## **II. Material Changes**

Our last annual update was filed on March 22, 2023. Since our last annual update, the firm has changed its address.

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## IV. Advisory Business

### SH at a Glance

#### Firm Profile

SH is an independent, full service, wealth management firm specializing in wealth management for individuals and small businesses. Our Firm was founded in December 2017 when we applied for SEC registration. Our firm is entirely owned by David Gulacsy.

#### SH's Advisory Services

In this section, we will describe the services we offer as well as the fees that correspond to those services. As far as investment products on which we may provide advice, those product types are identified in the grid below.

#### Product Type Limitations

We generally provide investment advice in relation to the following specific types of securities/investments.

<input checked="" type="checkbox"/>	Exchange listed equities	<input checked="" type="checkbox"/>	Mutual funds (closed-end and open-end funds)
<input checked="" type="checkbox"/>	Over the counter equities	<input checked="" type="checkbox"/>	Exchange traded funds
<input checked="" type="checkbox"/>	Equities of foreign issuers	<input checked="" type="checkbox"/>	U.S. government securities
<input checked="" type="checkbox"/>	Interests in privately offered securities (hedge funds, venture capital funds, private equity funds, etc.) involving any of the following: <ul style="list-style-type: none"> <li>• Real estate</li> <li>• Oil and gas</li> <li>• Mortgages or other receivables/assets</li> </ul>	<input checked="" type="checkbox"/>	Options on securities
<input checked="" type="checkbox"/>	Warrants	<input type="checkbox"/>	Options on commodities
<input checked="" type="checkbox"/>	Corporate debt securities (other than commercial paper)	<input type="checkbox"/>	Options on futures
<input checked="" type="checkbox"/>	Commercial paper	<input type="checkbox"/>	Futures contracts (tangibles)
<input checked="" type="checkbox"/>	Certificates of deposit	<input type="checkbox"/>	Futures contracts (intangibles)
<input checked="" type="checkbox"/>	Municipal securities	<input type="checkbox"/>	
<input checked="" type="checkbox"/>	Variable life insurance	<input type="checkbox"/>	
<input checked="" type="checkbox"/>	Variable annuities	<input type="checkbox"/>	

#### Specialized Services

None

## **Our Services**

### *Portfolio Management*

Our investment advisor representatives will create a portfolio, consisting of the security types noted in the table above. SH will manage client portfolios on a discretionary basis. SH utilizes an investment strategy focused primarily on a long term buy and hold approach as opposed to short-term trading. Each portfolio will be initially designed to meet a particular investment goal, which the Adviser has determined to be suitable to the client's circumstances. Once the appropriate portfolio has been determined, the Adviser will review the portfolio quarterly, and if necessary, rebalance such portfolio, based upon the client's individual needs, stated goals and objectives and changes to investment models. Clients will have the opportunity to place reasonable restrictions on the types of investments to be held in the portfolio. The Adviser's strategy, generally, will seek to meet client investment objectives while providing clients with access to the personal advisory services of its Advisory Representatives on at least an annual basis, or more often, depending upon prior agreement between each Advisory Representative and clients. The Advisory Representatives will not attempt to manage short-term market fluctuations with active trading (market-timing/ allocation etc.) However, the adviser may reallocate the portfolio as necessitated by large-scale macroeconomic changes in the securities markets. Mutual funds may be selected on the basis of any or all of the following criteria: performance history; the industry sector in which the fund invests; the track record of the fund's manager; the fund's investment objectives, management style and philosophy; and, the fund's management fee structure. Each client's individual needs and circumstances will determine initial portfolio weighting between funds and market sectors. Clients will have the opportunity to place reasonable restrictions on the types of investments that will be made on the client's behalf. Clients will retain individual ownership of all securities.

## **Customization of Advisory Services**

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To the fullest extent possible, we will endeavor to tailor our advisory services to meet the specific needs of each and every client. In order to determine a suitable course of action for an individual client, we will perform a review of our clients' financial circumstances and other factors that may influence the investment recommendations we may make to you from time to time. Such review may include, but would not necessarily be limited to, investment objectives, consideration of a client's overall financial condition, income and tax status, personal and business assets, risk profile, and other factors unique to a client's particular circumstances.

In making investment recommendations on behalf of a client, we will rely on a data gathering document or other questionnaire, which would be completed based on information provided by a client.

Our clients are free to impose any restrictions or other conditions with regard to how we provide our advisory services. If we agree to such restrictions and/or conditions, please be advised that restrictions and guidelines that you impose on our investment management functions may affect the composition and performance of custom portfolios (as a result, performance of custom portfolios within the same investment objective may differ and you should not expect that the performance of a custom portfolio will be identical to any other individual's portfolio performance) as well as any recommendations provided to you.

## **Disclosure of Fiduciary Status under ERISA and IRA rules**

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When we provide investment advice to you regarding your retirement plan account or individual retirement account, we are fiduciaries 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 we make money creates some conflicts with your interests, so we operate under a special rule that requires us to act in your best interest and not put our interest ahead of yours.

Under this special rule's provisions, we must:

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

## Wrap Fee Program Participation

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We do not participate in any Wrap Fee Programs.

## Assets Under Management (“AUM”)

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AUM (discretionary): \$64,105,939  
 AUM (non-discretionary): \$0  
 Total AUM: 64,105,939  
 Date of AUM calculation: December 31, 2022

The term, “assets under management” shall carry the same meaning as that term is defined by Form ADV.

## V. Fees and Compensation

### Fee Schedule

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Break Point Level	Portfolio Size	Annual Portfolio Management Fee
1	\$0 – 249,999	2.00%
2	\$250,000 – 499,999	1.75%
3	\$500,000 – 749,999	1.50%
4	\$750,000 – 1,249,999	1.25%
5	\$1,250,000 – 1,999,999	1.00%
6	\$2,000,000 – 4,999,999	0.75%
7	\$5,000,000 and above	0.50%

All Advisory fees are charged, in advance, at the start of each calendar quarter, based upon the fair market value of the assets in the portfolio as of the last business day of the prior quarter. The initial fee will be payable when the account is established, prorated for the first partial quarter, if applicable. The initial fee will be based on the value of the assets being transferred or deposited. Thereafter, the fee will be payable on the first day of each calendar quarter based on the asset value of the account as of the last business day of the prior quarter. Additional deposits to the account are subject to the same fee procedures. No fee adjustments will be made for partial withdrawals and account depreciation.

All fee arrangements can be negotiable at our sole discretion. Specific fee arrangements will be set forth in your agreement (“Agreement”) with us.

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## Collection of Fees

### *Billing Via Custodian.*

Contemporaneously with the execution of the Agreement, you will be asked to sign an authorization that will allow the custodian of any of your account(s) to debit the account(s) the amount of our service fees and remit the fee to us. The authorization will remain valid unless and until we receive a written revocation of such authorization from you. In connection with this fee deduction process, the custodian will send you a statement, at least quarterly, indicating:

- all amounts disbursed from the account, and
- the amount of advisory fees paid directly to us.

Specific fee arrangements will be set forth in your Agreement with us.

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## Other Fees

In addition to our service fees, you may be assessed other fees by parties independent from us. You may also incur, relative to certain investment products (such as mutual funds), charges imposed directly at the investment product level (i.e. advisory fees, administrative fees, and other fund expenses). Brokerage fees/commissions charged to you for securities trade executions may be billed to you by the broker-dealer or custodian of record for your account, not us. Any such fees are exclusive of, and in addition to our compensation. You will be solely and directly responsible for all fees, including fees other than those we may bill directly to you.

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## Prepayment of Fees

All Advisory fees are charged, in advance, at the start of each calendar quarter, based upon the fair market value of the assets in the portfolio as of the last business day of the prior quarter. Clients who choose to terminate the Adviser’s Agreement will then receive, where applicable, a prorated refund of any prepaid advisory fees. Such prorated refund will be based upon actual services and termination costs incurred up to and at the time of termination of the Adviser’s services.

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## Additional Compensation

We are required to address situations in which we or any of our supervised persons accepts compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds. Mr. Gulacsy is registered as a representative of Fortune Financial Services, Inc. and as such may receive monetary compensation for the sale of securities to his customers.

In addition, SH’s advisory representatives may also be licensed as insurance agents with various insurance companies, and in such capacity, may recommend, on a fully disclosed basis, the purchase of insurance related products.

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## Conflicts of Interest

The instructions in the Form ADV require us to tell you that the receipt or potential for the receipt of Additional Compensation gives our supervised persons an incentive to recommend insurance products or sell securities based on the Additional Compensation received, rather than on your specific needs. Although we are obligated to tell you this, our objective as a firm, which is shared by our supervised persons, is to place nothing before your best interests.

*How we address these conflicts.* First and foremost, we address the conflicts described above in relation to Additional Compensation by disclosing them to you in this Brochure as well as your representative’s Brochure Supplement. As a matter of general policy, we aggressively discourage activities that put your interests anywhere but first. Additionally, we have instituted a comprehensive supervisory process, detailed in our Policies and Procedures (“Policies”) that was designed to address, among other things, conflicts of interest such as Additional Compensation. In addition, we have designated a Chief Compliance Officer, as set forth on Schedule A of our Form



ADV, to be the party responsible for the overall application and oversight of our supervisory process and our Policies. Our Chief Compliance Officer has the authority to delegate certain supervisory responsibilities to other supervised persons within our firm in order to ensure that our overall system of supervision is being carried out adequately and in a timely manner.

The potential conflict of interest resulting from the Additional Compensation described above is commonplace in the investment industry and we believe that such arrangements are not only appropriate but that they are proper in light of the added examination, licensing, registration, and other regulatory requirements. Our supervised persons have satisfied various regulatory examination and registration requirements that allow not only for the offering of the types of products and services described in the information related to the Additional Compensation described above but also the receipt of the normal and customary compensation that any similarly registered, licensed, and qualified person could receive in the form of sales compensation for those same products/services.

Bear in mind that even if our supervised persons were not registered/licensed to sell the types of products/services addressed in the preceding section, the majority of your investments or transactions involving such products would still result in you paying some sort of commission for those products. In the case of our supervised persons, their active registration/licensing may allow them to be able to receive such Additional Compensation as opposed to the executing financial institution or other licensed agent receiving that compensation.

Any Additional Compensation received by our supervised persons in connection with the products/services described in the preceding section is deemed routine and customary compensation for such activities and is not believed to be inappropriate.

*Procedures for disclosing these conflicts.* In an effort to inform you of these conflicts of interest, we have prepared this Brochure and have provided it to you, in part, for the purpose of disclosing these conflicts. You are always welcome to request a current copy of our Brochure. We are obligated to provide you a copy of this Brochure no later than the time you sign our Agreement and on an annual basis, we are required to provide you either (1) a copy of our current Brochure or (2) a set of instructions as to how you can request a copy of our current Brochure.

## **VI. Performance-Based Fees and Side-By-Side Management**

We do not charge performance-based fees.

## **VII. Types of Clients**

We will generally provide our services to the following types of clients.

- Individuals
- High net worth individuals
- Trusts
- Estates
- Business or corporate entities
- Charitable organizations

Unless otherwise specified on a per client basis, we generally do not impose (1) a minimum asset/account balance upon engagement by a client or on an ongoing basis or (2) a minimum annual fee.

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

### **Methods of Analysis**

In the course of our management process and as appropriate on a case by case basis, we will employ some or all of the following methods of analysis. For a description of the risks related to each particular method of analysis, see the information following each analysis method description.

### **Charting / Technical**

The terms “charting” and “technical” analysis are generally used synonymously and therefore, for the purpose of this document, we will use the term, “technical analysis.” In most cases, technical analysis involves the evaluation of historical market data such as price and volume of a particular security or investment instrument. Technical analysis often times involves the use of charts, graphs, and other tools to evaluate historical factors relating to the investment instrument and perhaps the market as a whole. The goal of technical analysis is to try to identify historical trading patterns that suggest future trading activity or price targets.

Key risk(s): Economic Risk, Financial Risk, Inflation Risk, Interest Rate Risk, Legal/Regulatory Risk, Market Risk, Operational Risk, and Strategy Risk.

### **Fundamental**

Fundamental analysis is generally considered the opposite approach to technical analysis. Fundamental analysis involves the attempt to identify the intrinsic value (i.e. the actual, true/real value) of an investment instrument by examining any related economic, financial, and other quantitative/qualitative factors relevant to that instrument. Fundamental analysis can take into account anything that may impact the underlying value of the instrument. Examples of such things may include large-scale economic issues such as the overall condition or current cycle of the economy, industry-specific or sector-specific conditions, etc. Other company/issuer-specific factors may also be taken into consideration such as the company’s/issuer’s current financial condition, management experience and capabilities, legal/regulatory matters, the overall type and volume of current and expected business, etc.

One of the goals of fundamental analysis is to attempt to derive a value that can be compared to the current market price for a particular financial instrument in hopes of determining whether the instrument is overpriced (time to sell) or underpriced (time to buy).

Key risk(s): Economic Risk, Financial Risk, Inflation Risk, and Interest Rate Risk.

Investing in securities or other investment products involves the risk of loss and you should be prepared to bear such losses.

### **Investment Strategies**

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In the course of our management process and as appropriate on a case by case basis, we will employ any of the following investment strategies. For a description of the risks related to each particular investment strategy, see the information following each strategy description. The codes used below relate to risks described further below in this section.

#### **Long-Term Purchases**

Long-term purchases generally involve the acquisition of an investment instrument and holding it for a period of at least one year.

Key risk(s): Capital Risk, Economic Risk, Financial Risk, and Inflation Risk.

#### **Short-Term Purchases**

Short-term purchases generally involve the acquisition of an investment instrument and holding it for a period of not more than one year.

Key risk(s): Capital Risk, Economic Risk, Financial Risk, and Inflation Risk.

### **Margin Trading**

Margin trading, or “trading on margin,” as it is generally stated, involves the ability to purchase a dollar value of securities that is greater than the dollar value of funds you have available for the purchase. Essentially, trading on margin means that you can borrow additional funds, generally from the firm that holds your brokerage account, to purchase investment instruments that exceed the amount with which you have funded your account.

Key risk(s): Capital Risk, Credit Risk, Currency Risk, Higher Trading Costs, Inflation Risk, Legal/Regulatory Risk, and Margin Risk.

Investing in securities or other investment products involves the risk of loss and you should be prepared to bear such losses.

### **Option Writing** (including covered/uncovered options or spreading strategies)

We will also employ the use of options trading in the event that such trading complements an investment strategy we may be carrying out for a particular client. An option is the right either to buy or sell a specified amount or value of a particular underlying investment instrument at a fixed price (i.e. the “exercise price”) by exercising the option before its specified expiration date. Options giving you the right to buy are called “call” options. Options giving you the right to sell are called “put” options. When trading options on behalf of a client, we may use covered or uncovered options or various strategies such as spreads and straddles.

Covered call options involve selling options when we own the underlying security. Covered put options involve selling fully cash-secured puts. Uncovered call options involve selling options when we don’t own the underlying security. Uncovered put options involve selling put that are partially cash-secured. Spread options are two leg trades where we are buying one option type (call or put) and selling the same option type (call or put) with a different strike and/or expiration.

Key risk(s): Capital Risk, Currency Risk, Economic Risk, Financial Risk, Legal/Regulatory Risk, Market Risk, Margin Risk, and Strategy Risk

## **Risk Disclosures**

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### **Capital Risk**

Capital risk is one of the most basic, fundamental risks of investing; it is the risk that you may lose 100 percent of your money. All investments carry some form of risk and the loss of capital is generally a risk for any investment instrument.

### **Credit Risk**

Credit risk can be a factor in situations where an investment’s performance relies on a borrower’s repayment of borrowed funds. With credit risk, an investor can experience a loss or unfavorable performance if a borrower does not repay the borrowed funds as expected or required. Investment holdings that involve forms of indebtedness (i.e. borrowed funds) are subject to credit risk.

### **Currency Risk**

Fluctuations in the value of the currency in which your investment is denominated may affect the value of your investment and thus, your investment may be worth more or less in the future. All currency is subject to swings in valuation and thus, regardless of the currency denomination of any particular investment you own, currency risk is a realistic risk measure. That said, currency risk is generally a much larger factor for investment instruments denominated in currencies other than the most widely used currencies (U.S. dollar, British pound, Euro, Japanese yen, etc.).

### **Economic Risk**

The prevailing economic environment is important to the health of all businesses. Some companies, however, are more sensitive to changes in the domestic or global economy than others. These types of companies are often referred to as cyclical businesses. Countries in which a large portion of businesses are in cyclical industries are thus also very economically sensitive and carry a higher amount of economic risk. If an investment is issued by a party located in a country that experiences wide swings from an economic standpoint or in situations where certain elements of an investment instrument are hinged on dealings in such countries, the investment instrument will generally be subject to a higher level of economic risk.

### **Financial Risk**

Financial risk is represented by internal disruptions within an investment or the issuer of an investment that can lead to unfavorable performance of the investment. Examples of financial risk can be found in cases like Enron or many of the dot com companies that were caught up in a period of extraordinary market valuations that were not based on solid financial footings of the companies.

### **Higher Trading Costs**

For any investment instrument or strategy that involves active or frequent trading, you may experience larger than usual transaction-related costs. Higher transaction-related costs can negatively affect overall investment performance.

### **Inflation Risk**

Inflation risk involves the concern that in the future, your investment or proceeds from your investment will not be worth what they are today. Throughout time, the prices of resources and end-user products generally increase and thus, the same general goods and products today will likely be more expensive in the future. The longer an investment is held, the greater the chance that the proceeds from that investment will be worth less in the future than what they are today. Said another way, a dollar tomorrow will likely get you less than what it can today.

### **Interest Rate Risk**

Certain investments involve the payment of a fixed or variable rate of interest to the investment holder. Once an investor has acquired or has acquired the rights to an investment that pays a particular rate (fixed or variable) of interest, changes in overall interest rates in the market will affect the value of the interest-paying investment(s) they hold. In general, changes in prevailing interest rates in the market will have an inverse relationship to the value of existing, interest paying investments. In other words, as interest rates move up, the value of an instrument paying a particular rate (fixed or variable) of interest will go down. The reverse is generally true as well.

### **Legal/Regulatory Risk**

Certain investments or the issuers of investments may be affected by changes in state or federal laws or in the prevailing regulatory framework under which the investment instrument or its issuer is regulated. Changes in the regulatory environment or tax laws can affect the performance of certain investments or issuers of those investments and thus, can have a negative impact on the overall performance of such investments.

### **Liquidity Risk**

Certain assets may not be readily converted into cash or may have a very limited market in which they trade. Thus, you may experience the risk that your investment or assets within your investment may not be able to be liquidated quickly, thus, extending the period of time by which you may receive the proceeds from your investment. Liquidity risk can also result in unfavorable pricing when exiting (i.e. not being able to quickly get out of an investment before the price drops significantly) a particular investment and therefore, can have a negative impact on investment returns.

### **Margin Risk**

- You can lose more funds than you deposit in a margin account. A decline in value of securities that are purchased on margin may require you to provide additional funds to the custodian holding your margin account in order to avoid a forced sale of those securities or other securities in your account.
- The custodian holding your margin account can force the sale of securities in your margin account. If the equity in your account falls below the margin maintenance level required by law or below the custodian's "house" requirement, the custodian can sell the securities in your account to cover the margin deficiency. You will be responsible for any shortfall in the account after such sale.

- Securities can be sold without contacting you prior to sale. Some investors mistakenly believe they must be contacted before a margin call becomes valid and that securities in their accounts cannot be liquidated to meet the call unless they have been contacted ahead of time. Most firms will attempt to notify you of margin calls, however, they are not required to do so. Even if the custodian has contacted you to provide a specific date by which you can meet a margin call, the custodian can still take necessary steps to protect its financial interests, including immediately selling the securities without notice to you.
- You are not entitled to choose which securities in your margin account are liquidated or sold to meet your margin call. Because the securities are used as collateral for the margin loan, the custodian has the right to decide which securities to sell in order to protect its interests.
- The custodian can increase its “house” maintenance requirement at any time and is not required to provide you with advance, written notice. These changes in policy can take effect immediately and may result in the issuance of a margin maintenance call. Your failure to satisfy this call may cause a forced liquidation in your account.
- You are not entitled to an extension of time on a margin call. While an extension of time to meet margin requirements may be available to clients under certain conditions, a client does not have the right to the extension.

### **Market Risk**

The market value of an investment will fluctuate as a result of the occurrence of the natural economic forces of supply and demand on that investment, its particular industry or sector, or the market as a whole. Market risk may affect a single issuer, industry or sector of the economy or may affect the market as a whole. Market risk can affect any investment instrument or the underlying assets or other instruments held by or traded within that investment instrument.

### **Operational Risk**

Operational risk can be experienced when an issuer of an investment product is unable to carry out the business it has planned to execute. Operational risk can be experienced as a result of human failure, operational inefficiencies, system failures, or the failure of other processes critical to the business operations of the issuer or counter party to the investment.

### **Past Performance**

Charting and technical analysis are often used interchangeably. Technical analysis generally attempts to forecast an investment’s future potential by analyzing its past performance and other related statistics. In particular, technical analysis often times involves an evaluation of historical pricing and volume of a particular security for the purpose of forecasting where future price and volume figures may go. As with any investment analysis method, technical analysis runs the risk of not knowing the future and thus, investors should realize that even the most diligent and thorough technical analysis cannot predict or guarantee the future performance of any particular investment instrument or issuer thereof.

### **Strategy Risk**

There is no guarantee that the investment strategies discussed herein will work under all market conditions and each investor should evaluate his/her ability to maintain any investment he/she is considering in light of his/her own investment time horizon. Investments are subject to risk, including possible loss of principal.

### **Investment-Specific Risks**

There is no single type of investment instrument that we predominantly recommend, however, please be mindful that all investments carry some form and degree of risk. Certain types of investments carry greater types and levels of risk than others and you should make sure that you fully understand not only the investment product itself but also the attendant risk factors associated with such products.

## **IX. Disciplinary Information**

The purpose of this section is for us to disclose to you any legal, disciplinary, or other events that you may consider material in your evaluation of our firm or the integrity of our management. Following each of the numbered items

below, we shall provide details as to each applicable matter or we will answer “No” or “N/A.” This information is presented in a question and answer format. The time period required to be covered by our answers in this section is ten years from the date of the events requiring disclosure.

### **Criminal or Civil Action**

In any domestic, foreign, or military court of competent jurisdiction, has SH or any of its management persons...		
Been convicted of, or pled guilty or nolo contendere (“no contest”) to (a) any felony; (b) a misdemeanor that involved investments or an investment-related business, fraud, false statements or omissions, wrongful taking of property, bribery, perjury, forgery, counterfeiting, or extortion; or (c) a conspiracy to commit any of these offenses?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Been identified as the named subject of a pending criminal proceeding that involves an investment-related business, fraud, false statements or omissions, wrongful taking of property, bribery, perjury, forgery, counterfeiting, extortion, or a conspiracy to commit any of these offenses?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Been found to have been involved in a violation of an investment-related statute or regulation; or	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Been the subject of any order, judgment, or decree permanently or temporarily enjoining, or otherwise limiting, your firm or a management person from engaging in any investment-related activity, or from violating any investment-related statute, rule, or order?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

### **Administrative Proceedings**

Has SH or any of its management persons been the subject of an administrative proceeding before the SEC, any other federal regulatory agency, any state regulatory agency, or any foreign financial regulatory authority in which SH or any of its management persons...		
Was found to have caused an investment-related business to lose its authorization to do business; or	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Was found to have been involved in a violation of an investment-related statute or regulation and was the subject of an order by the agency or authority...		
denying, suspending, or revoking the authorization of SH or one of its management persons to act in an investment-related business;	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
barring or suspending SH or one of its management person’s association with an investment-related business;	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
otherwise significantly limiting SH or one of its management person's investment-related activities; or	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
imposing a civil money penalty of more than \$2,500 on SH or one of its management persons?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

### **SRO Proceedings**

Has SH or any of its management persons been involved in a SRO proceeding in which SH or any of its management persons ...		
Was found to have caused an investment-related business to lose its authorization to do business; or	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Was found to have been involved in a violation of the SRO’s rules and was: (i) barred or suspended from membership or from	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

association with other members, or was expelled from membership; (ii) otherwise significantly limited from investment-related activities; or (iii) fined more than \$2,500?		
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## **X. Other Financial Industry Activities and Affiliations**

The following information will address any active or pending financial industry affiliations that you need to know about for the purpose of identifying any related conflicts of interest that you might consider material in regard to letting us handle your investment advisory needs.

### **Broker-Dealers**

As previously disclosed, Mr. Gulacsy is a registered representative of Fortune Financial Services, Inc.

### **Futures Commission Merchants, Introducing Brokers, Commodity Trading Advisors, Commodity Pool Operators**

Neither SH nor any of its management persons is registered as a futures commission merchant, an introducing broker, a commodity trading adviser, or a commodity pool operator, nor do either parties have an application pending or otherwise in process for the purpose of seeking registration as any of these types of firms. Further, none of our management persons are registered as or currently seeking registration as associated persons of any of these types of firms.

### **Related Persons**

The following information will address any relationship or arrangement that is material to our advisory business or our clients that we or any of our management persons have with any of our related persons. In any such case, the related person is identified below and we have also addressed the nature of any conflict(s) arising out of this relationship/arrangement and how we address such conflict(s).

Please refer to the previous disclosures regarding Mr. Gulacsy's securities sales through Fortune Financial, Inc.

### **Use of Other Investment Advisers**

Presently, we do not use any other investment advisor to assist us in managing your accounts.

## **XI. Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

### **Code of Ethics**

We take great pride in our commitment to serving our clients' needs and the integrity with which we conduct our business. In our recent history, the financial services industry has come under significant scrutiny, especially in the area of the inherent responsibility of financial professionals to behave in the best interests of their clients.

We have developed a Code of Ethics ("Code") as a means of memorializing our vision of appropriate and professional conduct in carrying out the business of providing investment advisory services. Our Code addresses issues such as the following:

- Standards of conduct and compliance with applicable laws, rules, and regulations

- Protection of material non-public information
- The addressing of conflicts of interest
- Employee disclosure and reporting of personal securities holdings and transactions
- The firm's IPO and private placement policy
- The reporting of violations of the Code
- Educating employees about the Code
- Enforcement of the Code

Each of our representatives has been furnished with a copy of our Code and has signed their names to a written acknowledgement attesting to their understanding of the Code and acceptance of its terms. A copy of our Code is available to all current and/or prospective clients upon request.

## **Participation in Client Trading**

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The information in this item is intended to address situations in which we or one of our related persons may have a material financial interest in the investment instruments we may recommend to you. No such arrangements exist.

## **Trading Alongside Our Clients**

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On occasion, we may invest for our own accounts or have a financial interest in the same securities or other investments that we recommend or acquire for the accounts of our clients. Further, we may also engage in transactions that are the same as or different than transactions recommended to or made for our client's accounts. Such transactions are permitted if effected, pre-cleared and reported in compliance with our policy on personal securities transactions. Generally, personal securities transactions will not be pre-cleared when an order for the same or a related security is pending for the account of a client. Our Designated Supervisor reviews reports of personal transactions in securities by all of our associated persons quarterly or more frequently if required.

### Investment Policy

None of our associated persons may affect for himself/herself or for accounts in which he/she holds a beneficial interest, any transactions in a security which is being actively recommended to any of our clients, unless in accordance with the following procedures.

### Firm Procedures

In order to implement our Investment Policy, the following procedures have been put into place.

- 1) If we are recommending that any of our clients buy any security, no associated person may purchase that security prior to a client's purchase of that security; and
- 2) If we are recommending that any of our clients sell any security, no associated person may sell that security prior to a client's sale of that security.

As an alternative to the procedures described in the preceding points, we may include our own order(s) in a batch order with other client orders that would involve average pricing for the entire batch such that we would receive the same pricing as all other clients participating in the batch.

It is the primary intent of these procedures to ensure that the best interests of our clients are always served over that of our own. Trading on our own behalf that results in our own interests being served over that of our clients could be considered a breach of our fiduciary duty and thus, is aggressively discouraged.

## **Batch Trading**

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Transactions for the client's account generally will be effected independently, unless we decide to purchase or sell the same securities for several clients at the same or approximately the same time. We may (but are not obligated to) combine or "batch" such orders in order to obtain best execution or to negotiate more favorable transaction rates. To the extent that we elect to aggregate client orders for the purchase or sale of securities, including securities in



which our associated persons may invest, we will generally do so in accordance with the parameters set forth in SEC No-Action Letter, *SMC Capital, Inc.* We will not receive any additional compensation or remuneration as a result of a batched order.

## **XII. Brokerage Practices**

The purpose of this Item is to present to you the factors that we take into consideration when (1) selecting or recommending broker-dealers to you for the purpose of effecting transactions on your behalf and (2) for determining the reasonableness of such broker-dealers' compensation related to such transactions.

SH is not a broker-dealer. SH may recommend the following brokers of record and their corresponding custodian:

<b>Broker of Record</b>	<b>Custodian</b>
Charles Schwab	

Factors that SH considers in recommending certain broker-dealers or custodians to clients may include such entity's financial strength, reputation, execution, pricing, and service. In return for effecting securities transactions through certain broker-dealers/custodians, SH or certain of its representatives may receive certain support services that may assist SH in its investment decision-making process for all of SH's clients.

In seeking best execution, the determinative factor is not always the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of brokerage services, including factors such as execution capability, commission rates, and responsiveness. Accordingly, although SH will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for the client's account transactions.

The client may direct SH to use a particular broker-dealer (subject to SH's right to decline and/or terminate the engagement) to execute some or all transactions for the client's account. In such an event, the client will negotiate terms and arrangements for the account with that broker-dealer, and SH will not seek better execution services or prices from other broker-dealers or be able to "batch" the client's transactions for execution through other broker-dealers with orders for other accounts managed by SH. As a result, the client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case.

### **Research and Soft Dollar Benefits**

Soft dollar benefits are items such as research or other products or services (other than the typical execution and other brokerage services available to all other investment advisers) that we may receive from a broker-dealer or other party in connection with the client securities transactions we direct to that/a broker-dealer(s). We may receive certain soft dollar benefits from Charles Schwab, out custodian and broker of record.

### **Brokerage for Client Referrals**

In certain circumstances, firms like ours may receive client referrals as a result of recommending particular broker-dealers or other service providers. We, however, do not participate in any formal arrangements wherein we receive client referrals from any particular broker-dealer in return for selecting or recommending such broker-dealer.

### **Directed Brokerage**

We do not permit directed brokerage.

### **Order Batching**

Transactions for the client's account generally will be effected independently, unless we decide to purchase or sell the same securities for several clients at the same or approximately the same time. We may (but are not obligated to) combine or "batch" such orders in order to obtain best execution or to negotiate more favorable transaction rates. Reasoning for attempting to effect a batch order is that we may need to trade in the same security for multiple accounts at or around the same time and batching may allow us to achieve a more favorable price on average for all clients. Batching, however, doesn't guarantee the lowest possible price for execution, however, it is intended to reduce the overall volatility in execution price for a large # of orders that if not batched together, may experience significantly different execution prices. Conversely, in the event that we do not batch a group of orders that otherwise may be a prime candidate for a batched order, the resulting cost for some clients may be higher or lower than what we might be able to achieve by processing a batched order for the benefit of those same clients.

To the extent that we elect to aggregate client orders for the purchase or sale of securities, including securities in which our associated persons may invest, we will generally do so in accordance with the parameters set forth in SEC No-Action Letter, *SMC Capital, Inc.* We will not receive any additional compensation or remuneration as a result of a batched order.

## **XIII. Review of Accounts**

### **Review of client accounts.**

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Accounts are reviewed monthly and/or quarterly by the President of the Company, David Gulacsy, in addition, Mr. Gulacsy is available to review accounts upon clients' request. An annual review will be conducted to discuss investments, allocation, insurance products, and other pertinent areas. The review process contains each of the following elements:

- Assess client's goals and objectives;
- Evaluate the strategy which has been employed;
- Monitor the portfolio; and
- Address the need to rebalance.

Account reviews may be triggered by any one or more of the following events:

- Change in performance;
- Change in management style of any fund, and
- Change in client's objectives.

### **Non-Periodic Account Reviews**

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Events that may trigger further client account reviews in addition to the standard quarterly review process may include, but would not be limited to, a notable increase in the volume of requests by the client to effect transactions in his/her accounts, where such transactions may appear to be inconsistent with the client's previously stated investment objectives. Other factors may include requests by the client to liquidate certain securities positions/contracts where such transactions may appear to be inconsistent with the client's previously stated investment objectives. Additional triggering factors could be the performance on an individual account being an outlier to the performance of accounts with similar investment objectives, and a very important trigger would be customer complaints. This last trigger would be a prime example of a trigger for an intermittent review of a client account.

### **Reports to Clients**

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Clients will receive statements from the appropriate custodian or issuer for brokerage accounts and quarterly statements from mutual fund companies for Mutual Fund Accounts. Upon clients' request, the Company will provide detailed analysis reports, which display the time-weighted rates of return realized in the clients' account.

## **XIV. Client Referrals and Other Compensation**

### **Compensation we receive**

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#### **Insurance**

Certain of SH's representatives are licensed to sell insurance products and may receive compensation for the sale of these products. This compensation may provide incentive to recommend these insurance products.

Even if our supervised persons were not registered/licensed to sell the types of products/services addressed in this section, the majority of your transactions involving such products would still result in you paying a commission for those products. In the case of our supervised persons, their active registration/licensing may allow them to be able to receive such Additional Compensation as opposed to the executing financial institution or other licensed agent receiving that compensation.

Any Additional Compensation received by our supervised persons in connection with the products/services described in the preceding section is deemed routine and customary compensation for such activities and is not believed to be inappropriate.

#### **Broker Dealer Representative**

Certain of SH's representatives are registered to sell securities and may receive compensation for the sale of these products. This compensation may provide incentive to recommend securities products.

Even if our supervised persons were not registered/licensed to sell the types of products/services addressed in this section, the majority of your transactions involving such products would still result in you paying a commission for those products. In the case of our supervised persons, their active registration/licensing may allow them to be able to receive such Additional Compensation as opposed to the executing financial institution or other licensed agent receiving that compensation.

Any Additional Compensation received by our supervised persons in connection with the products/services described in the preceding section is deemed routine and customary compensation for such activities and is not believed to be inappropriate.

### **Compensation we pay**

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Under certain circumstances, firms like ours may compensate other parties for having referred clients or potential investment advisory clients them. These sorts of arrangements are generally referred to as "solicitor" arrangements. We do not participate in any solicitor arrangements.

## **XV. Custody**

We engage in certain activities that result in us being deemed to have custody of certain of our client's funds and/or securities.

- Automatic fee deduction from your brokerage or other trading accounts
- Physical possession or control (even temporary) of client funds or securities
- The ability to gain access to any client funds and/or securities
- One of our related persons has custody of funds and/or securities subject to our investment advisory services
- We or one of our related persons serves as the general partner, managing member, or other similar type of control person to an investment fund to which we provide investment advisory services.

As stated previously your account statements will be provided by the qualified custodian that maintains physical possession of your accounts/assets. In the event that we also provide you information related to your accounts, you are urged to review and compare that information to the information contained on the account statements or other statements received from the qualified custodian.

## **XVI. Investment Discretion**

As part of our investment advisory services, we will generally seek and obtain your authorization to carry out part of our services on a purely discretionary basis. We will memorialize your authorization of our discretionary authority in our Client Profile & Advisory Agreement.

If you have authorized us to do so, we will exercise discretion over the following areas.

- 1) The securities to be bought or sold for a client's account
- 2) The amount of securities to be bought or sold for a client's account

We will have authority to exercise complete discretion with regard to the above-named factors without restriction. If done so on a non-discretionary basis, we will make certain recommendations that must be authorized by you prior to our facilitation of any such transactions. As may be separately agreed to in writing, we will observe any other specific limitations that may be imposed by you in relation to this discretionary authority.

## **XVII. Voting Client Securities**

### **Proxy Voting**

We do not vote proxies on behalf of any securities you own.

Since you have not authorized us to vote proxies on your behalf, we will not do so. Proxies related to the securities you own will be disseminated as dictated by the issuer, transfer agent, or as otherwise set forth in the account opening paperwork you completed for the custodian holding your account/assets. If you have questions related to a particular proxy notice, please call us at 407-214-6424.

## **XVIII. Financial Information**

### **Balance Sheet**

We do not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance. As a result, we are not required to provide our clients with a copy of our balance sheet from our most recently completed fiscal year.

### **Adverse Financial condition**

In the event that we have discretionary authority or custody of any of our clients' assets or if we require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance, we are required to disclose any financial condition that is reasonably likely to impair our ability to meet contractual commitments with our clients. Regardless of the fact that we do not maintain or exercise discretionary authority or have custody of any of our clients' assets and we do not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance, we have no adverse financial conditions to report.

### **Bankruptcy-Related Matters**

During the past ten years, SH has not been the subject of a bankruptcy petition.

## **XIX. Information for State Registered Investment Advisors**

The information regarding Mr. Gulacy's education, business background and other businesses can be found in the Part 2B supplement of this brochure.

We do not accept performance-based fees.

None of our management persons have been involved in an award or otherwise to have been found liable in an arbitration claim alleging damages in excess of \$2,500 involving any of the following matters.

- A investment or an investment-related business or activity;
- Fraud, false statement(s), or omissions;
- Theft, embezzlement, or other wrongful taking of property;
- Bribery, forgery, counterfeiting, or extortion; or
- Dishonest, unfair, or unethical practices.

None of our management persons have been involved in an award or otherwise to have been found liable in a civil, SRO, or administrative proceeding involving any of the following matters.

- An investment or an investment-related business or activity;
- Fraud, false statement(s), or omissions;
- Theft, embezzlement, or other wrongful taking of property;
- Bribery, forgery, counterfeiting, or extortion; or
- Dishonest, unfair, or unethical practices

Mr. Gulacy does not have any relationships with any issuer of securities.