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Item 1 – Cover Page

Steward Advisors, LLC

220 N. Green St.

Chicago, IL 60607

(630) 537-0111

[www.stewardadvisors.com](http://www.stewardadvisors.com)

September 1, 2022

This Brochure provides information about the qualifications and business practices of Steward Advisors, LLC (“STEWARD”). If you have any questions about the contents of this Brochure, please contact us at (630) 537-0111 or [tim@stewardadvisors.com](mailto:tim@stewardadvisors.com).

Steward Advisors, LLC is a registered investment advisor. Registration of an Investment Advisor does not imply any level of skill or training. The oral and written communications of an Advisor provide you with information about which you determine to hire or retain an Advisor.

Additional information about Steward Advisors, LLC also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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## Item 2 – Material Changes

This brochure contains information about STEWARD.

We have the following material changes to report since the last annual update dated March 5, 2021:

- Updated Item 4, Item 5, and Item 8 to include information on recommending pooled investment vehicles. Please see Item 4, 5 and 8 for more information.

Pursuant to SEC Rules, we will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business' fiscal year. We may further provide other ongoing disclosure information about material changes as necessary.

We will further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.

Currently, our Brochure is available on our website at <https://www.stewardadvisors.com/compliance>, or it may be requested by contacting Timothy J. Obendorf at (630) 537-0111 or [tim@stewardadvisors.com](mailto:tim@stewardadvisors.com).

Additional information about Steward Advisors, LLC is also available via the SEC's web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC's web site also provides information about any persons affiliated with Steward Advisors, LLC who are registered, or are required to be registered, as investment advisor representatives of STEWARD.

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## Item 4 – Advisory Business

### A. Description of Advisory Firm

Steward Advisors, LLC is a fee based financial planning and investment management firm offering advice to individuals, businesses, trusts, estates, charitable organizations, retirement plans, corporations, family offices and other business entities. Founded in 2011, the firm provides planning and advisory services in the areas of securities investments, risk management, budgeting, estate planning, trust planning, retirement planning, college funding and tax counseling. Although the majority of the firm’s business is centered on investment management, financial planning is an integral part of the services provided. It is estimated that 15-20% of the firm’s time is spent on financial planning.

The firm is owned 42% by Timothy J. Obendorf, 33% by Michael H. Kwon and 25% by Dale R. Branda.

### B. Description of Advisory Services Offered

The company offers two primary services: 1) Financial Planning and 2) Private Portfolio Management.

*Financial Planning* is offered which covers one or more of the following areas:

- 1) **Goal planning.** In an initial meeting with clients, identify and clarify primary financial goals and objectives.
- 2) **Net Worth Statement.** Based on data provided by the client, create a statement of assets and liabilities and identify titling.
- 3) **Cash Flow Review.** Identify sources of income and current expenses.
- 4) **Tax Planning.** Review past tax returns and current cash flow to identify tax planning opportunities.
- 5) **Risk Tolerance Assessment.** Using a questionnaire, identify client’s emotional risk tolerance and capacity for volatility of investment returns.

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- 6) **Investment Advice.** Based on the client's goals and risk tolerance assessment, determine an asset allocation that provides appropriate return and risk.
  - 7) **Risk Management Review.** Review client's existing life, health, long term care and property and casualty insurance to determine adequacy of coverage.
  - 8) **Estate Plan Review.** Review and diagram existing estate plan (wills & trusts) and identify potential opportunities to reduce estate taxes or streamline the client's estate distribution.
  - 9) **Retirement Planning & Monte Carlo Analysis.** Develop a cash flow projection for the client based on their resources and projected expenses. Using Monte Carlo statistical analysis, determine probability of not running out of money in retirement and recommend adjustments to the retirement plan if necessary.
  - 10) **College Planning.** Identify the amount of college savings needed, if any, and recommend a plan for achieving amount necessary.

*Private Portfolio Management* is offered to clients with a minimum of \$250,000 in investible assets. The minimum portfolio size may be waived by the firm in its sole discretion. The portfolios are generally constructed using exchange traded funds (ETF's) and mutual funds based on asset allocation models. In addition, we may also recommend that certain eligible clients invest in privately placed securities, which may include debt, equity and/or interests in pooled investment vehicles (e.g., hedge funds). Portfolios are constructed for each client based on these models and taking into account the client's appetite, financial capacity and need for risk. An investment policy is created for each client, which outlines the target allocation for that client's portfolio, any client specific restrictions and the benchmark returns against which their portfolio will be compared. On a periodic basis the portfolios are rebalanced to ensure that each client's assets are allocated according to their investment policy. Each client receives a quarterly performance report in addition to their monthly statements from the custodian.

**Cash Positions.** The firm may maintain cash and cash equivalent positions (such as money market funds or certificates of deposit) for defensive, strategic, or liquidity purposes. Unless otherwise agreed in writing, all cash and cash equivalent positions

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are included as part of assets under management for purposes of calculating the firm's investment advisory fee.

**C. Client Tailored Services and Client Imposed Restrictions**

The firm provides both discretionary and non-discretionary management of client accounts. Investment advice is tailored to each client's situation, and for discretionary accounts, investment advice is exercised in a manner consistent with the stated investment objectives for the particular client account. As discussed above, an investment policy is created for each client, which outlines the target allocation for that client's portfolio and any client specific restrictions.

**D. Wrap Fee Programs**

The firm does not offer any wrap fee programs.

**E. Client Assets Under Management**

STEWARD's Assets Under Management are listed below as of December 31, 2021:

Assets Under Management: \$ 118,730,749

Discretionary: \$114,850,586

Non-Discretionary: \$3,880,163

**Item 5 – Fees and Compensation**

**A. Method of Compensation and Fee Schedule**

The specific manner in which fees are charged by STEWARD is established in a client's written agreement with STEWARD.

Portfolio management fees are prorated for each capital contribution and withdrawal made during the applicable calendar month (with the exception of *de minimis* contributions and withdrawals). Accounts initiated or terminated during a calendar month are charged a prorated fee. Upon termination of any account, any prepaid, unearned fees are promptly refunded, and any earned, unpaid fees are due and payable.



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The annual fee for portfolio management services will vary depending upon the market value of the assets under management as follows:

<u>Portfolio Value</u>	<u>Annual Fee</u>
Up to \$1,000,000	1.0%
Over \$1,000,000 up to \$2,000,000	0.75%
Over \$2,000,000 up to \$5,000,000	0.50%
Over \$5,000,000 up to \$10,000,000	0.35%
Over \$10,000,000	0.25%

Portfolio management fees are payable monthly in arrears, charged as 1/12th of the annual amount.

For clients with assets under management above \$600,000, the financial planning described in 4B is included in the above fee. Clients with less than \$600,000 in assets under management are charged on an hourly basis for planning at the rate of \$300 per hour or on a retainer basis at a negotiated quarterly rate.

For clients without assets under management, a comprehensive financial plan covering the 10 topics in 4B is offered as a standalone service for a fixed fee of \$3,000. It is estimated that a comprehensive financial plan will take 12-15 hours to prepare, including an initial consultation and presentation of the planning report.

Limited scope financial planning may be offered at a negotiated hourly or retainer rate based on the scope of the project.

All fees are subject to negotiation.

**B. Client Payment of Fees**

STEWARD will generally bill its fees in arrears on a monthly basis. Clients authorize STEWARD to directly debit fees from client accounts as outlined in the client agreement. Other means of payment may be negotiated on a case-by-case basis.

**C. Additional Client Fees Charged**

STEWARD's fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which are incurred by the client. Clients may incur certain charges imposed by custodians, brokers, third party investment and other third parties such as fees charged by managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual

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funds, exchange traded funds, and private funds also charge internal management fees, which are disclosed in a fund's prospectus. These fees may include fund management fees, performance fees, initial or deferred sales charges, mutual fund sales loads, 12b-1 fees, surrender charges, and other fund expenses. Such charges, fees and commissions are exclusive of and in addition to STEWARD's fees, and STEWARD does not receive any portion of these commissions, fees, and costs.

Item 12 further describes the factors that STEWARD considers in selecting or recommending broker-dealers for *client* transactions and determining the reasonableness of their compensation (*e.g.*, commissions).

**D. Prepayment of Client Fees**

Private Portfolio Management Clients are billed in arrears and not required to prepay fees. Financial Planning clients may be requested to prepay fees. However, STEWARD does not accept prepayment of fees in excess of \$1,250 per client and six or more months in advance.

**E. External Compensation for the Sale of Securities to Clients**

STEWARD does not accept compensation for the sale of securities or other investment products.

**Item 6 – Performance-Based Fees and Side-By-Side Management**

STEWARD does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client).

**Item 7 – Types of Clients**

STEWARD provides financial advice and portfolio management services to individuals, businesses, trusts, estates, charitable organizations, retirement plans, corporations, family offices and other business entities.

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

**A. Methods of Analysis and Investment Strategies**

Investment advice is offered in the areas of domestic and foreign exchange-listed and over-the-counter equity and debt securities, options, warrants, variable life insurance, variable annuities, mutual funds, U.S. government securities, commercial paper, certificates of deposit, municipal debt, private equity, hedge funds, other

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alternative investments and partnerships invested in real estate and oil and gas interests. Securities analysis is performed by the fundamental, cyclical, and charting methods using financial data sources (including Internet, newspapers and magazines), third-party research materials, corporate rating services, annual reports, prospectuses, filings with the Securities and Exchange Commission, and company press releases. Investment strategies focus on meeting long-term goals, and may include long-term purchases, short-term trading strategies, margin transactions, and options strategies.

As discussed in 4B, client portfolios are generally constructed using ETF's and mutual funds based on asset allocation models. We may recommend certain eligible clients invest in privately placed securities, which may include debt, equity and/or interests in pooled investment vehicles (e.g., hedge funds). Portfolios are constructed for each client based on these models taking into account the client's appetite, financial capacity and need for risk. An investment policy is created for each client which outlines the target allocation for that client's portfolio, and any client specific restrictions. Asset classes included in the target allocations will generally include U.S. Equities, International Equities, Real Estate, Commodities, Fixed Income and Cash. These asset classes are combined in various percentages to balance risk and return based on the client's needs and risk appetite. On a periodic basis the portfolios are rebalanced to ensure that each client's assets are allocated according to their investment policy.

Investing in securities involves risk of loss that clients should be prepared to bear.

#### **B. Investment Strategy and Method of Analysis of Material Risks**

The value of client portfolios will move with some level of correlation to the broad U.S. equity market, the international equity market, the global bond market, the global commodities market and the global real estate market. Securities in all of these markets move up and down in reaction to changes in U.S. and foreign economic conditions, U.S. and foreign political environments, tax policies, interest rates, currency exchange rates, investor perceptions, and market liquidity. In addition, there is no guaranty that investment decisions by the Portfolio Manager will produce the desired result and could cause the portfolios to underperform the relevant market benchmarks.

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## Options

Options allow investors to buy or sell a security at a contracted “strike” price at or within a specific period of time. Clients may pay or collect a premium for buying or selling an option. Investors transact in options to either hedge (i.e., limit) losses in an attempt to reduce risk or to speculate on the performance of the underlying securities. Options transactions contain a number of inherent risks, including the partial or total loss of principal in the event that the value of the underlying security or index does not increase/decrease to the level of the respective strike price. Holders of options contracts are also subject to default by the option writer which may be unwilling or unable to perform its contractual obligations.

## Market Risk

The value of your portfolio may decrease if the value of an individual company or multiple companies in the portfolio decreases or if our belief about a company’s intrinsic worth is incorrect. Further, regardless of how well individual companies perform, the value of your portfolio could also decrease if there are deteriorating economic or market conditions. It is important to understand that the value of your investment may fall, sometimes sharply, in response to changes in the market, and you could lose money. Investment risks include price risk as may be observed by a drop in a security’s price due to company specific events (e.g., earnings disappointment or downgrade in the rating of a bond) or general market risk (e.g., such as a “bear” market when stock values fall in general). For fixed-income securities, a period of rising interest rates could erode the value of a bond since bond values generally fall as bond yields go up. Past performance is not a guarantee of future returns.

## Manager Risk

There is always the possibility that poor security selection will cause your investments to underperform relative to benchmarks or other funds with a similar investment objective.

## Use of Private Investment Vehicles

We may recommend that certain clients invest in privately placed investment vehicles (e.g., hedge funds, private equity funds, etc.). The managers of these vehicles have broad discretion in selecting the investments. There are few limitations on the types of securities or other financial instruments which may be

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traded and no requirement to diversify. Hedge funds may trade on margin or otherwise leverage positions, thereby potentially increasing the risk to the vehicle. In addition, because the vehicles are not registered as investment companies, there is an absence of regulation. There are numerous other risks in investing in these securities. Clients should consult each fund's private placement memorandum and/or other documents explaining such risks prior to investing.

**C. Security Specific Material Risks**

A significant portion of the portfolios are invested in mutual funds and exchange traded funds. These securities are selected based on their investment objectives and their historic track record. There is no guarantee that the funds will perform based on their historical track record or stated objectives.

**Item 9 – Disciplinary Information**

**A. Criminal or Civil Actions**

Neither STEWARD nor its management have been involved any criminal or civil action.

**B. Administrative Enforcement Proceedings**

Neither STEWARD nor its management have been involved any administrative enforcement proceeding.

**C. Self-Regulatory Organization Enforcement Proceedings**

Neither STEWARD nor its management have been involved any self-regulatory organization enforcement proceeding.

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

**A. Broker-Dealer or Representative Registration**

Neither STEWARD nor its management are registered or have an application pending to register as a broker-dealer or a registered representative of a broker-dealer.

**B. Futures or Commodity Registration**

Neither STEWARD nor its management are registered or have an application pending to register as a futures commission merchant, commodity pool operator, a commodity trading advisor or an associated person of the foregoing entities.

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**C. Material Relationships Maintained by this Advisory Business and Conflicts of Interest**

Neither STEWARD nor its management have any relationship or arrangement that is material to its advisory business.

**D. Recommendation or Selection of Other Investment Advisors and Conflicts of Interest**

In general, STEWARD does not select or recommend other investment advisors. Where it is in the client's best interest, STEWARD may recommend another investment advisor or manager as a sub-advisor or co-manager of separately managed client funds. In such cases, the client will execute a separate agreement, and STEWARD will receive no compensation or fees from the other investment manager.

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

**A. Code of Ethics Description**

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

**B. Investment Recommendations Involving a Material Financial Interest and Conflicts of Interest**

It is STEWARD's policy that the firm will not affect any principal or agency cross securities transactions for client accounts. STEWARD will also not cross trades between client accounts. Principal transactions are generally defined as transactions where an advisor, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to any advisory client. A principal transaction may also be deemed to have occurred if a security is crossed between an affiliated hedge fund and another client account. An agency cross transaction is defined as a transaction where a person acts as an investment advisor in relation to a transaction in which the investment advisor, or any person controlled by or under common control with the investment advisor, acts as broker for both the advisory client and for another person on the other side of the

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transaction. Agency cross transactions may arise where an advisor is dually registered as a broker-dealer or has an affiliated broker-dealer.

**C. Advisory Firm Purchase of Same Securities Recommended to Clients and Conflicts of Interest**

STEWARD anticipates that, in appropriate circumstances, consistent with clients' investment objectives, it will cause accounts over which STEWARD has management authority to effect, and will recommend to investment advisory clients or prospective clients, the purchase or sale of securities in which STEWARD, its affiliates and/or clients, directly or indirectly, have a position of interest.

STEWARD's employees and persons associated with STEWARD are required to follow STEWARD's Code of Ethics. Subject to satisfying this policy and applicable laws, officers, directors and employees of STEWARD and its affiliates may trade for their own accounts in securities which are recommended to and/or purchased for STEWARD's clients. The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of STEWARD will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. Under the Code certain classes of securities have been designated as exempt transactions, based upon a determination that these would materially not interfere with the best interest of STEWARD's clients. In addition, the Code requires pre-clearance of many transactions, and restricts trading in close proximity to client trading activity. Nonetheless, because the Code of Ethics in some circumstances would permit employees to invest in the same securities as clients, there is a possibility that employees might benefit from market activity by a client in a security held by an employee. Employee trading is continually monitored under the Code of Ethics to reasonably prevent conflicts of interest between STEWARD and its clients.

**D. Client Securities Recommendations or Trades and Concurrent Advisory Firm Securities Transactions and Conflicts of Interest**

Certain affiliated accounts may trade in the same securities with client accounts on an aggregated basis when consistent with STEWARD's obligation of best execution. In such circumstances, the affiliated and client accounts will receive securities at a total average price. While this practice may result in better execution prices, it does not change the transaction fee charged by the executing broker. STEWARD will retain records of the trade order (specifying each participating account) and its allocation, which will be completed prior to the entry of the aggregated order.

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Completed orders will be allocated as specified in the initial trade order. Partially filled orders will be allocated on a pro rata basis. Any exceptions will be explained on the Order.

STEWARD's clients or prospective clients may request a copy of the firm's Code of Ethics by contacting Timothy Obendorf.

## **Item 12 - Brokerage Practices**

### **A. Factors Used to Select Broker-Dealers for Client Transactions**

STEWARD may require that clients establish brokerage accounts with a custodian to maintain custody of clients' assets and to effect trades for their accounts. STEWARD is independently owned and operated and not affiliated with any custodian. These firms provide STEWARD with access to institutional trading and custody services, which are not typically available to retail investors. These services generally are available to independent investment advisors on an unsolicited basis, at no charge to them so long as a minimum level of assets are custodied with the firm. They are not otherwise contingent on STEWARD committing to the broker any specific amount of business (assets in custody or trading).

For STEWARD's client accounts maintained in custody, the custodial brokers do not charge separately for custody, but are compensated by account holders through commissions or other transaction related fees for securities trades that are executed or settle into the accounts.

The custodians may also make available to STEWARD other products and services that benefit STEWARD, but may not benefit client accounts. Some of these products and services assist STEWARD in managing and administering client accounts. These include software and other technology that provide access to client account data, facilitate trade execution, provide research, pricing information and other market data, facilitate payment of STEWARD's fees from client accounts, and assist with back-office functions, recordkeeping and client reporting. Many of these services generally may be used to service all or a substantial number of STEWARD's accounts. The custodians may also make available to STEWARD other services intended to help manage and further develop the business enterprise. These services may include consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance, and marketing. In addition, the custodians may make available, arrange and/or pay



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for these types of services rendered to STEWARD by independent third parties. The custodians may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to STEWARD. While as a fiduciary, STEWARD endeavors to act in its clients' best interests, STEWARD's requirement that clients maintain their assets in accounts at a certain custodian may be based in part on the benefit to STEWARD of some of the foregoing products and services and not solely on the nature, cost, or quality of custody and brokerage services provided.

**B. Aggregating Securities Transactions for Client Accounts**

In certain situations, client account trades in the same securities may be aggregated when consistent with STEWARD's obligation of best execution. In such circumstances, the client accounts will receive securities at a total average price. While this practice may result in better execution prices, it does not change the transaction fee charged by the executing broker. STEWARD will retain records of the trade order (specifying each participating account) and its allocation, which will be completed prior to the entry of the aggregated order. Completed orders will be allocated as specified in the initial trade order. Partially filled orders will be allocated on a pro rata basis. Any exceptions will be explained on the Order.

**Item 13 – Review of Accounts**

**A. Schedule for Periodic Review of Client Accounts or Financial Plans**

All investment recommendations are made based on client suitability, and may change as deemed appropriate due to changes in a recommended security's prospects or if a client's personal situation merits alterations to the plan. Portfolios are reviewed quarterly by Tim Obendorf, Michael Kwon or Dale Branda based on market conditions and general applicability to any changes in client goals.

**B. Review of Client Accounts on Non-Periodic Basis**

In addition, accounts are reviewed at such time(s) as securities are being considered for purchase or sale from an account, or any time a conversation with a client indicates a change in their personal financial situation.

**C. Content of Client Provided Reports and Frequency**

Reports are provided quarterly. The report will provide listings of the portfolio assets, return in the prior quarter or since purchase (whichever is shorter), and

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return for the trailing twelve months through quarter end. In addition, clients receive statements monthly directly from the custodial broker.

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

##### **A. Economic Benefits Provided to the Advisory Firm From External Sources and Conflicts of Interest**

STEWARD does not receive any economic benefit from any non-clients for providing investment advice.

##### **B. Advisory Firm Payments for Client Referrals**

STEWARD does not directly or indirectly compensate any person for client referrals.

#### **Item 15 – Custody**

Clients should receive at least quarterly statements from the broker dealer, bank or other qualified custodian that holds and maintains client’s investment assets. STEWARD urges clients to carefully review such statements and compare such official custodial records to the account statements that we may provide. Our statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

STEWARD may, if authorized, deduct fees from client investment accounts or direct the transfer of funds according to a standing letter of authorization issued by the client. STEWARD will ensure that any standing letters of authorization issued by the client to third parties are in accordance with the guidance provided in the SEC Staff’s February 21, 2017 Investment Adviser Association No-Action Letter.

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

STEWARD usually receives discretionary authority from clients at the outset of an advisory relationship to select the identity and amount of securities to be bought or sold. In all cases, however, such discretion is exercised in a manner consistent with the stated investment objectives for the particular client account.

When selecting securities and determining amounts, STEWARD observes the investment policies, limitations and restrictions of the clients for which it advises.

Investment guidelines and restrictions must be provided to STEWARD in writing.

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

As a matter of firm policy and practice, STEWARD does not have any authority to and does not vote proxies on behalf of advisory clients. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in client portfolios. STEWARD may provide advice to clients regarding the clients' voting of proxies.

### **Item 18 – Financial Information**

#### **A. Balance Sheet**

STEWARD does not retain client cash or securities or otherwise act as a qualified custodian and does not accept prepayment of fees in excess of \$1,200 per client and six or more months in advance.

#### **B. Financial Conditions Reasonably Likely to Impair Advisory Firm's Ability to Meet Commitments to Clients**

STEWARD has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients.

#### **C. Bankruptcy Petitions During the Past Ten Years**

STEWARD has not been the subject of a bankruptcy proceeding.