



FAIRWAY
Wealth Management LLC

Part 2A of Form ADV: *Firm Brochure*

Fairway Wealth Management LLC

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This brochure provides information about the qualifications and business practices of Fairway Wealth Management LLC. If you have any questions about the contents of this brochure, please contact us at (216) 573-7200. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Fairway Wealth Management LLC also is available on the SEC's website at www.adviserinfo.sec.gov. You can search this site by a unique identifying number, known as a CRD number. Our firm's CRD number is 120296.

Item 2: Material Changes

We are required to disclose any material changes to our Firm Brochure since our most recent annual update to our brochure, which was dated 3/1/2019. Fairway Wealth Management's business activities have not changed materially since the time of that update. While there have been edits made to this Brochure as compared to our previous update, none of them are material in nature.

ANY QUESTIONS: Our Chief Compliance Officer, Mark S. Weiskind, remains available to address any questions you may have or any other issue pertaining to this amended Brochure.

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Item 4: Advisory Business

Fairway Wealth Management LLC is an independent, fee only, SEC-registered investment advisory and consulting firm, with its principal place of business located in Independence, Ohio. The firm was founded in June 2002 and is owned and managed by the following individuals:

- Daniel R. Gaugler, Founding Partner, President, Chief Executive Officer and Treasurer
- Mark S. Weiskind, Founding Partner, Vice President, Chief Operating Officer, and Chief Compliance Officer
- Charles J. Avarello, Partner, Secretary
- Terry J. Waye, Partner

All four partners/members are active employees of the company and serve as Senior Wealth Managers, managing the day-to-day relationships with the firm's clients.

Fairway Wealth Management LLC primarily provides advisory services to high net worth individuals and families. We also provide limited advisory services to corporations and company sponsored retirement plans, most often when there is a relationship to one of our individual clients.

Services to High Net Worth Individuals and Families

Our primary business is providing integrated wealth management and family office services to a select group of private clients. As described in further detail in Section 7, we usually work with clients of substantial wealth. As such, our expertise and services are targeted at clients typically with liquid portfolio assets between \$2 million and \$100 million.

In 2017, we did start to roll-out a service we refer to as "Next-Gen", which is predominantly focused on the next generation (children and grandchildren) of our existing clients, but also could include clients that don't meet our typical target in terms of portfolio asset size. More details are provided below under "Next-Gen Services".

Our high net worth clients often think of our firm as their personal CFO or financial quarterback. We tend to take the leadership role in:

- The analysis of their big picture goals
- The evaluation and assessment of financial strategies to achieve those goals
- The implementation of those strategies, and
- The ongoing oversight and adjustment of those strategies

For us to do our job most effectively, it is important that we are able to see our clients' entire financial picture. As such, we ask clients to share their whole financial situation with us, even if we are only providing specific advice on certain parts of it.

We believe the integration of three core factors - financial planning, investment planning, and estate planning - is the key to developing wealth strategies that maximize after-tax results for our clients. We also believe the ideal way to provide these integrated wealth management services is with advisors that have technical and client service expertise across each discipline; and to align our interests with the best interests of our clients to avoid conflicts of interest. To that end, Fairway Wealth Management is an independent, fee-only advisor with no ties to any specific products.

Our services to high net worth individuals and families can be grouped into two main categories.

Wealth Management Services

These services are at the core of what we do. In this capacity, we serve as a family's advocate and fiduciary, providing independent and comprehensive wealth management counsel. Our primary

mission is to solve financial problems and provide overall advisory leadership.

Each client relationship starts with a process of understanding and quantifying that client's goals and assessing their specific needs. We then establish priorities and tasks and develop strategies to handle those tasks. Our approach integrates three core factors that impact the actual realization of wealth over time: financial planning, investment planning, and estate planning.

Financial Planning: Financial Planning is about quantifying goals, exploring alternatives, running numbers, and helping clients make informed decisions and manage cash flow needs today and in the future. It is also about the ways (other than investing) that we can optimize each client's financial position.

Financial Planning also involves assisting clients with their day-to-day financial decision making and coordination. Examples of these types of items include:

- Tax planning and coordination of quarterly tax estimates
- Analyzing the advantages of debt restructuring and re-financings
- Developing strategies to deal with stock options, deferred compensation, or other company-related incentive plans
- Reviewing property and liability insurance policies
- Assisting with any other questions or needs that arise on a day-to-day basis

The actual financial planning services delivered are unique to the individual needs of each client.

Investment Planning: We believe private, high net worth investors face many unique and often radically different challenges than those facing institutional investors. With a very significant percentage of the investable assets in the world being invested on behalf of institutions (i.e. pensions plans, foundations, retirement plans, etc.), those unique challenges often don't get the attention they deserve. Private investors must pay taxes; they have a variety of goals that change over time; they face uncertainty in both their cash flows and the markets; they, and those close to them, don't always act rationally; they are susceptible to higher costs and conflicts of interest in terms of product offerings; and they usually can't afford to make a big mistake.

As a result, our investment planning focuses directly on managing the unique challenges of the private investor. Our process begins with an assessment of the clients' goals, objectives and time horizon, all of which are typically identified in the Financial Planning process. We then focus on education about investment concepts, asset allocation, and asset location, and selection of investment managers and specific investment vehicles. At the culmination of that process, we agree upon an investment plan that serves as a guideline for decision-making. We then identify investment managers and select investment vehicles to implement that plan and provide ongoing reporting and monitoring to make sure that plan remains on track.

Additional detail about our investment strategies is detailed in Item 8 of this brochure.

Retirement Plan Rollovers - No Obligation/Conflict of Interest. A client leaving an employer typically has four options regarding an existing retirement plan (and may engage in a combination of these options): (i) leave the money in his/her former employer's plan, if permitted, (ii) roll over the assets to his/her new employer's plan, if one is available and rollovers are permitted, (iii) roll over to an Individual Retirement Account ("IRA"), or (iv) cash out the account value (which could, depending upon the client's age, result in adverse tax consequences). We often recommend an investor roll over plan assets to an IRA, due to there usually being a wider array of investment options available and costs are often cheaper. As a result, we may earn an asset-based fee on the IRA account. In contrast, a recommendation

that a client or prospective client leave his or her plan assets with his/her former employer or roll the assets to a plan sponsored by a new employer may result in no compensation to us. However, **Please Note:** Most of our clients do engage us to monitor and/or manage an account while maintained at his/her former or current employer, if they don't roll the account over to an IRA. However, we have an economic incentive to encourage a client to roll plan assets into an IRA that we will manage **or** to engage us to monitor and/or manage the account while maintained at the client's employer. There are various factors that we may consider before recommending a rollover, including but not limited to: (i) the investment options available in the plan versus the investment options available in an IRA, (ii) fees and expenses in the plan versus the fees and expenses in an IRA, (iii) the services and responsiveness of the plan's investment professionals versus ours, (iv) protection of assets from creditors and legal judgments, (v) required minimum distributions and age considerations, and (vi) employer stock tax consequences, if any. **No client is under any obligation to roll over plan assets to an IRA to be managed by us or for us to monitor and/or manage the account while maintained at the client's employer. Please Note:** If our engagement will include the management of the client's retirement account per the same fee schedule set forth in Item 5 below, regardless of custodian or the client's decision to process a rollover, the above economic incentive to recommend a rollover is moot. Our **Chief Compliance Officer, Mark Weiskind, remains available to address any questions that a client or prospective client may have regarding the above and the corresponding conflict of interest presented by such engagement.**

Estate Planning: Estate Planning provides an opportunity for clients to not only shape their legacy, but also to protect their loved ones. Fairway Wealth Management helps determine whether financial accounts and real estate are appropriately titled, that beneficiaries have been properly recorded for insurance policies and retirement accounts, and that the right types and levels of insurance are in place. We are not attorneys, so we don't get involved in the actual drafting of estate documents. However, we help clients understand their existing estate documents, how they work, what they do, and how they would be applied if needed. We provide ideas and strategies to enhance their legacies and meet their wealth transfer goals. When requested to do so, we can work alongside clients' attorneys to help keep wills and trusts up to date and to create trusts and foundations that are designed to maximize benefits for individuals and charities while avoiding unintended negative consequences.

Family Office Services

Certain clients are interested in having us get involved at an even deeper level than with our Wealth Management Services. While our wealth management suite of services can be compared to a personal financial quarterback, our family office services become a personal accounting department and concierge. This lets those clients who need this extra layer of service remain fully informed about the day-to-day activities related to their financial life without having to devote unnecessary time to handling administrative matters.

Our family office team typically provides the following services:

- Handling and paying bills
- Providing projections of future cash flow needs
- Representing the client's interests in day-to-day financial management
- Maintaining detailed records
- Oversight of charitable foundations, trusts and donor-advised funds
- Coordinating as needed with other advisors (accountants, attorneys, insurance agents, etc)

Handling these matters for our clients facilitates tax preparation and often enhances our ability to provide proactive advice in regard to financial, investment, and estate planning.

Next-Gen Services

In order to allow us to serve the needs of family members of our high net worth clients, as well as certain additional clients that don't meet our normal portfolio account size, we offer a scaled down service referred to as "Next-Gen". Next-Gen services are primarily focused on investment advisory services for these smaller clients. While we do offer a certain number of hours of broad financial counseling to these Next-Gen clients (typically 3-5 hours per year), the core of the service is an investment strategy and ongoing management utilizing Schwab Institutional Intelligent Portfolios™.

Institutional Intelligent Portfolios is an automated, online investment management platform for use by independent investment advisors and sponsored by Schwab Wealth Investment Advisory, Inc. (the "Program" and "SWIA," respectively). Through the Program, we offer clients a range of investment strategies we have constructed and manage, each consisting of a portfolio of exchange traded funds ("ETFs") and a cash allocation. The client may instruct us to exclude up to three ETFs from their portfolio. The client's portfolio is held in a brokerage account opened by the client at SWIA's affiliate, Charles Schwab & Co., Inc. ("CS&Co"). We are independent of and not owned by, affiliated with, or sponsored or supervised by SWIA, CS&Co or their affiliates (together, "Schwab"). The Program is described in the Schwab Wealth Investment Advisory, Inc. Institutional Intelligent Portfolios™ Disclosure Brochure (the "Program Disclosure Brochure"), which is delivered to clients by SWIA during the online enrollment process.

We, and not Schwab, are the client's investment adviser and primary point of contact with respect to the Program. We are solely responsible, and Schwab is not responsible, for determining the appropriateness of the Program for the client, choosing a suitable investment strategy and portfolio for the client's investment needs and goals, and managing that portfolio on an ongoing basis. SWIA's role is limited to delivering the Program Disclosure Brochure to clients and administering the Program so that it operates as described in the Program Disclosure Brochure.

We have contracted with SWIA to provide us with the technology platform and related trading and account management services for the Program. This platform enables us to make the Program available to clients online and includes a system that automates certain key parts of our investment process (the "System"). The System includes an online questionnaire that helps us determine the client's investment objectives and risk tolerance and select an appropriate investment strategy and portfolio. We will recommend a portfolio via the System in response to the client's answers to the online questionnaire. The client may then indicate an interest in a portfolio that is one level less or more conservative or aggressive than the recommended portfolio, but we then make the final decision and select a portfolio based on all the information we have about the client. The System also includes an automated investment engine through which we manage the client's portfolio on an ongoing basis through automatic rebalancing and tax-loss harvesting (if the client is eligible and elects).

Clients do not pay fees to SWIA in connection with the Program, but we do charge clients a fee for our services as described under the "Fees and Compensation" section below. Our fees are not set or supervised by Schwab. Clients do not pay brokerage commissions or any other fees to CS&Co as part of the Program. Schwab does receive other revenues in connection with the Program, as described in the Program Disclosure Brochure. We do not pay SWIA fees for our services in the Program so long as we maintain \$100 million in client assets in accounts at CS&Co that are not enrolled in the Program. If we do not meet this condition, then we must pay SWIA an annual fee of 0.10% of the value of our clients' assets in the Program.

All our services to high net worth individuals and families are provided on a continuing and ongoing basis, based on the individual needs of each client. With the exception of those Next-Gen clients where their investments are part of the Schwab Institutional Intelligent Portfolios™ program, all of our wealth management services, including the management of client's investment accounts, are on a non-discretionary basis. We don't act unless our clients understand the action and give us approval to act on their behalf. As we are a non-discretionary advisor, clients may impose any restrictions they choose in terms of investing in certain securities, types of securities, or industry sectors.

Neither Fairway, nor any of its representatives, serves as an attorney, accountant, or insurance agent, and no portion of our services should be construed as such. Accordingly, we **do not** prepare estate planning documents, tax returns or sell insurance products. To the extent requested by a client, we may recommend the services of other professionals for certain non-investment implementation purposes (i.e. attorneys, accountants, insurance, etc.). The client is under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from us. If the client engages any such recommended professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional.

In performing its services, Fairway Wealth Management shall not be required to verify any information received from the client or from the client's other professionals, and is expressly authorized to rely on that information received. It remains the client's responsibility to promptly notify us if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/revising Fairway's previous recommendations and/or services.

As of December 31, 2019, Fairway Wealth Management provided services to clients with portfolio assets under management of \$1,617,457,098. Of that number, \$1,614,816,121 is managed on a non-discretionary basis, while the other \$2,640,977 is managed on a discretionary basis as part of the Schwab Institutional Intelligent Portfolios™ program.

Services to Companies and Company Sponsored Retirement Plans

We occasionally serve as a consultant to companies and certain company sponsored retirement plans, mostly defined benefit plans related to the businesses of our high net worth clients. Our primary mission with these services is to help the companies and their employees meet their fiduciary responsibilities by developing and maintaining a prudent process for the selection and oversight of the company's portfolio and/or the investment options offered in their retirement plans. We typically provide services to plan sponsors and providers in two phases:

Manager Review, Manager Selection and Investment Policy Development

Clients may engage us to review their existing portfolio or retirement plan lineup and provide advice to improve or enhance their existing structure. We will review the allocation and/or managers currently in place, assess other allocations or manager options that could be available and suggest opportunities for improvement. Improvements could come through better performance, lower costs, or a broader and more diversified set of offerings for plan participants.

We also may work with clients who are implementing new retirement plans or changing plan providers. If desired, we will assist the client in evaluating the investment-related merits of alternative providers being considered. We also assist clients in selecting the array of managers to be offered in the plan, from a list of managers available from the plan provider.

When applicable, we will work with the client to prepare an Investment Policy Statement (IPS) customized to meet the specific objectives and plan features of each client. The IPS is reviewed and signed by the client.

Ongoing Monitoring

We assist corporations and retirement plan clients with the ongoing monitoring and due diligence of their assets and the managers offered to retirement plan participants. Our firm prepares a periodic report (usually quarterly or semi-annually) which typically includes the following information:

- An analysis of the financial markets
- Review of current and historical allocations
- Summarized manager, peer group, and benchmark performance information
- Written analysis of notable manager activity (such as significant underperformance)
- Quantitative review of manager performance and style consistency
- Maintenance of watch list
- Recommendations on manager changes, if necessary

We typically meet with clients to review each periodic report. As part of the ongoing service, we also assist clients in making changes to their IPS and identifying, evaluating, and selecting new funds, as necessary.

The ongoing monitoring phase is provided on a continuing and ongoing basis, based on the individual needs of each client. Once again, all services are on a non-discretionary basis and clients may impose any restrictions they choose in terms of investing in certain securities, types of securities, or industry sectors.

Item 5: Fees and Compensation

As independent, fee-only advisors, the only compensation Fairway Wealth Management LLC receives is fees directly from our clients. We are not affiliated with any specific product and are not compensated in any way for the sale or placement of any product. We also receive no cash compensation from any non-client, nor do we accept any indirect compensation or material gifts that could influence our decisions.

Wealth Management Fees

When clients wish to engage us for Wealth Management Services, they will be required to sign an advisory agreement. This agreement describes our services, responsibilities, fees, and general business terms.

We will usually charge an asset-based fee for our services, billed quarterly in advance. While we recognize there is the potential for a slight inherent conflict of interest when fees are asset-based (for example, to pay off a mortgage using portfolio assets), our Code of Ethics and internal policies and procedures, require that the clients' interests must always come first.

Our asset-based fee schedule, charged as a percentage of assets under management, is as follows and applies to all clients, including those receiving Next-Gen services:

<u>Assets Under Management</u>	<u>Annual Fee</u>
First \$5 million	0.75% per year
Next \$5 million	0.50% per year
Amounts above \$10 million	0.25% per year

There are situations where charging fees based on a percentage of assets is not feasible. This could be due to difficulty in determining exactly which assets are under our management, or where the assets under management are not commensurate with the scope and needs of a particular client. In these cases, fees may be charged as a fixed annual retainer. The amount of any fixed annual retainer will be based on a variety of factors, including client size, complexity, and services requested, and will be reviewed on an annual basis.

There may also be limited situations when fees are charged on an hourly basis for a specific project. Any such fee arrangement will be documented in a separate service agreement to be signed by the client. Hourly fees may range from \$100 to \$400 per hour, based on the nature and complexity of the engagement and the associated professional of the firm who is providing the service. Any hourly fees will be billed periodically as services are performed.

Our minimum annual fee for ongoing wealth management services is \$15,000, which equates to the asset-based fee of a \$2 million portfolio. Although we have established the aforementioned fee schedule, we retain the sole discretion to charge a lesser fee and/or reduce or waive our stated minimum, based upon certain criteria. These criteria include the complexity of the client, assets to be placed under management, anticipated future additional assets, related accounts and account composition, among other factors. The specific annual fee schedule is identified in our advisory agreement between Fairway Wealth Management LLC and each client. **Please Note:** If you maintain less than \$2 million of assets under our advisement and are subject to the \$15,000 annual minimum fee, you will pay a higher percentage annual fee than the 0.75% referenced in the above fee schedule.

We also may group certain related clients for the purposes of achieving the minimum account size requirements and determining the annualized fee.

Companies and Company Sponsored Retirement Plan Fees

As with our Wealth Management Services, all services provided to companies and company-sponsored retirement plans require a signed advisory agreement describing our services, responsibilities, fees, and general business terms. We will charge either a fixed retainer or an asset-based fee for services to company or retirement plan clients. Given the varying nature of these relationships, we do not have an asset-based fee schedule that applies to our retirement plan clients. Fees are negotiated on a case-by-case basis.

Fairway Wealth Management LLC is deemed to be a fiduciary to advisory clients that are employee benefit plans pursuant to the Employee Retirement Income and Securities Act ("ERISA"). As such, our firm is subject to specific duties and obligations under ERISA that include among other things, restrictions concerning certain forms of compensation. To avoid engaging in prohibited transactions, Fairway Wealth Management LLC may only charge fees for investment advice about products for which our firm and/or our related persons do not receive any commissions or 12b-1 fees. As it is our practice to never accept any commissions or any other form of product-related compensation, we consistently abide by these prohibited transaction rules.

General Information Relating to All Fees

Timing of Fees: Fees are invoiced quarterly, in advance. When asset-based, fees are based on the market value of a client's assets under management as of the last day of the prior quarter. Fees for the first quarter of an engagement are payable in arrears and are prorated for the number of days that services were provided. Under no circumstances do we require or solicit payment of fees in excess of \$1,200 more than six months in advance of services rendered.

Payment of Fees: Fees may either be deducted from clients' assets or billed directly to the client. It is at each client's discretion as to how they would like their fees to be paid.

Termination of the Advisory Relationship: A client agreement may be canceled at any time, by either party, upon written notice. Upon termination of an agreement, a pro-rata refund (by day) of any prepaid fees will be made to the client.

Other Investment Fees Paid by Clients: In addition to our fees described above, our clients have other expenses that are paid as part of the overall management of their assets.

- **Custodial and Brokerage Fees:** Clients are responsible for the fees and expenses charged by their custodians, including, but not limited to, any transaction charges imposed by the custodian at which we are effecting transactions for the client's account(s). Please refer to the "Brokerage Practices" section (Item 12) of this brochure for additional information.
- **Mutual Fund/Money Manager/ETF Fees:** All fees paid to Fairway Wealth Management LLC for wealth management services are separate and distinct from the fees and expenses charged by the mutual funds, money managers and/or ETFs utilized by the client in the implementation of their portfolios. These fees and expenses are described in each manager/fund's separate agreement or prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee. Certain mutual funds may also impose a sales charge, though we will only utilize such a fund if the sales charge has been waived.
- **Schwab Institutional Intelligent Portfolios:** As described above, clients do not pay fees to SWIA or brokerage commissions or other fees to CS&Co as part of the Program. Schwab does receive other revenues in connection with the Program, as described in the Program Disclosure Brochure.

We put a significant premium on controlling client costs. We are often able to access for our clients money management products and institutional share classes of certain funds that a client wouldn't

be able to access on their own. As a result, we generally believe that our clients' net money management costs are lower than they would be without our services. However, clients can invest in many of these investment vehicles directly. Accordingly, the client should review both the fees charged by the funds and our fees to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

Item 6: Performance-Based Fees and Side-By-Side Management

Performance based fees are fees that are computed based on a share of capital gains on or capital appreciation of the assets of a client. Fairway Wealth Management LLC **does not** charge any performance-based fees.

Item 7: Types of Clients

Fairway Wealth Management LLC provides advisory services to the following types of clients, as defined by the SEC:

- High net worth individuals (defined as clients where we manage at least \$1 million of assets, or with a net worth of at least \$2 million)
- Individuals (other than high net worth individuals)
- Pension and profit sharing plans (other than plan participants)
- Corporations or other businesses

As of December 31, 2019, approximately 86% of our clients are high net worth individuals, 12% are other individuals, 1% are pension and profit sharing plans and 1% are corporations.

As previously disclosed in Item 5, our firm has established certain initial minimum fee requirements for our clients. For a more detailed understanding of those requirements, please review the disclosures provided in Item 5.

The general makeup of the portfolio values of our clients is currently as follows:

<u>Portfolio Value</u>	<u>% of Clients</u>
Under \$2 million	34%
\$2-10 million	47%
\$10 million+	19%

Item 8: Methods of Analysis, Investment Strategies and Risk of Loss

We do not analyze individual security issues (i.e. individual stocks and bonds) and, except as described below, do not recommend the purchase or sale of individual security issues. We do recommend separate account money managers, mutual funds and/or ETFs to implement the investment plans we formulate with our clients. We primarily utilize third party software vendor Morningstar, Inc. when researching managers and funds. **Please Note-Use of Mutual Funds:** Most mutual funds are available directly to the public. Thus, a prospective client can obtain many of the mutual funds that we recommend independent of engaging us as an investment advisor. However, if a prospective client determines to do so, he/she will not receive our initial and ongoing investment advisory services regarding any such mutual funds.

Our investment advice is based on a number of factors, including each client's investment objectives and financial goals, risk tolerance, investment time horizon, asset class preferences, liquidity needs, tax considerations, return expectations, and general economic conditions. As a result, there is no specific investment strategy that applies to all our clients, each client ends up with a unique strategy specific to their situation and needs.

We believe the dominant determinant of long-term, real-life investment returns is often the behavior of the investor himself in dealing with largely-controllable variables such as asset allocation, manager selection, costs, and taxes. That runs counter to most of the retail advisory world and the media which mainly sell market timing and security selection. We do not want our client's success to depend on anyone's near-term predictions about geopolitics, the economy, the stock market, or interest rates. A strategy reliant on constant guessing and changing imposes transaction costs, taxes, and a substantial added risk to any portfolio, the risk of being wrong repeatedly.

While we don't have a specific investment strategy that each client invests in, we do have a philosophy that guides our guidance and counsel. Some of our beliefs include:

- History teaches that optimism is actually realism. We maintain an optimistic view about the long-term future.
- Maintain a long-term time horizon, which breeds patience and discipline
- Be equity-oriented
- Be diversified, but not over-diversified; don't become an investment collector
- Allocate among 10-12 distinct asset classes and segments
- Smartly locate positions among taxable, tax-advantaged, and special purpose accounts
- Use low cost, tax-efficient products, except where costlier active management is compelling
- Stay full invested at all times
- Control costs, which are arguably the most reliable predictor of future performance
- Be active in managing taxes, investors can only spend after-tax dollars

In addition to our philosophy, we do have a general process that we follow with each client's portfolio, as follows:

- First, we run the financial planning numbers to define the portfolio's objectives
- We determine an appropriate and comfortable amount to keep in cash reserves
- We then focus on the assets eligible for a diversified, long-term investment plan
- We take a multi-dimensional approach to determining the right risk level for each client

- We define an asset allocation strategy consistent with the objectives and risk level identified
- Managers are selected for each prescribed asset class and segment exposure
- A custodian is selected and that role is intentionally segregated from the other roles
- The client approves trades in advance; then trades are made by Fairway
- Tactical adjustments, rebalancing, and tax-loss harvesting occur as opportunities arise
- Strategy is reviewed periodically and upon major changes in objectives or analytical inputs

As mentioned above, we do not analyze or recommend individual security issues such as stocks and bonds. However, we may make recommendations with respect to the purchase or sale of specific securities in the course of providing advice on tax and estate planning matters. For example, we may compare the consequences of gifting an individual security to charity and make recommendations for tax and financial planning reasons. Alternatively, we may analyze the purchase or sale of employer securities as part of an employee stock-option exercise program or a concentrated stock diversification program. These recommendations are determined primarily from risk, tax, cash flow and estate planning considerations rather than the intrinsic merits of the specific security as an investment.

We do not recommend that clients invest in private investment funds. However, when specifically requested to do so by a client, we may provide limited advice regarding unaffiliated private investment funds, which shall not equate to the initial and ongoing due diligence, monitoring and review that we provide regarding mutual funds, ETFs and separate account managers. The amount of assets invested in the fund(s) are generally **not** be included as part of “assets under management” for purposes of calculating our investment advisory fee. Our clients are under absolutely no obligation to consider or make an investment in any private investment fund(s). Private investment funds generally involve various risk factors, including, but not limited to, potential for complete loss of principal, liquidity constraints and lack of transparency, a complete discussion of which is set forth in each fund’s offering documents, which will be provided to each client for review and consideration. Unlike liquid investments that a client may maintain, private investment funds do not provide daily liquidity or pricing. Each prospective client investor will be required to complete a Subscription Agreement, pursuant to which the client shall establish that he/she is qualified for investment in the fund, and acknowledge and accept the various risk factors that are associated with such an investment.

Fairway Wealth Management LLC does not represent, warrant or imply that the services or methods of analysis we use can or will predict future results, or insulate clients from losses due to market corrections or crashes. Investing in securities involves risk of loss and clients may experience periods when they lose money on their investments. We cannot provide any guarantees that the client’s goals or objectives will be achieved. And while as fiduciaries, we do promise that all advice will be given in the best interest of our clients, we can make no promises that the investment strategies we offer will provide a better return than other available investment strategies.

Please Note: Investment Risk. Different types of investments involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy (including the investments and/or investment strategies that we may recommend or be requested to review or advise on) will be profitable or equal any specific performance level(s).

Disclosure Specific to Schwab Institutional Intelligent Portfolios™

The Program Disclosure Brochure includes a discussion of various risks associated with the Program, including the risks of investing in ETFs, as well as risks related to the underlying securities in which ETFs invest. In addition, the Program Disclosure Brochure also discusses market/systemic risks, asset allocation/strategy/diversification risks, investment strategy risks, trading/liquidity risks, and large investment risks.

With respect to the Program, we allocate investment management assets to one or more of its asset allocation models as designated through the Program's investment risk analysis process. Our management in this respect has been designed to comply with the requirements of Rule 3a-4 of the Investment Company Act of 1940. Rule 3a-4 provides similarly managed investment programs, such as the asset allocation models, with a non-exclusive safe harbor from the definition of an investment company. In accordance with Rule 3a-4, the following disclosure is applicable to our management of client assets through the Program:

1. Initial Interview – at the opening of the account, our Firm, through its designated representatives, shall obtain from the client information sufficient to determine the client's financial situation and investment objectives;
2. Individual Treatment - the account is managed on the basis of the client's financial situation and investment objectives;
3. Quarterly Notice – at least quarterly we shall notify the client to advise us if the client's financial situation or investment objectives have changed, or if the client wants to impose and/or modify any reasonable restrictions on the management of the account;
4. Annual Contact – at least annually, we shall contact the client to determine whether the client's financial situation or investment objectives have changed, or if the client wants to impose and/or modify any reasonable restrictions on the management of the account;
5. Consultation Available – we shall be reasonably available to consult with the client relative to the status of the account;
6. Quarterly Report – the client shall be provided with a quarterly report for the account for the preceding period;
7. Ability to Impose Restrictions – the client shall have the ability to impose reasonable restrictions on the management of the account, including the ability to instruct us not to purchase certain securities;
8. No Pooling – the client's beneficial interest in a security does not represent an undivided interest in all the securities held by the custodian, but rather represents a direct and beneficial interest in the securities which comprise the account;
9. Separate Account - a separate account is maintained for the client with the custodian;
10. Ownership – each client retains indicia of ownership of the account (e.g. right to withdraw securities or cash, exercise or delegate proxy voting, and receive transaction confirmations).

We believe that our annual investment advisory fees are reasonable in relation to: (1) the advisory services provided under the Program; and (2) the fees charged by other investment advisers offering similar services/programs. However, our annual investment advisory fee may be higher than that charged by other investment advisers offering similar services. In addition to our annual investment advisory fees, the client will also incur charges imposed directly at the ETF fund level (e.g., management fees and other fund expenses). Our asset allocation models may involve above-average portfolio turnover which could negatively impact upon the net after-tax gain experienced by an individual client in a taxable account.

Item 9: Disciplinary Information

We are required to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management.

Our firm and our management personnel have no reportable disciplinary events to disclose.

Item 10: Other Financial Industry Activities and Affiliations

Our firm and our related persons are not engaged in other financial industry activities and have no other industry affiliations.

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

Fairway Wealth Management has developed a Code of Ethics that establishes rules of conduct for all employees of the firm and is designed to, among other things, govern personal securities trading activities in the accounts of employees. The Code is based upon the principle that Fairway Wealth Management and its employees owe a fiduciary duty to our clients to conduct our affairs, including their personal securities transactions, in such a manner as to avoid:

- Serving their own personal interests ahead of clients,
- Taking inappropriate advantage of their position with the firm, and
- Any actual or potential conflicts of interest or any abuse of their position of trust and responsibility

The Code is designed to ensure that the high ethical standards long maintained by us continue to be applied. The purpose of the Code is to preclude activities which may lead to or give the appearance of conflicts of interest, insider trading and other forms of prohibited or unethical business conduct. The excellent name and reputation of the firm continues to be a direct reflection of the conduct of each employee. Both Fairway Wealth Management and its employees are prohibited from engaging in fraudulent, deceptive or manipulative conduct. Compliance with this section involves more than acting with honesty and good faith alone. It means that the firm has an affirmative duty of utmost good faith to act solely in the best interest of its clients.

According to our Code of Ethics, our employees are subject to the following specific fiduciary obligations when dealing with clients:

- The duty to have a reasonable, independent basis for the investment advice provided;
- The duty to obtain best execution for a client's transactions where the Firm is in position to do so;
- The duty to ensure that investment advice is suitable to meeting the client's specific individual objectives, needs and circumstances; and
- A duty to be loyal to clients

In meeting our fiduciary responsibilities to our clients, we expect every employee to demonstrate the highest standards of ethical conduct for continued employment with our firm. Strict compliance with the provisions of the Code shall be considered a basic condition of employment. Employees are informed upon employment that a material breach of the provisions of the Code may constitute grounds for disciplinary action, including termination of employment.

Our Code of Ethics further includes the firm's policy prohibiting the use of material non-public information. While we do not believe that we have any particular access to non-public information, all employees are reminded that such information may not be used in a personal or professional capacity.

We do allow our members and employees to utilize the same money managers/funds/ETFs that are used for our clients. We put no restrictions on the timing of any such purchases. We do not believe the fact that employees and clients may utilize some of the same funds and/or managers results in any conflict of interest. These are diversified funds, where the individual security decisions are managed by third parties, so there are no potential insider trading issues. We do not do any bulk trading, so we do not expect any of our trades to have any material impact on the price of any

particular investment product. We do not receive any fees or other economic benefit from the investment products that are recommended for our clients. Accordingly, we do not prohibit our personnel from utilizing these products.

In addition, as part of our internal control procedures, we require certain employees to report on a quarterly basis certain transactions executed by the employee or any immediate family member during the previous quarter. These reports are reviewed each quarter by our Chief Compliance Officer.

A copy of our Code of Ethics is available upon request to any of our clients and prospective clients.

Item 12: Brokerage Practices

We do not require clients to establish brokerage accounts with any specific broker-dealer. We do recommend that clients establish brokerage accounts with the Schwab Advisor Services division of Charles Schwab & Co., Inc. ("Schwab"), a FINRA registered broker-dealer, member SIPC, to maintain custody of clients' assets and to effect trades for their accounts. Although we recommend that clients establish accounts at Schwab for reasons stated below, it is completely at the client's discretion to decide where they want to custody assets. Fairway Wealth Management LLC is independently owned and operated and not affiliated with Schwab.

Schwab provides us with access to its institutional trading and custody services, which are typically not available to Schwab retail investors. These services generally are available to independent investment advisers on an unsolicited basis, at no charge to them so long as a total of at least \$10 million of the adviser's clients' assets are maintained in accounts at Schwab Advisor Services. These services are not contingent upon our firm committing to Schwab any specific amount of business (assets in custody or trading commissions). Schwab's brokerage services include the execution of securities transactions, custody, research, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

For our client accounts maintained in its custody, Schwab does not charge separately for custody services. It is compensated by account holders through commissions and other transaction-related or asset-based fees for securities trades that are executed through Schwab or that settle into Schwab accounts.

Schwab Advisor Services also makes available to our firm other products and services that benefit us but may not directly benefit our clients' accounts. Many of these products and services may be used to service all or some substantial number of our client accounts, including accounts not maintained at Schwab.

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

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

Schwab Advisor Services also offers other services intended to help us manage and further develop our business enterprise. These services may include:

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

Schwab may make available, arrange and/or pay third-party vendors for the types of services rendered to us. Schwab Advisor Services 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 our firm. Schwab Advisor Services may also provide other benefits such as educational events or occasional business entertainment of our personnel. In evaluating whether to recommend that clients custody their assets at Schwab, we may take into account the availability of some of the foregoing

products and services and other arrangements as part of the total mix of factors we consider and not solely on the nature, cost or quality of custody and brokerage services provided by Schwab, which may create a potential conflict of interest.

As a fiduciary, we endeavor to act in our clients' best interests, and we believe that our relationship with Schwab Advisor Services does not present any conflicts of interest that could have a negative impact on a client. Rather, we believe clients are advantaged by utilizing Schwab's services. Schwab's suite of available investment products is as broad as any broker-dealer we are aware of. The commission structure our clients have access to with Schwab Advisor Services is "institutional" in nature, providing certain discounts from the retail commission schedule of Charles Schwab & Co. Our clients also have access to certain product offerings that typically have front or deferred loads, where those loads are waived, along with access to certain institutional product offerings typically only available to investors that can commit very large dollars (often \$1 million or more).

Despite the advantages of using Schwab, as stated above, we do not require clients to use Schwab and welcome clients to direct brokerage to other custodians that may better meet their needs or preferences. However, in those situations, there may be disadvantages and certain limitations. The client may pay higher brokerage commissions or not have access to certain investment products. Depending on the custodian, we may not be able to execute transactions on their behalf, or if we can, we may not receive as favorable of an execution. When possible, we will attempt to provide a comparison of the cost structure of the client's recommended portfolio if it was held at Schwab, as compared to the client's chosen custodian.

As a matter of policy and practice and because of the unique nature of each client portfolio, we do not generally block client trades and, therefore, we implement client transactions separately for each account. Consequently, certain client trades may be executed before others, at a different price and/or commission rate. Additionally, our clients may not receive volume discounts available to advisers who block client trades.

Institutional Intelligent Portfolios™

While clients are required to use CS&Co as custodian/broker to enroll in the Program, the client decides whether to do so and opens its account with CS&Co by entering into an account agreement directly with CS&Co. We do not open the account for the client. If the client does not wish to place their assets with CS&Co, then we cannot manage the client's account through the Program. As described in the Program Disclosure Brochure, SWIA may aggregate purchase and sale orders for ETFs across accounts enrolled in the Program, including both accounts for our clients and accounts for clients of other independent investment advisory firms using the Program.

We do not pay SWIA fees for its services in connection with the Program so long as we maintain at least \$100 million in client assets in accounts at CS&Co that are not enrolled in the Program. In light of this arrangement, we may have an incentive to recommend that clients maintain their accounts with CS&Co based on our interest in receiving Schwab's services that benefit our business rather than based on the client's interest in receiving the best value in custody services and the most favorable execution of transactions. This fee arrangement presents a **conflict of interest**, as it provides an incentive for us to recommend that clients maintain their accounts at CS&Co. Notwithstanding, we may generally recommend to our clients that investment management accounts be maintained at CS&Co based on the considerations discussed above, which mitigates this conflict of interest.

Our Chief Compliance Officer, Mark S. Weiskind, remains available to address any questions that a client or prospective client may have regarding the above arrangements and any perceived conflict of interest such arrangement may create.

Item 13: Review of Accounts

Review of Accounts Process

For those clients where we provide ongoing investment advisory services (which is most clients), reviews of client accounts will be conducted at least quarterly. Reviews are performed by each client's senior wealth manager or wealth manager. If a client's primary advisor with the firm is a wealth manager, there is also a partner/senior wealth manager assigned to the relationship that oversees the delivery of services by that wealth manager. Beyond the normal quarterly review, account reviews may be triggered by any or more of the following events, including a specific client request, changes in a client's individual circumstances, an issue with any of a client's money managers, or a material economic or political event that could affect a client.

For high net worth individuals and families, typical elements of a quarterly review include:

- An overview of the market environment for that quarter
- An assessment of a client's actual asset allocation as compared to the strategic allocation targets
- A review and reconciliation of overall portfolio performance, both current and historical
- An assessment of the performance of each manager/fund/ETF the client is utilizing
- Proposed trades, as necessary, to rebalance the portfolio, manage cash flows, or update underlying managers

For retirement plan clients, quarterly reviews typically include:

- A review of the plan's allocation
- A review of each of the funds offered in the plan
- A performance review of each fund in the plan

Quarterly reviews are typically conducted in a face-to-face meeting with clients or over the phone, depending on the client's preference.

Reporting Provided to Clients

Investment advisory services clients will receive a consolidated report from us, generally quarterly, which includes all accounts under our advisement. For high net worth individuals and families, these reports will generally include:

- A review of the capital markets for the period
- A portfolio performance summary, which includes an account reconciliation and net rate of return for both the quarter and various periods of time since a client's inception with us
- A quarterly performance history review
- A summary of performance by position (i.e. by manager/fund/ETF)
- A review of actual allocation as compared to target allocation

Additional reporting is available upon client request, or as deemed valuable by us for a specific client situation. In addition to the reports that we provide, clients will also receive monthly or quarterly statements directly from their custodian or retirement plan sponsor.

Item 14: Client Referrals and Other Compensation

It is Fairway Wealth Management LLC's policy not to engage solicitors or to pay related or non-related persons for referring potential clients to our firm.

It is Fairway Wealth Management LLC's policy not to accept or allow our related persons to accept any form of compensation, including cash, sales awards or other prizes, from a non-client in conjunction with the advisory services we provide to our clients.

We receive economic benefits from Schwab in the form of the support products and services it makes available to us. These products and services, how they benefit us, and the related conflicts of interest are described above under Item 12 above.

Item 15: Custody

Fee Deductions

We previously disclosed in the "Fees and Compensation" section (Item 5) of this Brochure that our firm directly debits advisory fees from client accounts.

As part of this billing process, the client's custodian is advised of the amount of the fee to be deducted from that client's account. On at least a quarterly basis, the custodian is required to send to the client a statement showing all transactions within the account during the reporting period.

Because the custodian does not calculate the amount of the fee to be deducted, it is important for clients to carefully review their custodial statements to verify the accuracy of the calculation, among other things. Clients should contact us directly if they believe that there may be an error in their statement.

Custody

Fairway Wealth Management does not typically take custody of any assets. We urge all our clients to use a qualified custodian to custody each of their portfolio assets. However, there are certain situations where we as a firm are deemed to have custody. They include:

- When we have check-writing authority over an account (which we sometimes do as part of our family office services)
- When a member or employee of the firm serves as trustee for a client account
- When we have a client's direct login credentials to a custodian's website **and** the site allows the user to distribute assets from the account without any additional authorization

As a result of being deemed to have custody of certain accounts, we are required to undergo an annual surprise audit of our clients' accounts by a certified public accounting firm.

Whether we are deemed to have custody or not, in addition to the reports that we provide (as described in Item 13), clients also receive statements on a monthly or quarterly basis directly from their custodians. Clients should rely on the actual statements received directly from account custodians to confirm actual holdings and we urge clients to compare the information in our reports to those account statements received directly from the custodian.

Item 16: Investment Discretion

Except with respect to limited number of clients in the Schwab Institutional Intelligent Portfolios™ Program as described below, our firm does not take discretion over client accounts. We will provide recommendations about specific managers and funds and suggest which investment products we believe the client should use. We will also suggest which dollar increment we propose buying or selling a certain product. However, we have no discretionary authority to determine which managers or funds clients utilize or in what increment. All transactions must first be approved by the client, either verbally or in writing. Clients typically do execute a Limited Power of Attorney (LPOA) with their chosen custodian, which allows us to execute transactions for them, upon their approval.

Please Note: Non-Discretionary Service Limitations. Clients that engage us on a nondiscretionary investment advisory basis must be willing to accept that we cannot effect any account transactions without obtaining prior consent to any such transaction(s) from the client. Thus, in the event that we would like to make a transaction for a client's account (including in the event of an individual holding or general market correction), and the client is unavailable, we will be unable to effect the account transaction(s) without first obtaining the client's consent.

Notwithstanding the above, clients who choose to enroll in the Institutional Intelligent Portfolios program will engage us to provide investment advisory services on a discretionary basis. Before we assume such discretionary authority over a client's account, the client is required to execute an agreement granting our firm full authority to buy, sell, or otherwise effect investment transactions involving the assets in the client's name within the discretionary account.

Clients who choose to engage us on a discretionary basis may, at any time, impose restrictions **in writing**, on our discretionary authority. (i.e. limit the types/amounts of particular securities purchased for their account, exclude the ability to purchase securities with an inverse relationship to the market, limit or proscribe our use of margin, etc.).

Item 17: Voting Client Securities

As a matter of firm policy, we do not vote proxies on behalf of clients. Therefore, although our firm may provide investment advisory services relative to client investment assets, clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets. Clients are responsible for instructing each account custodian to forward copies of all proxies and shareholder communications relating to the client's investment assets.

We do not offer any consulting assistance regarding proxy issues to clients.

For clients enrolled in the Institutional Intelligent Portfolios program, they designate SWIA to vote proxies for the ETFs held in their accounts. We have directed SWIA to process proxy votes and corporate actions through and in accordance with the policies and recommendations of a third party proxy voting service provider retained by SWIA for this purpose. Additional information about this arrangement is available in the Program Disclosure Brochure. Clients who do not wish to designate SWIA to vote proxies may retain the ability to vote proxies themselves by signing a CS&Co form available from us upon request.

Item 18: Financial Information

Under no circumstances do we require or solicit payment of fees in excess of \$1,200 per client more than six months in advance of services rendered. Therefore, we are not required to include a financial statement.

As an advisory firm that in limited situations is deemed to have custody, we are also required to disclose any financial condition that is reasonably likely to impair our ability to meet our contractual obligations. Fairway Wealth Management LLC has no additional financial circumstances to report.

Fairway Wealth Management LLC has not been the subject of a bankruptcy petition at any time during the past ten years.

ANY QUESTIONS: Our Chief Compliance Officer, Mark S. Weiskind, remains available to address any questions that a client or prospective client may have regarding the above disclosures and arrangements.