



**FAIRWAY**  
Wealth Management LLC

**Part 2A of Form ADV: *Firm Brochure***

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This brochure provides information about the qualifications and business practices of Fairway Wealth LLC, d/b/a Fairway Wealth Management LLC (“Fairway Wealth Management”). 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. References herein to Fairway Wealth LLC as a “registered investment adviser” or any reference to being “registered” does not imply a certain level of skill or training.

Additional information about Fairway Wealth LLC also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://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 311031.

## **Item 2: Material Changes**

In this section, we summarize any material changes to our Firm Brochure since our most recent annual update to our brochure. Since our last annual update, dated March 4, 2022, we note the following:

We have begun to introduce certain clients of our firm to an affiliated firm's private investment vehicles. Please see Items 4, 5, 10, and 11 for details of this arrangement. Clients may obtain a free copy of our Brochure at any time by contacting us at (216) 573-7200.

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## **Item 4: Advisory Business**

Effective December 1, 2020, Fairway Wealth LLC, d/b/a Fairway Wealth Management LLC (“Fairway Wealth Management”) acquired the investment advisory business of Fairway Wealth Management LLC, which was an independent, fee only, SEC-registered investment advisory and consulting firm founded in June 2002, with its principal place of business located in Independence, Ohio.

Fairway Wealth Management is part of the Focus Financial Partners, LLC (“Focus LLC”) partnership. Specifically, Fairway Wealth Management is a wholly owned subsidiary of Focus Operating, LLC (“Focus Operating”), which is a wholly owned subsidiary of Focus LLC. Focus Financial Partners Inc. (“Focus Inc.”) is the sole managing member of Focus LLC and is a public company traded on the NASDAQ Global Select Market. Focus Inc. owns approximately two-thirds of the economic interests in Focus LLC.

Focus Inc. has no single 25% or greater shareholder. Focus Inc. is the sole managing member of Focus LLC and has 100% of its governance rights. Accordingly, all governance is through the voting rights and Board at Focus Inc.

Focus LLC also owns other registered investment advisers, broker-dealers, pension consultants, insurance firms, business managers and other firms (the “Focus Partners”), most of which provide wealth management, benefit consulting and investment consulting services to individuals, families, employers, and institutions. Some Focus Partners also manage or advise limited partnerships, private funds, or investment companies as disclosed on their respective Form ADVs.

We have started introducing some of our clients to certain private investment vehicles managed by SCS Capital Management, LLC (“SCS”), an indirect, wholly owned subsidiary of Focus LLC and Focus Inc. We are an affiliate of SCS by virtue of being under common control with it. Please see Items 5 and 10 of this Brochure for further details.

Fairway Wealth Management is managed by Mark Weiskind, Charles Avarello and Daniel Gaugler (“Fairway Wealth Principals”), pursuant to a management agreement between FWM ManCo LLC, the Fairway Wealth Principals, Fairway Wealth Management and Focus. The Fairway Wealth Principals serve as leaders and officers of Fairway Wealth Management and are responsible for the management, supervision and oversight of Fairway Wealth Management.

Fairway Wealth Management 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.

Additionally, we offer a service referred 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 can 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, using a fee structure that aligns our interests with the best interests of our clients. To that end, Fairway Wealth Management is an independent, fee-only adviser 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 customized to the individual needs of each client.***

**Investment Planning:** We believe private, high net worth investors face many 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 different 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 different 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 advisers 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. Except for those Next-Gen clients whose 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 managed on a non-discretionary basis. We don't act unless our clients have been informed of the action and give us approval to act on their behalf. As we are a non-discretionary adviser, 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.

### **Services to Companies and Company Sponsored Retirement Plans**

We occasionally serve as adviser to companies and certain company sponsored retirement plans, most often defined benefit plans related to the businesses of our high net worth clients. Our primary mission with these services is to help the companies meet their fiduciary responsibilities by developing and maintaining a prudent process for the management and oversight of the company's or plan's investment portfolio. Our process is very similar to the investment advisory services we provide to high net worth individuals and families, and as described further in Item 8.

Our firm provides the client a periodic report (usually quarterly) which typically includes the following information:

- An analysis of the financial markets
- Review of current and historical performance
- Summarized manager, peer group, and benchmark performance information
- Recommendations on manager changes, if necessary
- A comparison of the current allocation to allocation targets and recommended trades

We typically offer to meet with clients to review each periodic report. Services to companies and company sponsored retirement plans are 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.

Fairway Wealth is a fiduciary under the Employee Retirement Income Security Act of 1974, as amended ("ERISA") with respect to investment management services and investment advice provided to ERISA plan clients, including plan participants. Fairway Wealth is also a fiduciary under section 4975 of the

Internal Revenue Code (the “IRC”) with respect to investment management services and investment advice provided to individual retirement accounts (“IRAs”), ERISA plans, and ERISA plan participants. As such, Fairway Wealth is subject to specific duties and obligations under ERISA and the IRC that include, among other things, prohibited transaction rules which are intended to prohibit fiduciaries from acting on conflicts of interest. When a fiduciary gives advice in which it has a conflict of interest, the fiduciary must either avoid or eliminate the conflict or rely upon a prohibited transaction exemption (a “PTE”).

As a fiduciary, we have duties of care and of loyalty to you and are subject to obligations imposed on us by the federal and state securities laws. As a result, you have certain rights that you cannot waive or limit by contract. Nothing in our agreement with you should be interpreted as a limitation of our obligations under the federal and state securities laws or as a waiver of any unwaivable rights you possess.

### **Focus Treasury & Credit Solutions**

We offer clients the option of obtaining certain financial solutions from unaffiliated third-party financial institutions with the assistance of our affiliate, Focus Treasury & Credit Solutions, LLC (“FTCS”), a wholly owned subsidiary of our parent company, Focus Financial Partners, LLC. Please see items 5 and 10 for a fuller discussion of these services and other important information.

As of December 31, 2022, Fairway Wealth Management had total assets under management of \$1,652,486,003 with \$7,198,946 on a discretionary basis and \$1,645,287,057 on a non-discretionary basis.

## Item 5: Fees and Compensation

### 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, payable quarterly in advance. While we recognize there is the potential for an inherent conflict of interest when fees are asset-based (for example, recommending investment of portfolio assets rather than using them to pay off a mortgage), our Code of Ethics and internal policies and procedures require that we put clients' interests ahead of our own.

Our standard asset-based fee schedule for new clients, 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 \$2 million	1.00% per year
Next \$3 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.

Cash, accrued interest and the value of any securities held on margin are included for billing purposes, unless the Firm determines otherwise, in its sole discretion.

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 under our standard fee schedule. 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. In addition, existing clients are subject to legacy schedules or agreed upon fees specified in their agreements with us. The specific annual fee schedule for each client is identified in our advisory agreement between Fairway Wealth Management and the 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 a standard fee schedule that applies when a company is the client, rather fees are negotiated on a case-by-case basis.

Fairway Wealth Management 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 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.

## Focus Treasury & Credit Solutions

We offer clients the option of obtaining certain financial solutions from unaffiliated third-party financial institutions with the assistance of our affiliate, Focus Treasury & Credit Solutions, LLC ("FTCS"). FTCS does not receive any compensation from such third-party institutions from serving our clients. Further information on this conflict of interest is available in Item 10 of this Brochure.

## SCS Private Funds

We do not receive any compensation from SCS in connection with assets that our clients place in the Focus firm's pooled investment vehicles. Our clients are not advisory clients of SCS, however, our clients bear the costs of the Focus firm's investment vehicle or vehicles in which they are invested, including any management fees and performance fees payable to the SCS. The allocation of our client assets to the SCS's pooled investment vehicles, rather than to an unaffiliated investment manager, increases the Focus firm's compensation and the revenue to Focus LLC relative to a situation in which our clients are invested in unaffiliated pooled investment vehicles. Focus LLC has a financial incentive for us to recommend that our clients invest in pooled investment vehicles managed by SCS, which creates a conflict of interest with clients who invest in pooled investment vehicles managed by SCS. Please refer to Item 10 for additional information regarding how we mitigate this potential conflict of interest.

## General Information Relating to All Fees

**Timing of Fees:** Fees are payable 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 directly from clients' accounts 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 unearned 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 for wealth management services are separate and distinct from the fees and expenses charged by the mutual funds, separate account managers, ETFs or private investment funds utilized by the client in the implementation of their portfolios. These fees and expenses are described in each manager/fund's separate agreement, ADV 2A brochure, prospectus or private offering memorandum.
- **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 money management products and institutional share classes of certain funds that a client wouldn't be able to access on their own. Clients can invest in many of these investment vehicles directly, without paying us our advisory fees, but they might have to do so on different terms (e.g., they may be restricted to a different share class or classes, and the investment vehicles might charge them higher fees and expenses). 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 **does not** charge any performance-based fees nor engage in any side-by-side management.

## **Item 7: Types of Clients**

Fairway Wealth Management 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 \$750,000 of assets, or with a net worth of at least \$1.5 million)
- Individuals (other than high net worth individuals)
- Pension and profit-sharing plans (other than plan participants)
- Corporations or other businesses

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, and the circumstances in which such minimums can be waived, please review the disclosures provided in Item 5.

## 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 without engaging us as an investment adviser. 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 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 advice. 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 fully invested at all times
- Control costs, which are arguably the most reliable predictor of future performance
- Be active in managing taxes, as 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; the trades are then 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.

. 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 eligible to invest in the fund, and acknowledge and accept the various risk factors that are associated with such an investment.

Fairway Wealth Management 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.

## **Cybersecurity**

The computer systems, networks and devices used by Fairway Wealth Management and service providers to us and our clients to carry out routine business operations employ a variety of protections designed to prevent damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches. Despite the various protections utilized, systems, networks, or devices potentially can be breached. A client could be negatively impacted as a result of a cybersecurity breach.

Cybersecurity breaches can include unauthorized access to systems, networks, or devices; infection from computer viruses or other malicious software code; and attacks that shut down, disable, slow, or otherwise disrupt operations, business processes, or website access or functionality. Cybersecurity breaches may cause disruptions and impact business operations, potentially resulting in financial losses to a client; impediments to trading; the inability by us and other service providers to transact business; violations of applicable privacy and other laws; regulatory fines, penalties, reputational damage, reimbursement or other compensation costs, or additional compliance costs; as well as the inadvertent release of confidential information.

Similar adverse consequences could result from cybersecurity breaches affecting issuers of securities in which a client invests; governmental and other regulatory authorities; exchange and other financial market operators, banks, brokers, dealers, and other financial institutions; and other parties. In addition, substantial costs may be incurred by these entities in order to prevent any cybersecurity breaches in the future

## **COVID**

The transmission of COVID and efforts to contain its spread have resulted in border closings and other travel restrictions and disruptions, market volatility, disruptions to business operations, supply chains and customer activity and quarantines. With widespread availability of vaccines, the U.S. Centers for Disease Control and Prevention has revised its guidance, travel restrictions have started to lift, and businesses have reopened. However, the COVID pandemic continues to evolve and the extent to which our investment strategies will be impacted will depend on various factors beyond our control, including the extent and duration of the impact on economies around the world and on the global securities and commodities markets. Volatility in the U.S. and global financial markets caused by the COVID pandemic may continue and could impact our firm's investment strategies.

Although currently there has been no significant impact, the COVID outbreak, and future pandemics, could negatively affect vendors on which our firm and clients rely and could disrupt the ability of such vendors to perform essential tasks.

**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**

### **Focus Treasury & Credit Solutions**

We offer clients the option of obtaining certain financial solutions from unaffiliated third-party financial institutions with the assistance of our affiliate, Focus Treasury & Credit Solutions, LLC (“FTCS”), a wholly owned subsidiary of our parent company, Focus Financial Partners, LLC. These third-party financial institutions are banks and non-banks (the “Network Institutions”) that offer credit and cash management solutions to our clients. Certain other unaffiliated third parties provide administrative and settlement services to facilitate FTCS’s cash management solutions. FTCS acts as an intermediary to facilitate our clients’ access to these credit and cash management solutions.

Neither we nor FTCS receives any compensation from the Network Institutions or any other third parties for providing credit or cash management solutions to our clients. For services provided by FTCS to clients of other Focus firms, FTCS receives a portion of the revenue earned by the Network Institutions, and such compensation to FTCS is also revenue for our common parent company, Focus Financial Partners, LLC. However, this compensation to FTCS does not come from credit or cash management solutions provided to any of our clients. The volume generated by our clients’ transactions does benefit FTCS and Focus in attracting, retaining, and negotiating with Network Institutions. We mitigate this conflict by: (1) fully and fairly disclosing the material facts concerning the above arrangements to our clients, including in this Brochure; and (2) offering FTCS solutions to clients on a strictly nondiscretionary and fully disclosed basis, and not as part of any discretionary investment services. Additionally, we note that clients who use FTCS’s services will receive product-specific disclosure from the Network Institutions and other unaffiliated third-party intermediaries that provide services to our clients.

We have an additional conflict of interest when we recommend FTCS to provide credit solutions to our clients because our interest in continuing to receive investment advisory fees from client accounts gives us a financial incentive to recommend that clients borrow money rather than liquidating some or all of the assets we manage.

### **Credit Solutions from FTCS**

For FTCS credit solutions, the interest rate of the loan is ultimately determined by the lender, although in some circumstances FTCS may have the ability to influence the lender to lower the interest rate of the loan. The final rate may be higher or lower than the prevailing market rate. We can offer no assurances that the rates offered to you by the lender are the lowest possible rates available in the marketplace.

Clients retain the right to pledge assets in accounts generally, subject to any restrictions imposed by clients’ custodians. While the FTCS program facilitates secured loans through Network Institutions, clients are free instead to work directly with institutions outside the FTCS program. Because of the limited number of participating Network Institutions, clients may be limited in their ability to obtain as favorable loan terms as if the client were to work directly with other banks to negotiate loan terms or obtain other financial arrangements.

Clients should also understand that pledging assets in an account to secure a loan involves additional risk and restrictions. A Network Institution has the authority to liquidate all or part of the pledged securities at any time, without prior notice to clients and without their consent, to maintain required collateral levels. The Network Institution also has the right to call client loans and require repayment within a short period of time; if the client cannot repay the loan within the specified time period, the Network Institution will have the right to force the sale of pledged assets to repay those loans. Selling assets to maintain collateral levels or calling loans may result in asset sales and realized losses in a declining market, leading to the permanent loss of capital. These sales also may have adverse tax consequences. Interest payments and any other loan-related fees are borne by clients and are in addition to the advisory fees that clients pay us for managing assets, including assets that are pledged

as collateral. The returns on pledged assets may be less than the account fees and interest paid by the account. Clients should consider carefully and skeptically any recommendation to pursue a more aggressive investment strategy in order to support the cost of borrowing, particularly the risks and costs of any such strategy. More generally, before borrowing funds, a client should carefully review the loan agreement, loan application, and other forms and determine that the loan is consistent with the client's long-term financial goals and presents risks consistent with the client's financial circumstances and risk tolerance.

### **Cash Management Solutions from FTCS**

For FTCS cash management solutions, as stated above, certain third-party intermediaries provide administrative and settlement services in connection with the program. Those intermediaries each charge a fixed basis point fee on total deposits in the program. Before any interest is paid into client accounts, the Network Institutions and certain unaffiliated third-party service providers take their fees out, and the net interest is then credited to clients' accounts. Engaging FTCS, the Network Institutions, and these other intermediaries to provide cash management solutions does not alter the manner in which we treat cash for billing purposes.

Clients should understand that in rare circumstances, depending on interest rates and other economic and market factors, the yields on cash management solutions could be lower than the aggregate fees and expenses charged by the Network Institutions, the intermediaries referenced above, and us. Consequently, in these rare circumstances, a client could experience a negative overall investment return with respect to those cash investments. Nonetheless, it might still be reasonable for a client to participate in the FTCS cash management program if the client prefers to hold cash at the Network Institutions rather than at other financial institutions (e.g., to take advantage of FDIC insurance).

Private Funds

### **SCS Private Funds**

Fairway Wealth has no business relationship with other Focus firms that is material to our advisory business or to our clients, with one exception. As stated earlier in Items 4 and 5 of this Brochure, under certain circumstances we offer our clients the opportunity to invest in pooled investment vehicles managed by SCS. SCS provides these services to such clients pursuant to limited partnership agreement documents and in exchange for a fund-level management fee and performance fee paid by our clients and not by us. SCS, like Fairway Wealth, is an indirect wholly owned subsidiary of Focus LLC and is therefore under common control with Fairway Wealth. The allocation of our clients' assets to SCS's pooled investment vehicles, rather than to an unaffiliated investment manager, increases SCS's compensation and the revenue to Focus LLC relative to a situation in which our clients are excluded from SCS's pooled investment vehicles. As a consequence, Focus LLC has a financial incentive to encourage Fairway Wealth to recommend that our clients invest in SCS's pooled investment vehicles, which creates a conflict of interest with those Fairway Wealth clients who invest in SCS's pooled investment vehicles. More information about Focus LLC can be found at [www.focusfinancialpartners.com](http://www.focusfinancialpartners.com).

We believe this conflict is mitigated because of the following factors: (1) this arrangement is based on our judgment that investing a portion of our clients' assets in investment vehicles managed by SCS is in the best interests of the affected clients; (2) SCS and its investment vehicles have met the due diligence and performance standards that we apply to outside, unaffiliated investment managers; (3) clients will invest in the pooled investment vehicles on a nondiscretionary basis through the completion of subscription documentation; (4) subject to redemption restrictions, we are willing and able to recommend that our clients reallocate their assets to other unaffiliated investment vehicles, in part or in whole, if SCS's services become unsatisfactory in our judgment and at our sole discretion; and (5) we have fully and fairly disclosed the material facts regarding this relationship, including in this Brochure, and our clients who invest in the Focus firm's pooled investment vehicles have given their informed consent to those investments.

## **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 supervised persons of the firm and is designed to, among other things, govern personal securities trading activities in the accounts of such supervised persons. The Code is based upon the principle that Fairway Wealth Management and its supervised persons 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 supervised person. Both Fairway Wealth Management and its supervised persons 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 a duty to serve as a fiduciary, and to act in the best interests of its clients.

According to our Code of Ethics, our supervised persons are subject to the following 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 supervised person 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. Supervised persons 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 supervised persons are reminded that such information may not be used in a personal or professional capacity.

We do allow our supervised persons 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 supervised persons 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 supervised persons to report on a quarterly basis certain transactions executed by the supervised person or any immediate family member during the previous quarter. These reports are reviewed each quarter by our Chief Compliance Officer.

Fairway Wealth recommends that certain of our clients invest in a private investment fund managed by an affiliated Focus partner firm. Please refer to Items 4, 5 and 10 for additional information.

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 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. 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 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 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. This fee arrangement presents a conflict of interest, in that it gives us 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 solely on the client's interest in receiving the best value in custody services and the most favorable execution of transactions. This conflict of interest is mitigated through disclosure, and we believe that our recommendation that investment management accounts be maintained at CS&Co is appropriate if the conflict is disclosed.

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

Fairway Wealth Management does not have any arrangements to compensate unaffiliated third parties for referring potential clients to the firm. We do compensate Fairway Wealth Management's personnel for successfully referring clients to the firm, and we take revenue earned from referred clients into account when compensating Fairway Wealth Management personnel.

It is Fairway Wealth Management'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.

Fairway Wealth Management's parent company is Focus Financial Partners, LLC ("Focus"). From time to time, Focus holds partnership meetings and other industry and best practices conferences, which typically include Fairway Wealth Management, other Focus firms and external attendees. These meetings are first and foremost intended to provide training or education to personnel of Focus firms, including Fairway Wealth Management. However, the meetings do provide sponsorship opportunities for asset managers, asset custodians, vendors and other third-party service providers. Sponsorship fees allow these companies to advertise their products and services to Focus firms, including Fairway Wealth Management. Although the participation of Focus firm personnel in these meetings is not preconditioned on the achievement of a sales target for any conference sponsor, this practice could nonetheless be deemed a conflict as the marketing and education activities conducted, and the access granted, at such meetings and conferences could cause Fairway Wealth Management to focus on those conference sponsors in the course of its duties. Focus attempts to mitigate any such conflict by allocating the sponsorship fees only to defraying the cost of the meeting or future meetings and not as revenue for itself or any affiliate, including Fairway Wealth Management. Conference sponsorship fees are not dependent on assets placed with any specific provider or revenue generated by such asset placement.

The following entities have provided conference sponsorship to Focus from January 1, 2022 to March 1, 2023:

Orion Advisor Technology, LLC  
TriState Capital Bank  
StoneCastle Network, LLC  
Charles Schwab & Co., Inc.  
BlackRock, Inc.  
Fidelity Brokerage Services LLC  
Fidelity Institutional Asset Management LLC

You can access a more recently updated list of recent conference sponsors on Focus' website through the following link: <https://focusfinancialpartners.com/conference-sponsors/>

## 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 or verify 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 physical 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
- When a client implements a standing letter of authorization ("SLOA") authorizing us to instruct the client's account custodian to transfer funds to third parties.

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 an independent 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, including the amount that the client should buy or sell. However, we have no discretionary authority to determine which managers or funds clients utilize or in what amounts they buy or sell. 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 such transaction(s) from the client. Thus, in the event that we would like to make a transaction or transactions 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 such 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 reasonable 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.). We reserve the right, in our sole discretion, to reject any such restriction requests.

## **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 has no additional financial circumstances to report.

Fairway Wealth Management 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.