

# **SEMUS WEALTH PARTNERS, LLC**

## **FORM ADV PART 2A**

### **BROCHURE**

**March 7, 2023**

#### **Item 1 – Cover Page**

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This brochure provides information about the qualifications and business practices of Semus Wealth Partners, LLC. If you have any questions about the contents of this brochure, please contact our Chief Compliance Officer Helen J. Semus by phone at 561.465.7550 or by email at [helen@semuswp.com](mailto:helen@semuswp.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Semus Wealth Partners, LLC is a registered investment adviser. Registration with the United States Securities and Exchange Commission (“SEC”) or any state securities authority does not imply a certain level of skill or training. Additional information about Semus Wealth Partners, LLC (CRD#305758) and its advisory person is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).



## **Item 2 Summary of Material Changes**

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

Since the last update of this document, which was dated March 31, 2022, we have the following material change to report:

Item 8 of the ADV Part 2A has been amended to clarify the risk associated with options. Please refer to Item 8 of the ADV Part 2A for additional information on this topic.

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## Item 4 Advisory Business

### A. Description of Firm

Semus Wealth Partners, LLC ("Semus Wealth" or the "Firm") is a limited liability company organized in the State of Florida. Semus Wealth is an investment advisory firm registered with the United States Securities and Exchange Commission ("SEC"). Registration with the United States Securities and Exchange Commission ("SEC") or any state securities authority does not imply a certain level of skill or training. Semus Wealth is owned by Helen J. Semus.

### B. Types of Advisory Services

Semus Wealth provides personalized investment advisory services (both discretionary and non-discretionary) and financial counseling to individuals and entities, including, but not limited to, family offices, trusts, estates, private foundations, endowments, businesses and qualified retirement plans.

As part of our investment advisory service, Semus Wealth can manage, on a discretionary and non-discretionary basis, a broad range of investment strategies. Semus Wealth primarily allocates client assets among the following, but not limited to, various certificates of deposit, money market funds, mutual funds, exchange-traded funds ("ETF"), close end funds ("CEF"), individual stocks or bonds, options and other public securities or investments in accordance with clients' stated investment objectives.

Based on client's goals and investment preferences, Semus Wealth may further recommend to clients that all or a portion of their investment portfolio be implemented by utilizing one or more affiliated or unaffiliated money managers or investment platforms ("Independent Managers") to manage client assets on a discretionary basis. Independent Managers may be sourced directly or accessed through an investment management platform or directly engaged by the Semus Wealth client wealth advisor. The client will be required to enter into a separate agreement with the independent Manager(s).

Semus Wealth is the sponsor and manager of the Semus Wealth Partners Wrap Fee Program (the "Program"), a wrap fee program. If the client participates in the Program, Semus Wealth provides its investment advisory services and arranges for brokerage transaction costs under a single annualized fee. Participants in the program may pay a higher aggregate fee than if investment advisory and brokerage services are purchased separately. A complete description of the Program's terms and conditions (including fees) is contained in the Program's wrap fee brochure.

Where appropriate, Semus Wealth may also provide advice about positions clients held in their portfolios prior to engaging Semus Wealth. Clients may also engage Semus Wealth to manage and/or advise on certain investment products that are not maintained at their primary custodian, including, but not limited to, variable life insurance and annuity contracts, assets held in employee sponsored retirement plans and qualified tuition plans (for example, 529 plans). In those situations, Semus Wealth directs or recommends the allocation of client assets among the various investment options available with the product. These assets are generally maintained at the underwriting insurance company or the custodian designated by the product's provider. Certain external managers utilized by Semus Wealth may use custodians other than the primary custodian used by clients.

Semus Wealth also provides a variety of financial planning and consulting services to clients as a separate engagement, or in some cases, as part of the investment advisory engagement. The financial planning engagement can be continuous financial management and monitoring engagement or a one-time engagement. These services are offered in various areas of a client's financial situation, depending on their goals, objectives and financial situation. Generally, such financial planning services will involve preparing a financial plan or rendering a financial consultation based on the client's financial goals and objectives. This planning or consulting

may encompass one or more areas of need, including, but not limited to investment planning, cash flow planning, retirement planning, tax planning, estate planning, wealth transfer planning, estate and trust settlement service, small business owner company retirement plan consulting, charitable contribution planning, personal savings, educational savings, mortgage/debt analysis, insurance analysis, employee work benefits planning, employee stock grants and option planning and other areas of a client's financial situation.

### **C. Tailored Advisory Services**

Each client's needs and situations are different. Semus Wealth tailors its investment advisory services to the specific needs of each client. Each investment advisory client is provided with a client wealth advisor whose role is to provide investment advisory services that are tailored to the client's unique circumstances. Semus Wealth consults with clients on an initial and ongoing basis to assess their specific risk tolerance, time horizon, income tax issues, liquidity constraints and other related factors relevant to the management of their portfolios. If a client's financial situation changes, or if their investment objectives or risk tolerance changes, clients are advised to promptly advise Semus Wealth of such changes or if they wish to place any limitations on the management of their portfolios. Clients may impose reasonable restrictions on the management of their accounts if Semus Wealth determines, in its sole discretion, that the conditions would not materially impact the performance of a management strategy or prove overly burdensome for Semus Wealth's management efforts.

Since Semus Wealth provides advice based on each client's specific financial situation, the investment advice the Firm provides to the client may be different or conflicting with the advice the Firm gives to other clients regarding the same security or investment.

### **D. Assets Under Management**

As of December 31, 2022, we manage \$175,951,087 in client assets on a discretionary basis, and \$9,085,186 in client assets on a non-discretionary basis.

## **Item 5 Fees and Compensation**

### **Investment Advisory Services/Wrap Fee Program**

Semus Wealth's annual fee for investment advisory service under the wrap fee program is up to 2% of the assets under management that is agreed upon with each client and set forth in a written agreement executed by Semus Wealth and the client. The advisory fee includes both investment advisory service and costs for executing transactions in the client's account. The advisory fee is prorated and charged monthly (or quarterly if an Independent Manager is used), in advance, based on the value of the assets under management (include cash and cash equivalents) on the last day of the previous month or quarter. Factors to determine the annual fee may be based on, shall include, but not limited to, the size and nature of the relationship, the services rendered, the nature and complexity of the investments involved, time commitments, travel requirements, and utilization of Independent Managers.

The investment advisory agreement between Semus Wealth and the client may be terminated upon 30 days' written notice by either Semus Wealth or the client. Semus Wealth does not impose termination fees when the client terminates the investment advisory relationship, except when agreed upon in advance. The client will incur a pro rata charge for services rendered prior to the termination of the investment advisory agreement, which means the client will incur advisory fees only in proportion to the number of days in the month for which services were provided by Semus Wealth. If the client has pre-paid advisory fees that the Firm has not yet earned, the client will receive a prorated refund of those fees.

Semus Wealth generally deducts its advisory fee from a client's investment account(s) held at his/her custodian. Upon engaging Semus Wealth to manage such account(s), a client grants Semus Wealth this limited authority

through a written instruction to the custodian of his/her account(s). The fee generally is billed in advance on a monthly basis. A client may utilize the same procedure for financial planning or consulting fees, if the client has investment accounts held at a custodian.

A newly managed account is charged a fee from the start date to the end of the month. The fee is based on the value of the account on the day of the start date. Thereafter, the monthly fee is based on the market value of the account on the last business day of the previous month. Although clients generally are required to have their investment advisory fees deducted from their accounts, in some cases, Semus Wealth will directly bill a client for investment advisory fees if it determines that such billing arrangement is appropriate given the circumstances.

The custodian of the client's accounts provides each client with a statement at least quarterly indicating separate line items for all amounts disbursed from the client's account, including any fees paid to Semus Wealth.

### **Financial Planning/Consulting Services**

Semus Wealth offers its clients financial planning/consulting service either on a fixed fee basis or hourly rate. Clients typically enter into a separate agreement with Semus Wealth for financial planning/consulting services. On limited cases, financial planning service can be included as part of the investment advisory service dependent on the level and scope of such services and the client's individual circumstance.

Financial planning fee is negotiable and is based on either an hourly rate of \$350 to \$750 per hour, depending on the experience, knowledge, and skill of those performing the services on behalf of Semus Wealth, or a fixed fee agreed upon in writing by Semus Wealth and the client. The scope and charges of all hourly ad-hoc work must be agreed upon in writing by Semus Wealth and the client before any billing begins.

Fixed fees start from a minimum of \$1,500 per year, depending upon the nature and complexity of each client's circumstances along with the mutual agreement of engagement with the client in writing. This fee can be paid monthly, quarterly or annually in advance based on client's preference. Semus Wealth will not require prepayment of a fee more than six months in advance and in excess of \$1,200.

The client may terminate the financial planning agreement upon 30 days written notice to the Firm. If the client has pre-paid financial planning fees that the Firm has not yet earned, the client will receive a prorated refund of those fees. If financial planning fees are payable in arrears, the client will be responsible for a prorated fee based on services performed prior to termination of the financial planning agreement.

### **Additional Fees and Expenses**

In connection with Semus Wealth's management of an account, a client will incur fees and/or expenses separate from Semus Wealth's investment advisory fee. These additional fees may include transaction charges and the fees/expenses charged by any custodian, subadvisor, mutual fund, ETF, separate external investment manager (and the manager's platform manager, if any), limited partnership, or other advisor, transfer taxes, odd lot differentials, exchange fees, interest charges, ADR processing fees, and any charges, taxes or other fees mandated by any federal, state or other applicable law, retirement plan account fees (where applicable), margin interest, mark-ups or mark-downs and other transaction-related costs, electronic fund and wire fees, and any other fees that reasonably may be borne by a brokerage account. The client is responsible for all such fees and expenses. Semus Wealth does not receive any compensation from these additional fees. Please see Item 12 of this brochure regarding brokerage practices.

### **Outside Compensation for the Sale of Securities or Other Investment Products**

Semus Wealth does not receive any compensation for securities transactions in any client account, other than the investment advisory fees noted above.

Certain Firm representatives who provide investment advice to clients (“advisory persons”) are also registered representatives of Purshe Kaplan Sterling Investments, Inc. (“PKS”), a FINRA-registered broker-dealer and member of SIPC.

A Firm advisory person will implement securities transactions on a commission basis through PKS. In such instances, the advisory person will receive commission-based compensation in connection with the purchase and sale of securities, as well as a share of any ongoing distribution or service (trail) fees, including 12b-1 fees for the sale of investment company products. Compensation earned by the advisory person in his or her capacity as a registered representative is separate and independent from Semus Wealth’s advisory fee. The receipt of such compensation by an advisory person presents a conflict of interest as an advisory person who is a registered representative will have an incentive to effect securities transactions for the purpose of generating commissions rather than solely based on client needs. To mitigate these conflicts, clients are under no obligation to purchase securities products through PKS or Firm advisory persons or otherwise engage such persons and may choose brokers or agents not affiliated with Semus Wealth or PKS. Moreover, these conflicts of interest are mitigated through this disclosure and the Firm’s determination that any such recommendations made by advisory persons acting in their capacity as a registered representative with PKS are in the clients’ best interests. Further, the Firm will not charge an ongoing investment advisory fee on assets purchased by a client through an advisory person acting in their capacity as a registered representative.

Certain advisory persons of Semus Wealth are also licensed as independent insurance professionals. Such persons earn commission-based compensation for selling insurance products to clients. Insurance commissions earned by advisory persons who are independent insurance professionals are separate and independent from Semus Wealth’s advisory fee. This practice presents a conflict of interest as an advisory person who is an independent insurance professional will have an incentive to recommend insurance products for the purpose of generating commissions rather than solely based on client needs. Clients are under no obligation to purchase insurance products through any person affiliated with Semus Wealth. Semus Wealth further requires that its advisory persons only make recommendations that are in the best interests of its clients.

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

Semus Wealth does not accept performance-based fees or participate in side-by-side management. Performance-based fees are fees that are based on a share of a capital gains or capital appreciation of a client's account. Side-by-side management refers to the practice of managing accounts that are charged performance-based fees while at the same time managing accounts that are not charged performance-based fees. Semus Wealth's fees are calculated as described in the *Fees and Compensation* section above and are not charged on the basis of a share of capital gains upon, or capital appreciation of, the funds in the client's advisory account.

## **Item 7 Types of Clients**

Semus Wealth offers investment advisory services to individuals, high net worth individuals, families, family offices, trusts, estates, businesses, charitable foundations, and retirement/profit sharing plans.

Semus Wealth’s minimum relationship size is \$1,000,000. However, this minimum requirement may be waived in certain circumstances at Semus Wealth’s sole discretion.

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

### **A. Methods of Analysis and Risk of Loss**

The first step in Semus Wealth’s investment strategy is getting to know the clients – to understand their financial



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

Overall investment strategies recommended to each client emphasize long term ownership of a diversified portfolio of marketable and non-marketable investments intended to provide superior after-tax, inflation-adjusted, economic returns. At times, Semus Wealth may also buy and sell positions that are more short-term in nature, depending on the goals of the client and/or the fundamentals of the security, sector or asset class. Client portfolios with similar investment objectives and asset allocation goals may own different securities and investments. The clients' portfolio size, tax sensitivity, desire for simplicity, income needs, long-term wealth transfer objectives, time horizon and choice of custodian are all factors that influence Semus Wealth's investment recommendations.

Client wealth advisors may invest client assets in mutual funds, ETFs, CEFs, individual stocks and bonds, options, alternative investment and Independent Managers offered by custodians and platform managers. Any mutual funds, ETFs, CEFs, alternative investments and Independent Managers not offered by a custodian or platform manager must be approved by the Semus Wealth Investment Committee.

As noted in Item 5 above, Semus Wealth's investment advisory fees generally are paid in advance. Upon the termination of a client's investment advisory relationship, Semus Wealth will issue a refund equal to any unearned management fee for the remainder of the billing period. The client may specify how he/she would like such refund issued (i.e., a check sent directly to the client or a check sent to the client's custodian for deposit into his/her account).

## **B. Material Risks Involved**

The mutual funds, ETFs, CEFs and Independent Managers that the Firm frequently invests client assets with or recommends to clients generally own securities and therefore also involve the risk of loss that is inherent in investing in securities. The extent of the risk of ownership of fund shares generally depends on the type and number of securities held by the fund. Mutual funds invested in fixed income securities are subject to the same interest rate, inflation, and credit risks associated with the fund's underlying bond holdings. Fixed income securities may decrease in value as a result of many factors, for example, increases in interest rates or adverse developments with respect to the creditworthiness of the issuer. Risks also may be significantly increased if a mutual fund pursues an alternative investment strategy. An investment in an alternative mutual fund involves special risks such as risk associated with short sales, leveraging the investment, potential adverse market forces, regulatory changes, and potential illiquidity. Investing in alternative strategies presents the opportunity for significant losses. Returns on mutual fund investments are reduced by management costs and expenses.

An ETF's risks include declining value of the securities held by the ETF, adverse developments in the specific industry or sector that the ETF tracks, capital loss in geographically focused funds because of unfavorable fluctuation in currency exchange rates, differences in generally accepted accounting principles, or economic or political instability, tracking error, which is the difference between the return of the ETF and the return of its benchmark and trading at a premium or discount, meaning the difference between the ETF's market price and net asset value ("NAV"). ETFs also are subject to the individual risks described in their prospectus. Although many mutual funds and ETFs may provide diversification, risks can be significantly increased if a mutual fund or ETF is concentrated in a particular sector of the market, primarily invests in small cap or speculative companies, uses leverage to a significant degree, or concentrates in a particular type of security. One of the main advantages of mutual funds and ETFs is that they give individual investors access to professionally managed, diversified portfolios of equities, bonds and other securities.

Although the goal of diversification is to combine investments with different characteristics so that the risks inherent in any one investment can be balanced by assets that move in different cycles or respond to different market factors, diversification does not eliminate the risk of loss. In some circumstances, price movements may be highly correlated across securities and funds. A specific fund may not be diversified, and a client portfolio may not be diversified. Additionally, when diversification is a client objective, there is risk that the strategies that the Firm uses may not be successful in achieving the desired level of diversification. There is also risk that the strategies, resources, and analytical methods that the Firm uses to identify mutual funds and ETFs will not be successful in identifying investment opportunities.

Past performance of a security or a fund is not necessarily indicative of future performance or risk of loss. The following events also could cause mutual funds, ETFs, CEFs and other investments managed for clients, as well as those managed by external managers, to decrease in value:

- **Market Risk:** The price of an equity security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's or fund's underlying circumstances. For example, changes in political, economic and social conditions may trigger adverse market events.
- **Interest-rate Risk:** Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- **Event Risk:** An adverse event affecting a company or that company's industry could depress the price of a client's investments in that company's stocks or bonds. The company, government or other entity that issued bonds in a client's portfolio could become less able to, or fail to, repay, service or refinance its debts, or the issuer's credit rating could be downgraded by a rating agency. Adverse events affecting a country, including political and economic instability, could depress the value of investments in issuers headquartered or doing business in that country.
- **Liquidity Risk:** Securities that are normally liquid may become difficult or impossible to sell at an acceptable price during periods of economic instability or other emergency conditions. Some securities may be infrequently or thinly traded even under normal market conditions.
- **Domestic and/or Foreign Political Risk:** The events that occur in the U.S. relating to politics, government, and elections can affect the U.S. markets. Political events occurring in the home country of a foreign company such as revolutions, nationalization, and currency collapse can have an impact on the security.
- **Inflation Risk:** Countries around the globe may be more, or less, prone to inflation than the U.S. economy at any given time. Companies operating in countries with higher inflation rates may find it more difficult to post profits reflecting their underlying health.
- **Currency Risk:** Overseas investments are subject to fluctuations in the value of the U.S. dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- **Reinvestment Risk:** This risk is that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e., interest rate). This primarily relates to fixed income securities.
- **Operational Risk:** Fund advisors and other ETF service providers may experience disruptions or operating errors such as processing errors or human errors, inadequate or failed internal or external processes, or systems or technology failures, which could negatively impact the ETF.
- **Regulatory/Legislative Developments Risk:** Regulators and/or legislators may promulgate rules or pass legislation that places restrictions on, adds procedural hurdles to, affects the liquidity of, and/or alters the risks associated with certain investment transactions or the securities underlying such investment transactions. Such rules/legislation could affect the value associated with such investment transactions or underlying securities.
- **Leverage:** Clients may borrow funds from brokerage firms, banks and other available sources in order to be able to increase the amount available for investment. In addition, clients may in effect borrow funds

through entering into repurchase agreements, and may purchase or sell options, forwards and other derivative instruments. The amount of borrowings which clients may have outstanding at any time may be large in relation to their actual capital. Consequently, the rates at which clients can borrow will affect the profitability of the client's account. Leverage has the effect of magnifying both profits and losses compared with unleveraged positions.

- **Short-term borrowings:** In the event that the securities pledged to brokers to secure a client's margin account declines in value, the client could be subject to a "margin call" pursuant to which the client would either have to deposit additional funds with the broker or suffer mandatory liquidation of the pledged securities to compensate for the decline in value. In the event of a sudden precipitous drop in the value of a client's assets, the client may not be able to liquidate assets quickly enough to pay off its margin debt and the client may therefore also suffer additional significant losses as a result of its default.
- **Concentration of Investments:** From time to time, a significant portion of a client's account assets may be concentrated in a particular security, industry, or market. Should such security, industry, market or country become subject to adverse financial conditions, account assets shall not be afforded the protection otherwise available through greater diversification of investments.
- **Illiquid Securities:** Investments in hedge funds and other private investment funds may underperform publicly offered and traded securities because such investments:
  - Typically require investors to lock-up their assets for a period and may be unable to meet redemption requests during adverse economic conditions;
  - Have limited or no liquidity because of restrictions on the transfer of, and the absence of a market for, interests in these funds;
  - Are more difficult to monitor and value due to a lack of transparency and publicly available information about these funds;
  - May have higher expense ratios and involve more inherent conflicts of interest than publicly traded investments; and
  - Involve different risks than investing in registered funds and other publicly offered and traded securities. These risks may include those associated with more concentrated, less diversified investment portfolios, investment leverage and investments in less liquid and non-traditional asset classes.

The discussion of risks above is not meant to be a complete description of all risks that clients may face. Clients should be prepared to bear the risks of their investments.

### **C. Unusual Risks of Specific Securities**

#### **Risk Associated with Initial Public Offerings**

Investments in initial public offerings (or shortly thereafter) may involve higher risks than investments issued in secondary public offerings or purchases on a secondary market due to a variety of factors, including, without limitation, the limited number of shares available for trading, unseasoned trading, lack of investor knowledge of the issuer and limited operating history of the issuer. In addition, some companies in initial public offerings are involved in relatively new industries or lines of business, which may not be widely understood by investors. Some of these companies may be undercapitalized or regarded as developmental stage companies, without revenues or operating income, or the near-term prospects of achieving them. These factors may contribute to substantial price volatility for such securities and, thus, for the value of the company's shares.

#### **Risks Associated with Closed-End Funds**

Closed-end funds typically use a high degree of leverage. There may be diversified or non-diversified. Risks associated with closed-end fund investments include liquidity risk, credit risk, volatility and the risk of magnified losses resulting from the use of leverage. Additionally, closed-end funds may trade below their net asset value.

**Risks Associated with Structured Notes**

Complexity. Structured notes are complex financial instruments. Clients should understand the reference asset(s) or index(es) and determine how the note's payoff structure incorporates such reference asset(s) or index(es) in calculating the note's performance. This payoff calculation may include leverage multiplied on the performance of the reference asset or index, protection from losses should the reference asset or index produce negative returns, and fees. Structured notes may have complicated payoff structures that can make it difficult for clients to accurately assess their value, risk and potential for growth through the term of the structured note. Determining the performance of each note can be complex and this calculation can vary significantly from note to note depending on the structure. Notes can be structured in a wide variety of ways. Payoff structures can be leveraged, inverse, or inverse-leveraged, which may result in larger returns or losses. Clients should carefully read the prospectus for a structured note to fully understand how the payoff on a note will be calculated and discuss these issues with us.

Market risk. Some structured notes provide for the repayment of principal at maturity, which is often referred to as "principal protection." This principal protection is subject to the credit risk of the issuing financial institution. Many structured notes do not offer this feature. For structured notes that do not offer principal protection, the performance of the linked asset or index may cause clients to lose some, or all, of their principal. Depending on the nature of the linked asset or index, the market risk of the structured note may include changes in equity or commodity prices, changes in interest rates or foreign exchange rates, or market volatility.

Issuance price and note value. The price of a structured note at issuance will likely be higher than the fair value of the structured note on the date of issuance. Issuers now disclose an estimated value of the structured note on the cover page of the offering prospectus, allowing investors to gauge the difference between the issuer's estimated value of the note and the issuance price. The estimated value of the notes is likely lower than the issuance price of the note to investors because issuers include the costs for selling, structuring or hedging the exposure on the note in the initial price of their notes. After issuance, structured notes may not be re-sold daily and thus may be difficult to value given their complexity.

Liquidity. The ability to trade or sell structured notes in a secondary market is often very limited as structured notes (other than exchange-traded notes known as ETNs) are not listed for trading on security exchanges. As a result, the only potential buyer for a structured note may be the issuing financial institution's broker-dealer affiliate or the broker-dealer distributor of the structured note.

In addition, issuers often specifically disclaim their intention to repurchase or make markets in the notes they issue. Clients should, therefore, be prepared to hold a structured note to its maturity date, or risk selling the note at a discount to its value at the time of sale.

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

**Risks Associated with Options**

There are several risks that are unique to options trading that the client must be fully aware of before engaging SWP on options strategies. Options involve additional risk and are not suitable for all investors. The following is a list of some specific common risks to options trading but it is by no means intended to be an exhaustive list. Prior to adding an option strategy to an account, clients are required to understand the risks associated with the purchase or sale of options by reviewing the Options Clearing Corporation Publication: "The Characteristics & Risks of Standardized Options," (<https://www.theocc.com/about/publications/publication-listing.jsp>).

Writing and buying options are speculative activities and entail investment exposures that are greater than their cost would suggest, meaning that a small investment in an option could have a substantial impact on performance. SWP's use of call and put options can lead to losses because of adverse movements in the price or value of the underlying stock, index, or other asset, which may be magnified by certain features of the options. These risks are heightened when SWP uses options to enhance a client's return or income. When selling a call or put option, a client will receive a premium; however, this premium may not be enough to offset a loss incurred by the client if the price of the underlying asset is above or below, respectively, the strike price by an amount equal to or greater than the premium. The value of an option may be adversely affected if the market for the option becomes less liquid or smaller, and will be affected by changes in the value or yield of the option's underlying asset, an increase in interest rates, a change in the actual or perceived volatility of the stock market or the underlying asset and the remaining time to expiration. Additionally, the value of an option does not increase or decrease at the same rate as the underlying asset(s).

### **Assignment**

Writing a call or put in a position can lead to an assignment and involuntary transaction (i.e., "called away"), which cannot otherwise be avoided, upon an exercise of a call or put in the client account. In the case of a short call, an assignment can lead to a forced sale of the underlying security being held as collateral for the options trading, whether the security is held long in the portfolio (covered) or not (uncovered). Being short a put can lead to a forced purchase of the underlying security for which additional capital may have to be contributed to the account by the account holder (i.e., "margin call"). Such involuntary sale and purchase transaction may occur at inopportune market times, which could result in losses to an account.

### **Losses and Limited Gains**

In the case of an option purchase (long call or long put), a client's entire initial investment of premium can be lost. In the case of a covered option short sale (short call or short put), upside gains can be limited by the sale of a short call against an underlying stock position (see also Assignment risk above) and a forced purchase of stock can occur in the case of a short cash covered put sale. In the case of a naked call or put sale (a call with no underlying stock position and a put with no cash to cover the possibility of a forced stock purchase) there is the risk of unlimited loss in the call position and substantial loss in the put position.

### **Lack of Liquidity**

Some option markets are very thinly traded and highly illiquid, resulting in wide markets and limited trading opportunities. Should it be determined that an option trade will be attempted in such a market, there is the risk of a fill price that is either substantially higher (purchase) or substantially lower (sale) than mid-market. In addition, in such illiquid markets and despite best efforts there is the risk that no fill will occur at all for the intended order.

### **Other Options Risks**

There are various other risks associated with option positions. Options are complex derivative securities and should not be traded without full knowledge of all the factors affecting their value. These factors include changes in implied volatility in the market that can cause an increase/decrease in the value of an option with no concurrent change in the underlying price of the stock. In addition, changes in the underlying stock dividend, time to expiration, market interest rates and other factors can affect the value of an option position.

### **Option Investment Strategy and Portfolio Management Risk**

There can be no assurance that an investment strategy will produce an intended result, which would result in losses to a client. It is generally recommended that the client only invest in options with risk capital.

### **Hedging with Options**

Hedging techniques involve one or more of the following risks: (i) imperfect correlation between the performance and value of the hedging instrument and the position being hedged; (ii) possible lack of a secondary market for closing out a position in such instruments; (iii) losses resulting from interest rate, spread or other

market movements not anticipated by SWP; and (iv) the possible obligation to meet additional margin or other payment requirements, all of which could worsen the client's position. Furthermore, to the extent that any hedging strategy involves the use of derivatives instruments, such a strategy will be subject to the risks applicable to such instruments, including the effects of the implementation of the various regulations adopted pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act"). The Dodd-Frank Act has initiated a dramatic revision of the U.S. financial regulatory framework and consumer credit markets that is expected to continue to unfold over several years.

#### **D. Use of Independent Managers**

Semus Wealth may select certain Independent Managers to manage a portion of its clients' assets. In these situations, Semus Wealth may conduct its own due diligence of such managers or rely on the diligence performed by platform managers or other service providers. The success of such recommendations relies to a great extent on the Independent Managers' ability to successfully implement their investment strategies. In addition, Semus Wealth generally may not have the ability to supervise the Independent Managers on a day-to-day basis.

#### **E. Cybersecurity**

The computer systems, networks and devices used by Semus Wealth 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, human error, 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.

### **Item 9 Disciplinary Information**

Registered investment advisors are required to disclose the facts of any legal or disciplinary events that are material to a client's evaluation of the Firm advisory business or the integrity of the Firm's management. Semus Wealth has no information applicable to this item.

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

#### **Registrations with Broker-Dealer**

Certain persons providing investment advice on behalf of Semus Wealth are registered representatives with Purshe Kaplan Sterling Investments, Inc. a securities broker-dealer, and a member of the Financial Industry Regulatory Authority and the Securities Investor Protection Corporation. See the *Fees and Compensation* section in this brochure for more information on the compensation received by registered representatives who are affiliated with Semus Wealth.

Semus Wealth is not registered, nor does it have an application pending to register, as a broker-dealer, futures commission merchant, commodity pool operator, commodity trading advisor, or an associated person of the foregoing entities.

### **License Insurance Agents**

A number of the Firm's advisory persons are licensed insurance agents and will offer certain insurance products on a fully disclosed commissionable basis. A conflict of interest exists to the extent that Semus Wealth recommends the purchase of insurance products where its advisory persons may be entitled to insurance commissions or other additional compensation. Clients are under no obligation to purchase insurance products through any person affiliated with Semus Wealth. The Firm has procedures in place whereby it seeks to ensure that all recommendations are made in its clients' best interest regardless of any such affiliations.

### **Recommendation of Independent Managers**

Semus Wealth may recommend that clients use Independent Managers based on the client's needs and suitability. Semus Wealth does not receive separate compensation, directly or indirectly, from such external managers for recommending that clients use their services.

Semus Wealth does not have any other business relationships with the recommended Independent Managers.

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

### **Description of Our Code of Ethics**

Semus Wealth strives to comply with applicable laws and regulations governing the Firm's practices. Therefore, Semus Wealth's Code of Ethics includes guidelines for professional standards of conduct for persons associated with the Firm. Semus Wealth's goal is to protect the client's interests at all times and to demonstrate the Firm's commitment to the Firm's fiduciary duties of honesty, good faith, and fair dealing with the client. All persons associated with Semus Wealth are expected to adhere strictly to these guidelines. Persons associated with Semus Wealth are also required to report any violations of the Firm's Code of Ethics. Additionally, Semus Wealth maintains and enforces written policies reasonably designed to prevent the misuse or dissemination of material, non-public information about the client or the client's account holdings by persons associated with the Firm.

Clients or prospective clients may obtain a copy of Semus Wealth's Code of Ethics by contacting the Firm at the telephone number on the cover page of this brochure.

### **Participation or Interest in Client Transactions**

Neither Semus Wealth nor any persons associated with Semus Wealth has any material financial interest in client transactions beyond the provision of investment advisory services as disclosed in this brochure.

### **Personal Trading Practices**

Semus Wealth or persons associated with Semus Wealth may buy or sell the same securities that the Firm recommends to the client or securities in which the client is already invested. A conflict of interest exists in such cases because Semus Wealth has the ability to trade ahead of the client and potentially receive more favorable prices than the client will receive. To mitigate this conflict of interest, it is our policy that neither the firm nor persons associated with the firm shall have priority over the client's account in the purchase or sale of securities.

## Item 12 Brokerage Practices

### Factors Used to Select Custodians and/or Broker-Dealers

Semus Wealth generally recommends that its investment management clients custody their accounts/assets at unaffiliated broker/dealer custodians (a “BD/Custodian”) with which Semus Wealth has an institutional relationship. Currently, this includes Schwab Advisor Services, a division of Charles Schwab & Co., Inc. (“Schwab”), which is a “Qualified Custodian” as that term is described in Rule 206(4)-2 of the Investment Advisers Act of 1940. Each BD/Custodian provides custody of securities, trade execution, and clearance and settlement of transactions placed by Semus Wealth. If your accounts are custodied at Schwab, Schwab will hold your assets in a brokerage account and buy and sell securities when we instruct them to.

In deciding to recommend Schwab, some of the factors that Semus Wealth considers include:

- Trade order execution and the ability to provide accurate and timely execution of trades;
- The reasonableness and competitiveness of commissions and other transaction costs;
- Access to a broad range of investment products;
- Access to trading desks;
- Technology that integrates within Semus Wealth’s environment, including interfacing with Semus Wealth’s portfolio management system;
- A dedicated service or back office team and its ability to process requests from Semus Wealth on behalf of its clients;
- Ability to provide Semus Wealth with access to client account information through an institutional website; and
- Ability to provide clients with electronic access to account information and investment and research tools.

Effective October 7, 2019, Schwab has eliminated commissions for online trades of U.S. equities, ETFs and options (subject to \$0.65 per contract fee). Semus Wealth encourages the client to review Schwab’s pricing to compare the total costs of entering into a wrap fee arrangement versus a non-wrap arrangement. The client will still incur commissions and fees for certain types of transactions in a non-wrap fee arrangement. Please refer to Schwab’s most recent pricing schedules available at [www.schwab.com/aspricingguide](http://www.schwab.com/aspricingguide).

Semus Wealth may place portfolio transactions through the BD/Custodian where the clients’ accounts are custodied. In exchange for using the services of the BD/Custodian, Semus Wealth may receive, without cost, computer software and related systems support that allows Semus Wealth to monitor and service its clients’ accounts maintained with such BD/Custodian.

Schwab also makes available to the Firm products and services that benefit the Firm but may not directly benefit the client or the client’s account. These products and services assist us in managing and administering client accounts. They include investment research, both Schwab’s own and that of third parties. Semus Wealth may use this research to service all or some substantial number of client accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab also makes available software and other technology that:

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

Schwab also offers other services intended to help us manage and further develop our business enterprise. These



services include:

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

Schwab may provide some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to the Firm. Schwab may also discount or waive its fees for some of these services or pay all or a part of a third party's fees. Schwab may also provide the Firm with other benefits such as occasional business entertainment of Firm personnel.

Semus Wealth will periodically review its arrangements with the BD/Custodian and other broker-dealers against other possible arrangements in the marketplace as it strives to achieve best execution on behalf of its clients. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including, but not limited to, the following:

- a broker-dealer's trading expertise, including its ability to complete trades, execute and settle difficult trades, obtain liquidity to minimize market impact and accommodate unusual market conditions, maintain anonymity, and account for its trade errors and correct them in a satisfactory manner;
- a broker-dealer's infrastructure, including order-entry systems, adequate lines of communication, timely order execution reports, an efficient and accurate clearance and settlement process, and capacity to accommodate unusual trading volume;
- a broker-dealer's ability to minimize total trading costs while maintaining its financial health, such as whether a broker-dealer can maintain and commit adequate capital when necessary to complete trades, respond during volatile market periods, and minimize the number of incomplete trades;
- a broker-dealer's ability to provide research and execution services, including advice as to the value or advisability of investing in or selling securities, analyses and reports concerning such matters as companies, industries, economic trends and political factors, or services incidental to executing securities trades, including clearance, settlement and custody; and
- a broker-dealer's ability to provide services to accommodate special transaction needs, such as the broker-dealer's ability to execute and account for client-directed arrangements and soft dollar arrangements, participate in underwriting syndicates, and obtain initial public offering shares.

As described above, Schwab provides to Semus Wealth, without cost, research and trade execution services. Semus Wealth has not entered into any formal "soft dollar" arrangements with broker-dealers.

Semus Wealth's clients may utilize qualified custodians other than Schwab for certain accounts and assets.

### **Brokerage for Client Referrals**

Semus Wealth does not select or recommend broker-dealers based solely on whether or not it may receive client referrals from a broker-dealer or third party.

### **Client-Directed Brokerage**

Generally, in the absence of specific instructions to the contrary, for brokerage accounts that clients engage Semus Wealth to manage on a discretionary basis, Semus Wealth has full discretion with respect to securities transactions placed in the accounts. This discretion includes the authority, without prior notice to the client, to buy and sell securities for the client's account and establish and affect securities transactions through the BD/Custodian of the client's account or other broker-dealers selected by Semus Wealth. In selecting a broker-

dealer to execute a client's securities transactions, Semus Wealth seeks prompt execution of orders at favorable prices.

A client, however, may instruct Semus Wealth to custody his/her account at a specific broker-dealer and/or direct some or all of his/her brokerage transactions to a specific broker-dealer. In directing brokerage transactions, a client should consider whether the commission expenses, execution, clearance, settlement capabilities, and custodian fees, if any, are comparable to those that would result if Semus Wealth exercised its discretion in selecting the broker-dealer to execute the transactions. Directing brokerage to a particular broker-dealer may involve the following disadvantages to a directed brokerage client:

- Semus Wealth's ability to negotiate commission rates and other terms on behalf of such clients could be impaired;
- such clients could be denied the benefit of Semus Wealth's experience in selecting broker-dealers that are able to efficiently execute difficult trades;
- opportunities to obtain lower transaction costs and better prices by aggregating (batching) the client's orders with orders for other clients could be limited; and
- the client could receive less favorable prices on securities transactions because Semus Wealth may place transaction orders for directed brokerage clients after placing batched transaction orders for other clients.

### **Trade Errors**

Semus Wealth's goal is to execute trades seamlessly and in the best interests of the client. In the event a trade error occurs, Semus Wealth endeavors to identify the error in a timely manner, correct the error so that the client's account is in the position it would have been had the error not occurred, and, after evaluating the error, assess what action(s) might be necessary to prevent a recurrence of similar errors in the future.

Trade errors generally are corrected through the use of a "trade error" account or similar account at Schwab, or another BD, as the case may be. In the event an error is made in a client account custodied elsewhere, Semus Wealth works directly with the broker in question to take corrective action. In all cases, Semus Wealth will take the appropriate measures to return the client's account to its intended position.

### **Trade Aggregation**

Client accounts are managed on an individual basis. Semus Wealth therefore generally does not aggregate client trades. To the extent that the Firm determines to aggregate client orders for the purchase or sale of securities, including securities in which the Firm's supervised persons may invest, the Firm will generally do so in a fair equitable manner in accordance with applicable rules promulgated under the Advisers Act and guidance provided by the staff of the SEC and consistent with policies and procedures established by the Firm.

## **Item 13 Review of Accounts**

### **Frequency and Nature of Periodic Reviews and Who Makes Those Reviews**

Semus Wealth monitors investment advisory portfolios as part of a continuous and ongoing process. Semus Wealth client advisors have at least one annual meeting with each client to review the clients' accounts. These reviews may include the following:

- compare the account's allocation with stated goals and client cash-flows at time of review;
- review holdings and consider alternatives;
- monitor the size of individual securities relevant to their sectors, asset classes, and overall account size;
- analyze an account's composition and performance, income, appreciation, gains/losses, and asset allocation.

Accounts are also reviewed upon the occurrence of certain triggering events such as, but not limited to, receipt of additional assets, change in a client's financial condition, a significant change in the market environment, upon request by a client, or upon a request to liquidate or distribute a significant portion of the portfolio. Clients are encouraged to notify Semus Wealth if changes occur in the client's personal financial situation that might adversely affect the client's investment plan.

### **Other Reviews**

Semus Wealth may perform compliance and/or supervisory reviews of a sampling of client accounts. These reviews may include comparing an account's strategy and/or allocation to the account's stated objectives, reviewing commission and transaction costs borne by the account, and reviewing the billing rate and charges.

### **Content and Frequency of Regular Reports Provided to Clients**

Clients will receive brokerage statements no less than quarterly from the qualified custodian directly. Clients will also receive written confirmation of every securities transaction in their respective accounts from their custodian directly. The client may also establish electronic access to the custodian's website so that the client may view these reports and their account activity. Client brokerage statements will include all positions, transactions and fees relating to the client's account(s). The client advisor may also provide clients with periodic reports regarding their holdings, allocations, and performance.

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

**Semus Wealth does not receive any economic benefits from any outside firms who provide investment advice or other advisory services to our clients. In addition, we do not compensate any person who is not a supervised person for any client referred to Semus Wealth.**

### **Item 15 Custody**

Semus Wealth does not have physical custody of client funds or securities, which are held by qualified custodians. All clients must utilize a "Qualified Custodian" as detailed in Item 12. Clients are required to engage the custodian to retain their funds and securities and direct Semus Wealth to utilize the custodian for the client's securities transactions. Semus Wealth's agreement with clients and/or the clients' separate agreement with the broker-dealer/Custodian may authorize Semus Wealth through such broker-dealer/Custodian to debit the client's account for the amount of Semus Wealth's fee and to directly remit that fee to Semus Wealth in accordance with applicable custody rules.

The broker-dealer/Custodian recommended by Semus Wealth has agreed to send a statement to the client, at least quarterly, indicating all amounts disbursed from the account including the amount of management fees paid directly to Semus Wealth. Semus Wealth encourages clients to review the official statements provided by the custodian, and to compare such statements with investment reports received from Semus Wealth. For more information about Custodians and brokerage practices, see Item 12, Brokerage Practices.

#### **Wire Transfer and/or Standing Letter of Authorization**

The Firm, or persons associated with the Firm, may effect wire transfers from client accounts to one or more third parties designated, in writing, by the client without obtaining written client consent for each separate, individual transaction, as long as the client has provided us with written authorization to do so. Such written authorization is known as a Standing Letter of Authorization. An adviser with authority to conduct such third-party wire transfers has access to the client's assets, and therefore has custody of the client's assets in any related accounts.

However, Semus Wealth is not required to obtain an unplanned annual audit, as Semus Wealth otherwise would be required to by reason of having custody, as long as Semus Wealth meets the following criteria:

1. The client provides a written, signed instruction to the qualified custodian that includes the third party's name and address or account number at a custodian;
2. The client authorizes us in writing to direct transfers to the third party either on a specified schedule or from time to time;
3. The client's qualified custodian verifies the client's authorization (e.g., signature review) and provides a transfer of funds notice to the client promptly after each transfer;
4. The client can terminate or change the instruction;
5. Semus Wealth has no authority or ability to designate or change the identity of the third party, the address, or any other information about the third party;
6. Semus Wealth maintains records showing that the third party is not a related party to us nor located at the same address as us; and
7. The client's qualified custodian sends the client, in writing, an initial notice confirming the instruction and an annual notice reconfirming the instruction.

Semus Wealth hereby confirms that the Firm meets the above criteria.

### **Item 16 Investment Discretion**

Clients have the option of providing Semus Wealth with investment discretion on their behalf, pursuant to a grant of a limited power of attorney contained in Semus Wealth's client agreement. By granting Semus Wealth investment discretion, a client authorizes Semus Wealth to direct securities transactions and determine which securities are bought and sold, the total amount to be bought and sold, and the costs at which the transactions will be affected. Clients may impose reasonable limitations in the form of specific constraints on any of these areas of discretion with the consent and written acknowledgement of Semus Wealth. See also "Item 4(C), Tailored Advisory Services."

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

If authorized by clients, Semus Wealth does vote proxies and makes decisions with regard to corporate actions from applicable securities on behalf of the clients' advisory accounts. Clients can choose whether they want to receive informational copies of the proxy materials or corporation actions.

We will determine how to vote proxies based on our reasonable judgment of the vote most likely to produce favorable financial results for you. Proxy votes generally will be cast in favor of proposals that maintain or strengthen the shared interests of shareholders and management, increase shareholder value, maintain or increase shareholder influence over the issuer's board of directors and management, and maintain or increase the rights of shareholders. Generally, proxy votes will be cast against proposals having the opposite effect. However, we will consider both sides of each proxy issue. Unless we receive specific instructions from you, we will not base votes on social considerations.

In the event you wish to direct our firm on voting a particular proxy, you should contact our main office at the phone number on the cover page of this brochure with your instruction.

Conflicts of interest between you and our firm, or a principal of our firm, regarding certain proxy issues could arise. If we determine that a material conflict of interest exists, we will take the necessary steps to resolve the conflict before voting the proxies. For example, we may disclose the existence and nature of the conflict to you, and seek direction from you as to how to vote on a particular issue; we may abstain from voting, particularly if there are conflicting interests for you (for example, where your account(s) hold different securities in a competitive merger situation); or, we will take other necessary steps designed to ensure that a decision to vote is

in your best interest and was not the product of the conflict.

We keep certain records required by applicable law in connection with our proxy voting activities. You may obtain information on how we voted proxies and/or obtain a full copy of our proxy voting policies and procedures by making a written or oral request to our firm.

If clients choose not to authorize Semus Wealth to vote proxies and take action on corporate actions, then Clients retain the responsibility for receiving and voting proxies for all and any securities maintained in a client portfolio. In most cases, the client will receive proxy materials directly from the account custodian. However, in the event Semus Wealth was to receive any written or electronic proxy materials, Semus Wealth would forward them directly to the client by mail or electronic mail.

### **Item 18 Financial Information**

The Firm does not have any financial condition or impairment that would prevent them from meeting their contractual commitments to the client. Semus Wealth does not take physical custody of client funds or securities, or serve as trustee or signatory for client accounts, and Semus Wealth does not require the prepayment of more than \$1,200 in fees six or more months in advance. Therefore, Semus Wealth is not required to include a financial statement with this brochure.

Semus Wealth has not filed a bankruptcy petition at any time in the past ten years.