

# Stonnington Group

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*This Brochure provides information about the qualifications and business practices of Stonnington Group, LLC ("Stonnington"). If you have any questions about the contents of this Brochure, please contact us at (626) 469-8166. 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.*

*Stonnington is a Registered Investment Adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information through which you determine to hire or retain an Adviser.*

*Additional information about Stonnington is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)*

## **Item 2 – Material Changes**

### **Annual Update**

The Material Changes section of this brochure is updated annually when material changes occur from the previous release of the Firm Brochure.

### **Material Changes**

Since the last filing on July 31, 2019, the Stonnington Group has completed its acquisition of Maxwell Noll, an affiliated investment advisor. All Maxwell Noll clients have been transitioned into Stonnington Group.

Billing for all clients has been switched from quarterly in advance, to monthly in arrears.

Stonnington Group has terminated its broker-dealer effective December 9, 2020. This action will have no impact on client relationships.

### **Full Brochure Availability**

You may request a hard copy of our brochure at no charge by contacting Chris Saccente, our Chief Compliance Officer, at (626) 657.2285 or [chris@stonningtongroup.com](mailto:chris@stonningtongroup.com).

Our most current Brochure can also be downloaded from our website: [www.stonningtongroup.com](http://www.stonningtongroup.com).

Additional information about Stonnington is available via the SEC's web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). In addition, the SEC's website provides information about all persons affiliated with Stonnington who are registered as investment adviser representatives of Stonnington.

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## **Item 4 – Advisory Business**

Stonnington Group, LLC ("Stonnington"), is an SEC-registered investment adviser with its principal place of business located in Pasadena, California. Stonnington began conducting business in 2004.

Stonnington is also a registered securities broker-dealer. The firm is wholly owned by Nicholas Stonnington, Sr., Managing Member/President, and principal financial advisor.

Stonnington provides personalized confidential financial planning and investment management to its clients. Advice is provided through consultation with the client and may include determination of financial objectives, identification of financial goals, cash flow management, tax planning, insurance review, investment management, education funding, retirement planning, and estate planning. Our services are fee-based. Most of our advisory client accounts are managed on a discretionary basis, though some are managed on a non-discretionary basis.

The overall foundation underlying Stonnington's investment advice is based on its financial advisor's education, years of experience and knowledge.

As of December 31, 2019, Stonnington managed approximately \$487 million in discretionary assets under management and approximately \$75 million on a non-discretionary basis. The total approximate amount of *regulatory assets under management* were \$562 million.

### **INVESTMENT SUPERVISORY SERVICES ("ISS") INDIVIDUAL PORTFOLIO MANAGEMENT**

Stonnington will manage a discretionary client's portfolio on a periodic basis. Stonnington will assist such clients in identifying and articulating the appropriate investment objectives and developing a strategy designed to achieve those objectives.

When appropriate, Stonnington may prepare an Investment Policy Statement ("IPS") for the client that will include an overall asset allocation plan, types of asset classes to be utilized, the general construction of the client's portfolio and any restrictions on investments. Absent an IPS, Stonnington will attempt to manage a client's assets in accordance with the client's investment goals, risk/return profile developed as a result of in-depth discussions with the client.

***Generally, for the investment portfolios managed by Stonnington's principal financial advisor, the investment approach is a focus on growth to maximize long-term returns which may include greater than average risk and aggressive positions.***

Stonnington will have full discretion to invest and trade the client's assets in accordance with the client's individualized investment plan/strategy. Because clients' investment objectives may differ, Stonnington may take positions for certain clients' portfolios that are contrary to the positions it takes for other clients' portfolios.

Stonnington also provides non-discretionary investment management services. Stonnington will assist clients in identifying and articulating the appropriate investment objectives and formulating an investment strategy designed to achieve those objectives. Non-discretionary clients will approve, in advance, any orders for securities transactions placed by Stonnington which may, in the case of rebalancing, be indicated by the client's approval of the investment policy guideline, investment plan or agreed-upon investment strategy.

Clients will approve any outside brokers and custodians and will enter into separate agreements with outside custodians or brokers. Stonnington may also use third-party asset managers (outside investment advisors and/or sub-advisors) as disclosed to its clients from time to time. Clients may impose reasonable restrictions on investing in certain securities, types of securities, or industry sectors.

Our investment recommendations are not limited to any specific product or service offered by a broker-dealer, third-party asset managers, or insurance company and will generally include advice regarding the following securities listed below. Certain types of investments involve an additional degree of risk, they will only be implemented/recommended when consistent with the client's stated investment objectives, tolerance for risk, liquidity needs and suitability. In instances where recommendations are made to clients involving alternative investments, those clients may need to also meet or exceed mandatory net worth and/or annual income threshold requirements.

- Alternative Investments
- Exchange-listed securities
- Securities traded over-the-counter
- Corporate debt securities
- Municipal securities
- Commercial paper
- Certificates of deposit
- United States government securities
- Variable annuities
- Options contracts on securities
- Exchange-Traded Funds ("ETFs")
- Mutual fund shares

### **SELECTION AND MONITORING OF THIRD-PARTY MONEY MANAGERS**

We offer advisory management services to our clients through our selection and monitoring of Third-Party Money Managers and/or Turnkey Asset Management Programs (hereinafter, "Programs"). Our firm develops an asset allocation strategy with the client through personal discussions in which goals and objectives based on the client's particular circumstances are established.

Based on the client's individual circumstances and financial needs, we will then review various Investment Programs offered by unaffiliated registered investment advisers to identify which registered investment adviser's portfolio management style, or investment strategy is appropriate for that client. Factors considered in making this determination include account size, the client's risk tolerance, investment goals/objectives, and the investment philosophy of the selected unaffiliated registered investment advisor.

Clients should refer to the selected unaffiliated registered investment adviser's Firm Brochure or other disclosure documents for a full description of the services offered. We are available to meet with clients on a regular basis, or as determined by the client, to review the account that is placed in the Program.

Once we determine the appropriate Program for the client based on their investment strategy and financial goals, we submit the necessary information regarding our client to the selected third-party adviser(s) along with any paperwork required by the third-party adviser. The third-party adviser or money manager for that selected Program then creates and manages the client's portfolio in line with the investment strategy and parameters of that Program.

We monitor the performance of the selected Program. If we determine that the adviser(s) of the Program are not providing sufficient management services to the client, or not managing the client's portfolio in a manner consistent with the client's goals, we may suggest an alternative Program to the client. In that instance, our firm assists the client in selecting a new registered investment adviser's investment model/strategy and/or Program. However, any move to another registered investment adviser and/or program is solely at the discretion of the client.

## **Item 5 – Fees and Compensation**

### **INVESTMENT SUPERVISORY SERVICES ("ISS")**

#### **INDIVIDUAL PORTFOLIO MANAGEMENT**

Fees for an advisory client are generally based upon an annual percentage of the total value of their assets under management. Unless otherwise stated in the client's Investment Advisory Agreement(s), the firm's general fee schedule is as follows:

- 1.50% per year for the first \$2,000,000 of assets under management
- 1.00% per year for all assets under management over \$2,000,000

The firm's minimum initial account size is \$1,000,000. However, the firm, may, in its sole discretion opt to accept advisory clients with an account size below the \$1 million thresholds.

Separately Managed Accounts (SMAs) Programs offered through third-party providers are exempt from our minimum account sizes and subject only to the SMA provider's minimums, which may vary.

Our management fees are payable monthly in arrears, based on the total market value of the assets under management on the last business day of the preceding calendar month. For new accounts, the monthly fees are prorated for the initial calendar month and paid at the time management activity begins.

Fees are deducted from the client's account and can be verified by the client on his or her custodial account statement. If services are discontinued, a prorated portion of that calendar month's fee will be charged to the client. Prices for publicly traded assets are available through electronic download on a daily basis. However, daily prices may not be available for certain assets, such as some annuities, insurance products, private equity or partnership assets, other illiquid investment vehicles, etc. In such cases, less frequent valuations (typically the month-end or quarter-end asset values) may be used in calculating that particular asset's value at the end of the month. Also, in these instances, the firm may determine the valuation of certain assets by using unaudited financial statements or the cost basis of the investment.

Finally, the firm's fees may be negotiable on a limited basis, dependent on the situation and at the discretion of the adviser. In some circumstances, Stonnington may consider charging a fixed dollar amount rather than a percentage of AUM.

#### **FEES FOR MONITORING of THIRD-PARTY MONEY MANAGERS**

We are paid by the independent adviser selected by the client for portfolio management services. Our fee is based on a percentage of the client's managed assets (typically ranging up to but not exceeding 1% of the total fee charged by the independent adviser, depending on the size of the account), which is included in the independent investment adviser's annual management fee. The portion of the advisory fee paid to us does not increase the client's total advisory fee paid to the selected independent investment adviser.

The total asset management fee, including the fee paid to our firm, is disclosed in the independent investment adviser's disclosure document, which is provided to clients.

## **GENERAL NOTES ON ADVISORY FEES**

***Termination of the Advisory Relationship:*** If for any reason, a client wishes to terminate an investment advisory agreement in the first five business days after entering the agreement, the client will be entitled to a full refund of any fees paid to Stonnington under that agreement. After the first five business days, Stonnington or the client may terminate the agreement at any time with at least 30 days written notice to the other. In such cases, the fee will be prorated for the billing period between the 1<sup>st</sup> of the month and the date a notice of termination is effective. To ensure clear communication, a termination notice must be in writing.

***Limited Negotiability of Advisory Fees:*** As noted briefly above, although Stonnington has established the aforementioned fee schedule, we retain the discretion to negotiate alternative fees on a client-by-client and/or account-by-account basis. Client facts, circumstances, and needs are considered in determining their fee schedule. These include the complexity of the client's assets to be placed under management, anticipated future additional assets; related accounts; portfolio style, account composition, and reports, among other factors. The specific annual fee schedule is identified in the contract between the adviser and each client.

We may group certain related client accounts for the purposes of achieving the minimum account size requirements and determining the annualized fee. Discounts, not generally available to our advisory clients, may be offered to family members and friends of associated persons of our firm at our sole discretion.

***Changes to a Client's Fee:*** The firm may change an advisory client's fee schedule in its investment advisory agreement by providing at least 45 days' written notice to that client.

***Mutual Fund Fees:*** All fees paid to Stonnington for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds and/or ETFs to their shareholders. These fees and expenses are described in each fund's prospectus. These fees may also vary depending on the Fund's share class.

Mutual funds generally offer multiple share classes available for investment based upon certain eligibility and/or purchase requirements. For instance, in addition to retail share classes (typically referred to as Class A, B, or C shares), mutual fund companies may also offer institutional share classes or other share classes that are specifically designed for purchase by investors who meet certain specified eligibility criteria, including, for example, whether an account meets certain minimum dollar amount thresholds or is enrolled in an eligible fee-based investment advisory program. Institutional share classes usually, but not always, have a lower expense ratio than other share classes.

The appropriateness of a particular mutual fund share class selection is dependent upon a number of different considerations, including but not limited to: the asset-based advisory fee that is charged, whether transaction charges are applied to the purchase or sale of mutual funds, the overall cost structure of the advisory program, operational considerations associated with accessing or offering particular share classes--including, for example, the existence of selling agreements with the mutual fund sponsors and Stonnington's ability to access particular share classes through the custodian. Regardless of such considerations, Stonnington advisory clients should not assume that they will always be invested in the share class with the lowest possible expense ratio. Not all mutual funds and share classes offered to the public are available through the firm for which a client might otherwise be eligible to purchase.

A client could also invest in a mutual fund directly, without our services. Accordingly, the client should review both the fees charged by the funds by fully reviewing the fund's prospectus 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.

**Separately Managed Account Fees:**

Clients participating in separately managed account programs with third-party money managers may be charged with various program fees in addition to the advisory fee charged by our firm. Such fees may include the investment advisory fees of the independent advisers, which may be charged as part of a wrap fee arrangement.

**Additional Fees and Expenses:**

In addition to our advisory fees, clients are also responsible for the fees and expenses charged by custodians and imposed by broker/dealers, including, but not limited to, any transaction charges imposed by a broker/dealer with which an independent investment manager effects transaction for the client's account(s).

**Advisory Fees in General:**

Clients should note that similar advisory services may be available from other registered (or unregistered) investment advisers for similar or lower fees.

**Limited Prepayment of Fees:**

Under no circumstances do we require or solicit payment of fees in excess of \$1200 more than six months in advance of services rendered.

**Product-Based Compensation:**

Stonnington is a broker/dealer registered with the Securities and Exchange Commission, the Financial Industry Regulatory Authority and various states. It is also a licensed insurance agency. Management personnel and other related persons of our firm are licensed as registered representatives of Stonnington's broker-dealer and/or licensed as insurance agents. The advisor will make a best effort to offset/rebate the product compensation received or recommend investment products that are suitable for the client's investment goals.

**Item 6 – Performance-Based Fees**

Stonnington does not charge performance-based fees as compensation for the management of any of its advisory clients' assets.

**POOLED INVESTMENT VEHICLES**

As of December 31, 2016, Stonnington is no longer managing any pooled investment vehicles. Since January 1, 2017, a previously managed pooled investment vehicle, Stonnington Asset Allocation, LP ("the Fund"), is in wind-down mode since January 1, 2017, and is no longer charging management fees and distributes cash as positions are liquidated.

**Item 7 – Types of Clients**

Stonnington provides portfolio management and advisory consulting services to ultra-high net worth individuals, high net worth individuals, corporate pension and profit-sharing plans, foundations, trusts, and small businesses.

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

Stonnington generally focuses on asset allocation, money manager and security selection. The client's investments are evaluated to determine whether they correspond with the client's financial objectives. Stonnington designs and proposes portfolios to help clients attain their financial goals. Some methods used in providing this advice are charting, fundamental economic and investment analysis, technical investment analysis and/or cyclical analysis. Asset allocation is designed in accordance with individual client risk tolerance to deliver the optimal mix of asset classes, using a tailored mix of securities including equities such as direct issues and

mutual funds. In addition, for fixed income, Stonnington generally builds portfolios using investment, and sometimes below investment grade income instruments with maturities designed to provide either preservation of capital or current income. Further, Stonnington will in limited instances recommend alternative investments including but not limited, private equity investments and/or hedge funds to certain high net worth and ultra-high net worth individuals and/or institutional clients.

Risks for all forms of analysis. Our securities analysis methods rely on the assumption that the companies whose securities we purchase and sell, the rating agencies that review these securities, and other publicly-available sources of information about these securities, are providing accurate and unbiased data. While we are alert to indications that data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information.

### ***Risk of Loss***

*Securities investments are not guaranteed, and you may lose money on your investments. Investing in securities involves many variables, including but not limited to market and economic fluctuations that may have a substantial negative effect on the value of your securities positions. Money invested in securities is not guaranteed against loss by any governmental or non-governmental organization. Stonnington seeks to ensure that each client understands and is willing to assume these risks and is in fact financially able to bear these risks. Each client must promptly notify Stonnington in writing should their financial condition materially change or should their investment objective change from when the account was opened. Clients should understand that investing in any securities, including mutual funds, involves a risk of loss of both income and principal.*

### **Item 9 – Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of Stonnington or the integrity of Stonnington's management. Stonnington has no information applicable to this Item.

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

Stonnington is also a broker/dealer registered as such with the Securities and Exchange Commission, the Financial Industry Regulatory Authority and various states. In addition, Stonnington is a licensed insurance agency.

Nicholas Stonnington, Sr and other related persons of our firm are licensed as insurance agents. In this capacity, they are able to implement investment recommendations for advisory clients for separate and typical compensation (i.e. sales-related forms of compensation). This presents a conflict of interest to the extent that these individuals recommend that a client invests in a product that results in a commission being paid to the individuals. Clients are under no obligation to engage these individuals when considering the implementation of advisory recommendations. The implementation of any or all recommendations is solely at the discretion of the client.

Stonnington endeavors at all times to put the interest of its clients first as part of our fiduciary duty as a registered investment adviser; we take the following steps to address this conflict:

- we disclose to clients the existence of all material conflicts of interest, including the potential for our firm and our employees to earn compensation from advisory clients in addition to our firm's advisory fees;
- we use best efforts to either recommend investment products that, while still suitable for the client's investment goals are not commission-based investments or may offset the commission compensation received (as an example rebating 12b1-fees).
- we disclose to clients that they are not obligated to purchase recommended investment products from our registered personnel we collect, maintain and document accurate, complete and relevant client background information, including the client's financial goals, objectives and risk tolerance;

- our firm's management conducts periodic reviews of each client account to verify that all recommendations made to a client are suitable to the client's needs and circumstances;
- we require that our investment advisors seek prior approval of any outside employment activity so that we may ensure that any conflicts of interests in such activities are properly addressed;
- we periodically monitor these outside employment activities to verify that any conflicts of interest continue to be properly addressed by our firm; and
- we educate our employees regarding the responsibilities of a fiduciary, including the need for having a reasonable and independent basis for the investment advice provided to clients.

## **Item 11 – Code of Ethics**

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

*The client's interest must come first. To this end, Stonnington Group has established guidelines concerning its employees' securities activities. When the purchase of a security is under active consideration for clients' accounts, no employee may purchase that security until after those client's purchases have been completed. Further, in the event of a sale, all client sales must be completed before any sales may be entered. No employee may place an order for his or her account which is contrary to the recommendation or, for a discretionary account, a transaction. Specifically, no employee may sell for a security which is subject to a buy recommendation or transaction or buy a security which is subject to a sell recommendation or transaction. All employee transactions must be placed after all client transactions have been executed. Further in the event that an employee purchases or sells a security recommended or subject to a transaction, the employee is not permitted to receive a price better than the clients receive. In the event that an employee transaction is executed at a better price, such employee transaction and, if applicable, client transactions, will be adjusted to give precedence to the client transaction price. All employees' securities transactions are reviewed on a daily basis to assure compliance with these guidelines. This review shall be conducted by the Compliance Officer or Principal other than the employee for whose account the transaction was affected.*

Stonnington Group's clients or prospective clients may request a copy of Stonnington Group's Code of Ethics by contacting the firm's Chief Compliance Officer, Chris Saccente, at (626) 657-2285, or by email at [compliance@cwicompliance.com](mailto:compliance@cwicompliance.com). Stonnington also maintains and enforces written policies reasonably designed to prevent, among other things, misuses of material non-public information by our firm's managing member or any person associated with the firm.

## **Item 12 – Brokerage Practices**

Stonnington has negotiated an arrangement with Charles Schwab, Fidelity, and TD Ameritrade, collectively the "**Custodians**," to provide custodial and brokerage services as part of its program. As such, Stonnington reserves the right to decline acceptance of any client account for which the client directs the use of a broker-dealer/custodian other than Charles Schwab, Fidelity, and TD Ameritrade. In evaluating such an arrangement, the client should recognize that brokerage commissions for the execution of transactions in the client's account are not negotiated by Stonnington on a trade-by-trade basis; best execution may not be achieved and may cost the client more money.

The Custodians brokerage services include the execution of securities transactions, custody, and access to mutual funds. For our client accounts maintained in custody with Charles Schwab, Fidelity, or TD Ameritrade, generally, these firms do not charge separately for custody services but are compensated by account holders through commissions and other transaction-related or asset-based fees for securities trades that are executed through the D Ameritrade client accounts.

*Gains made as the result of trading errors at TD Ameritrade are donated to charity. Stonnington Group has designated The Boy Scouts of America National Foundation: Greater Los Angeles Area Council as the recipient of these funds.*

## **Additional Services**

Stonnington Group participates in the TD Ameritrade Institutional program. TD Ameritrade Institutional is a division of TD Ameritrade, Inc. ("TD Ameritrade") a member of FINRA/SIPC. TD Ameritrade is an independent and unaffiliated SEC-registered broker-dealer. TD Ameritrade offers to independent investment Advisors services which include custody of securities, trade execution, clearance and settlement of transactions. Stonnington Group receives some benefits from TD Ameritrade through its participation in the program. (*Please see the disclosure under Item 14 below.*)

Stonnington's receipt of services does not diminish our duty to act in the best interests of our clients, including seeking best execution of trades for client accounts.

## **Item 13 – Review of Accounts**

Factors that dictate the timing and nature of account reviews generally include (but are not necessarily limited to) the following:

- Contributions or withdrawals of cash from an account;
- A determination to change an account's cash level;
- The allocation of a block of a security purchased or, or sold from, a particular objective;
- A client's request for tax-loss selling;
- A client's direction to refrain from purchasing a particular security, or class of securities, for his or her account;
- A client's request for information regarding the performance or structure of an account; Account performance;
- Option maturity dates;
- Interest rate changes;
- A change in the client's overall investment objectives, financial goals, or investment timeline;
- A client's pledge of an account's assets as collateral security;
- Requirements imposed by court order or regulatory decree (e.g. divorce decree, tax lien).

Accounts are periodically reviewed in the context of each client's stated investment objectives and guidelines. More frequent reviews may be triggered by material changes in variables such as the client's individual circumstances, or the market, political or economic environment. Account reviews may be performed by the Chief Compliance Officer or designee.

## **PENSION CONSULTING SERVICES REVIEWS**

Stonnington will review the client's strategy whenever the client advises us of a change in circumstances regarding the needs of the plan. Such reviews will generally occur quarterly by the Managing Principal. Stonnington will provide reports to pension consulting services clients based on the terms set forth in the initial agreement.

## **SELECTION and MONITORING of THIRD-PARTY MONEY MANAGERS**

We will periodically monitor the performance of the selected third-party program(s). If we determine that the adviser(s) of the Program are not providing sufficient management services to the client, or not managing the client's portfolio in a manner consistent with the client's goals, we may suggest an alternative third-party program to our client. These client accounts should also refer to the independent registered investment adviser's Firm Brochure (or other disclosure document used in lieu of the brochure) for information regarding the nature and frequency of reviews provided by that independent registered investment adviser.

Stonnington does not typically provide reports in addition to those provided by the independent registered investment adviser selected to manage the client's assets.

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

### **Brumm Financial**

Effective April 30, 2018, Stonnington entered into a solicitor agreement with Brumm Financial Advisors, LLC, ("Brumm") who previously solicited advisory clients for Stonnington through Penniall Advisors that Stonnington had a solicitor's arrangement with. Under its solicitor agreement with Brumm, Stonnington will pay to Brumm 40% of the advisory fees it receives from the advisory clients Brumm referred to Stonnington and that Stonnington has accepted.

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

### **TD Ameritrade Institutional**

As disclosed under Item 12 above, Stonnington Group participates in TD Ameritrade's institutional customer program and Advisor may recommend TD Ameritrade to Clients for custody and brokerage services. There is no direct link between Advisor's participation in the program and the investment advice it gives to its Clients, although Advisor receives economic benefits through its participation in the program that are typically not available to TD Ameritrade retail investors. These benefits include the following products and services (provided without cost or at a discount):

- Receipt of duplicate Client statements and confirmations;
- Research related products and tools;
- Consulting services;
- Access to a trading desk serving Advisor participants;
- Access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to Client accounts);
- The ability to have advisory fees deducted directly from Client accounts;
- Access to an electronic communications network for Client order entry and account information;
- Access to mutual funds with no transaction fees and to certain institutional money managers;
- Discounts on compliance, marketing, research, technology, and practice management products or services provided to Stonnington Group by third party vendors.

TD Ameritrade may also have paid for business consulting and professional services received by Stonnington Group's related persons. Some of the products and services made available by TD Ameritrade through the program may benefit Advisor but may not benefit its Client accounts. These products or services may assist Advisor in managing and administering Client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help Advisor manage and further develop its business enterprise.

The benefits received by Advisor or its personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade.

As part of its fiduciary duties to clients, Stonnington Group endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by Stonnington Group or its related persons in and of itself creates a potential conflict of interest and may indirectly influence the Stonnington Group's choice of TD Ameritrade for custody and brokerage services.

Stonnington Group also receives from TD Ameritrade certain additional economic benefits ("Additional Services") that may or may not be offered to any other independent investment advisors participating in the program. Specifically, Additional Services provided to Stonnington Group include *Bloomberg Finance LP* (subscription research services), *Orion Advisor Services LLC* (portfolio management software), and *DCG Technical Solutions, Inc.* (information technology services).

TD Ameritrade provides the Additional Services to Stonnington Group in its sole discretion and at its own expense, and Stonnington Group does not pay any fees to TD Ameritrade for the Additional Services. Stonnington Group and TD Ameritrade have entered into a separate agreement ("Additional Services Addendum") to govern the terms of the provision of the Additional Services. Stonnington Group's receipt of Additional Services raises potential conflicts of interest. In providing Additional Services to Stonnington Group, TD Ameritrade most likely considers the amount and profitability to TD Ameritrade of the assets in, and trades placed for, Stonnington Group's Client accounts maintained with TD Ameritrade.

TD Ameritrade has the right to terminate the Additional Services Addendum with Stonnington Group, in its sole discretion, provided certain conditions are met.

Consequently, in order to continue to obtain the Additional Services from TD Ameritrade, Stonnington Group may have an incentive to recommend to its Clients that the assets under management by Stonnington Group be held in custody with TD Ameritrade and to place transactions for Client accounts with TD Ameritrade. Advisor's receipt of Additional Services does not diminish its duty to act in the best interests of its Clients, including to seek best execution of trades for Client accounts.

## **Item 15 – Custody**

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

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

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

## **Item 16 – Investment Discretion**

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

When selecting securities and determining amounts, Stonnington observes the investment policies, investment strategies, limitations and restrictions of the clients for which it advises. For registered investment companies, Stonnington's authority to trade securities may also be limited by certain federal securities and tax laws that

require diversification of investments and favor the holding of investments once made.

Our discretionary authority includes the ability to do the following without contacting the client:

- determine the security to buy or sell; and/or
- determine the amount of security to buy or sell.

Any Investment guidelines, strategies and/or restrictions must be provided to Stonnington in writing.

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

As a matter of firm policy, we generally do not vote proxies on behalf of clients.

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 custodian of the assets, to forward to the client copies of all proxies and shareholder communications relating to the client's investment assets.

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

As an advisory firm that maintains discretionary authority for client accounts, we are also required to disclose any financial condition that is reasonably likely to impair our ability to meet our contractual obligations. Stonnington has no additional financial circumstances to report.

Under no circumstances do we require or solicit payment of fees in excess of \$1200 per client for more than six months in advance of services rendered. Therefore, we are not required to include a financial statement.

Stonnington has not been the subject of a bankruptcy petition.

On May 16, 2020 Stonnington Group obtained an SBA loan for \$115,400 under the Paycheck Protection Program.

## **Business Continuity Plan**

The Adviser has a Business Continuity Plan in place that provides detailed steps to mitigate and recover from the loss of office space, communications, services or key people.

### **Disasters**

The Business Continuity Plan covers natural disasters such as snowstorms, hurricanes, tornados, and flooding. The Plan covers man-made disasters such as loss of electrical power, loss of water pressure, fire, bomb threat, nuclear emergency, chemical event, biological event, T-1 communications line outage, Internet outage, railway accident, and aircraft accident. Electronic files are backed up daily and archived offsite.

### **Alternate Offices**

Alternate offices are identified to support ongoing operations in the event the main office is unavailable. It is our intention to contact all clients within five days of a disaster that dictates moving our office to an alternate location.

### **Summary of Business Continuity Plan**

A summary of the business continuity plan is available upon request to Stonnington's Chief Compliance Officer.

## **Information Security Program**

### **Information Security**

The Adviser maintains an information security program to reduce the risk that your personal and confidential information may be breached.

## **Privacy Practices**

### **Privacy Policy**

Below is a summary of the Adviser's Privacy Policy regarding client personal information. A complete version of the Privacy Policy is contained in your client advisory agreement and may be obtained by contacting the Compliance Officer of the Adviser.

The Adviser:

- a) Collects non-public personal information about its clients from the following sources:
  - Information received from clients on applications or other forms;
  - Information about clients' transactions with the Adviser, its affiliates and others;
  - Information received from our correspondent clearing broker with respect to client accounts;
  - Medical information submitted as part of an insurance application for a traditional life or variable life policy; and
  - Information received from service bureaus or other third parties.
  
- b) The Adviser will not share such information with any affiliated or nonaffiliated third party except:
  - When necessary to complete a transaction in a customer account, such as with the clearing firm or account custodians;

- When required to maintain or service a customer account;
  - To resolve customer disputes or inquiries;
  - With persons acting in a fiduciary or representative capacity on behalf of the customer;
  - With rating agencies, persons assessing compliance with industry standards, or to the attorneys, accountants, and auditors of the firm;
  - In connection with a sale or merger of The Adviser's business;
  - To protect against or prevent actual or potential fraud, identity theft, unauthorized transactions, claims or other liability;
  - To comply with federal, state or local laws, rules and other applicable legal requirements;
  - In connection with a written agreement to provide investment management or advisory services when the information is released for the sole purpose of providing the products or services covered by the agreement;
  - In any circumstances with the customer's instruction or consent.
- c) Restricts access to confidential client information to individuals who are authorized to have access to confidential client information and need to know that information to provide services to clients.
- d) Maintains physical, electronic and procedural security measures that comply with applicable state and federal regulations to safeguard confidential client information.

# Stonnington Group

600 South Lake Ave, Suite 502, Pasadena, CA 91106  
(626) 469-8166 [www.stonningtongroup.com](http://www.stonningtongroup.com)

Form ADV-Part 2B

## **Investment Advisory Personnel**

This Brochure Supplement provides information about our investment advisory personnel that supplements Stonnington Group, LLC's Brochure. You should have received a copy of that Brochure. Please, contact Chris Saccente, Chief Compliance Officer at (626) 657-2285 if you did not receive Stonnington Group, LLC's Brochure or if you have any questions about the contents of this supplement.

Additional information about any investment advisory representative affiliated with Stonnington Group is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

**Nicholas Stonnington, Sr.,** Age 63

Nicholas H. Stonnington, Sr. is president and founder of Stonnington Group, LLC, which is dually registered as a securities broker-dealer and an independent Los Angeles-based investment advisory firm providing wealth management, investment banking, retirement benefits advice and asset management to individuals, families, and corporations.

**Item 2- Educational Background and Business Experience**

**Education:** Dartmouth College, B.A., 1978

Licensed Series SIE, 63, 65

**Business Background:**

01/2004 to present: Stonnington Group, LLC  
Founder and Managing Member, Registered Representative

**Item 3- Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of each supervised person providing investment advice. Mr. Stonnington, Sr. has no reportable disciplinary history.

**Item 4- Other Business Activities**

Mr. Stonnington is a registered representative with Stonnington Group, a registered broker-dealer, member FINRA, and SIPC. In this capacity, Mr. Stonnington may recommend investment products and receive commissions if products are purchased through the broker-dealer. Thus, a conflict of interest exists between the interests of Mr. Stonnington and the Firm's the advisory clients, creating an incentive for him to recommend investment products based on the compensation received, rather than on a client's needs. However, clients are under no obligation to act upon any recommendations of Mr. Stonnington or to affect any transactions through him if they decide to follow the recommendations.

Mr. Stonnington is a Managing Member of Worktray, LLC, a payroll and human capital management company. Mr. Stonnington anticipates that in the calendar year 2020, he will devote approximately 3% of his hours managing the business of Worktray.

### **Non-Investment-Related Activities**

- Amandine, LLC – Managing Member (Boat Chartering)
- CAN-CANT, LLC – Managing Member (estate planning vehicle for personal and family real estate holdings.)

### **Item 5- Additional Compensation**

Through ownership and operation of Worktray, Mr. Stonnington can receive K-1 income based on the profitability of the firm. For the calendar year 2019, this income was nominal.



Nicholas H. Stonnington, Jr., AIF<sup>®</sup>, CPFA  
Vice President  
626.469.8169 O  
310.990.0219 M  
stonningtongroup.com

**Nicholas Stonnington, Jr.,** Age 23

**Item 2- Educational Background and Business Experience**

**Education:** University of California, Berkeley, B.A., 2016

Licensed Series 66, SIE

**Employment Background:**

08/2018 to present: Stonnington Group, LLC  
Registered representative and investment advisory representative

**Item 3- Disciplinary Information:**

No disciplinary history.

**Item 4- Other Business Activities:**

None

**Item 5- Additional Compensation:**

None

**Item 6 – Supervision**

Chris Saccente, Stonnington Group’s Chief Compliance Officer, has responsibility for the overall supervision of the Firm’s operations and Nicholas Stonnington (Sr.) advisory activities. Nicholas Stonnington, Jr, is directly supervised by Nicholas Stonnington Sr.

Compliance reviews include, but are not limited to, periodic transaction review, correspondence approval, reviews of customer accounts for suitability and adherence to investment strategies, Investment Policy Statements, if applicable and any restrictions. Clients with questions or concerns may reach Ms. Saccente by telephone: (626) 657-2285 or via email: [chris@stonningtongroup.com](mailto:chris@stonningtongroup.com).

There are different ways you can get help with your investments. You should carefully consider which types of accounts and services are right for you.

**We are an investment adviser registered with the Securities and Exchange Commission that offers advisory accounts and services rather than brokerage accounts and services.** This document gives you a summary of the types of services we provide and how you pay. Please ask us for more information. There are some suggested questions to ask us at the end of each section.

Free and simple tools are available to research firms and financial professionals at [www.investor.gov/CRS](http://www.investor.gov/CRS), which also provides educational materials about broker-dealers, investment advisers, and investing.

## WHAT INVESTMENT SERVICES AND ADVICE CAN YOU PROVIDE ME?

### Description of Services

Stonnington Group provides ongoing investment management services to retail investors, trusts, employer retirement plans, non-profit organizations and businesses. Account fees may be either **fixed** or **on-going asset-based fees** based on the value of cash and investments in the advisory account, or **other fee arrangements**. Fee details for each advisory service offered to retail investors are as follows:

We carefully review each client's financial situation to help them determine their goals (where do we want or need our savings to be in ten years?), tolerance for risk (how will a mild, moderate or steep decline in value make us feel?), and look at your overall financial picture (income, taxes, liabilities, insurance coverage, retirement funds and expected retirement date).

We will determine how much of your account should be invested aggressively (high growth potential/high risk), moderately (modest growth potential/less risk/some income), or conservatively (low risk, regular or reliable income). These investments may include equities or stocks (shares in publicly-traded companies), bonds (government, municipal or corporate debt securities with guaranteed interest rates & maturities), exchange-traded or mutual funds (shares in a portfolio of many stocks in a variety of companies and industries), real estate investment trusts ("REITs" – shares in a portfolio of various real estate assets), or other types of investment suitable to your needs and goals.

All accounts are monitored on a regular basis for how market, economic, current events and other external conditions are affecting the performance of our clients' portfolios.

Our client accounts are primarily non-discretionary. This means we use our discretion to adjust your investments, and do not always contact you in advance for approval to make purchases and sales. This allows us to quickly react to changes in the values of your assets. However, we welcome your input, and if your portfolio contains "legacy" assets (long-held stock positions) or assets with a very high or very low cost basis (the price you paid for the shares), we will consult with you before we make any transactions in those shares.

### Asset Management Services

- *Description of Services:* We offer asset management services where we will provide you advice on a regular basis. We will discuss your investment goals, help you design a strategy to achieve your investment goals, and regularly monitor your account. We will contact you by your preferred method of contact at least annually to discuss your portfolio. We will ask you to choose your desired frequency at account opening. *Limited Investment Offerings:* Our investment advice will cover a broad selection of investments, depending on your investment objectives, risk tolerance and other factors. Other firms could provide advice on a wider range of choices, some of which might have lower costs.
- *Limited Investment Offerings:* Our investment advice will cover a broad selection of investments, depending on your investment objectives, risk tolerance and other factors. Other firms could provide advice on a wider range of choices, some of which might have lower costs.
- *Account Minimums & Other Requirements:* We require that you invest at least **\$1,000,000** (per household) to obtain our asset management services, subject to exception. You will be billed an on-going **asset-based fee** at the end of each month for our services, based on the value of the cash and investments in your advisory account.
- *Investment Authority:* You can choose an account that allows us to buy and sell investments in your account without asking you in advance (a "discretionary account") or we may give you advice and you decide what investments to buy and sell (a "non-discretionary account"). If you choose a non-discretionary account, you will make the ultimate decision to buy or sell an investment. However, you might miss out on purchase or sale opportunities if we are unable to reach you in a timely manner.

### Financial Planning Services

- \* We offer financial planning services that involve preparing a financial plan for you based on information and documentation you provide to us including your financial objectives, risk tolerance, financial resources, family situation, and future financial goals. The plan will include recommendations for a course of activity or specific actions for you to take. You make the decision to implement any recommendations.
- \* Once we deliver your financial plan, we do not monitor your financial situation on an ongoing basis. You must contact us if you have any significant changes in your financial situation and we will update your plan upon your request..

#### **QUESTIONS TO ASK US:**

- ▶ *Given my financial situation, should I choose an investment advisory service? Should I choose a brokerage service? Should I choose both types of services? Why or why not?*
- ▶ *How will you choose investments to recommend to me?*
- ▶ *What is your relevant experience, including your licenses, education, and other qualifications? What do these qualifications mean?*

### **FEES, COSTS, CONFLICTS, AND STANDARD OF CONDUCT**

#### **WHAT FEES WILL I PAY?**

Fees and costs affect the value of your account over time. The following summarizes the fees and costs you will pay for direct application services.

Fees and costs affect the value of your account over time. The following summarizes the fees and costs you will pay for our advisory services. Fees are assessed at an annual rate of 1.5% of managed assets under \$2 million, and 1% for assets in excess of \$2 million. We will negotiate lower fees as appropriate for the circumstances. Fees are calculated monthly based on the value of your portfolio on the last business day of the previous month and will be deducted directly from your account(s) unless other arrangements are made. Some investments will incur a commission or other fees in addition to the management fee. These fees are normally charged at the time the investment is made. These fees will be disclosed in any materials provided to you in advance of making the investment. You should read any prospectus or offering documents carefully and question your advisor on any matters you do not fully understand.

Care will be taken to prevent the advisor being paid twice for the same investment. For example, if an investment is made in a private fund which will pay the advisor an advance or ongoing commission, that investment may be exempted from the monthly advisory fee calculation.

#### **Asset Management Services Fees**

- \* The amount you pay to our firm and your financial professional generally does not vary based on the type of investments we select on your behalf. The asset-based fee reduces the value of your account and will be deducted directly from your account.
- \* You will sometimes pay a transaction fee when we buy and sell an investment for you. You may also pay fees to a broker-dealer or bank that will hold your assets such as custodian fees and account maintenance fees.
- \* Some investments (such as mutual funds and variable annuities) impose additional fees that will reduce the value of your investment over time.
- \* The more assets you have in the advisory account, including cash, the more you will pay us. Therefore, we have an incentive to increase the assets in your account in order to increase our fees. You pay our fee monthly even if you do not buy or sell.

#### **Financial Planning Services Fees**

- \* No additional fee. Financial Planning services are included in the Advisory Fee.

As registered Investment Advisors, we are held to a fiduciary standard that covers our entire investment advisory relationship with you including monitoring your portfolio, investment strategy, and investments on an ongoing basis, among other requirements.

*When we act as your investment adviser, we must act in your best interest and not put our interest ahead of yours. At the same time, the way we make money creates some conflicts with your interests. You should understand and ask us about these conflicts because they can affect the investment advice we provide you. Here are some examples to help you understand what this means.*

**You will pay fees and costs whether you make or lose money on your investments.** *Fees and costs will reduce any amount of money you make on your investments over time. Please make sure you understand what fees and costs you are paying.*

#### **WHAT ARE YOUR LEGAL OBLIGATIONS TO ME WHEN PROVIDING RECOMMENDATIONS AS MY INVESTMENT ADVISER?**

#### **HOW ELSE DOES YOUR FIRM MAKE MONEY AND WHAT CONFLICTS OF INTEREST DO YOU HAVE?**

*When we act as your investment adviser, we have to act in your best interest and not put our interests ahead of yours. At the same time, the way we make money creates some conflicts with your interest. You should understand and ask us about these conflicts because they can affect the services and investment advice we provide you.*

- \* We can make extra money if you act on our financial planning recommendations and you choose to open an advisory account through us.
- \* Your financial professional can receive more money by advising you to invest in an insurance product or private fund and you choose to purchase such products through that financial professional.
- \* We charge clients different fees for the same investment strategy.
- \* Your financial professional invests in his or her own personal account in securities that are traded in your portfolio.

**FOR ADDITIONAL INFORMATION**, please see our [Form ADV Part 2A&B](#) brochure Items 4, 5, and 10 and any brochure supplement your financial professional [provides](#).

**QUESTIONS TO ASK US:**

- ▶ *Help me understand how these fees and costs might affect my investments. If I give you \$10,000 to invest, how much will go to fees and costs, and how much will be invested for me?"*
- ▶ *How might your conflicts of interest affect me, and how will you address them?*

**DISCIPLINARY HISTORY**

**DO YOU OR YOUR FINANCIAL PROFESSIONALS HAVE LEGAL OR DISCIPLINARY HISTORY?**

**NO**

Please visit [www.investor.gov](http://www.investor.gov) for a free search tool to research us and our financial professionals.

**QUESTIONS TO ASK US:**

- ▶ *As a financial professional, do you have any disciplinary history? For what type of conduct?*

**ADDITIONAL INFORMATION**

**HOW DO I GET ADDITIONAL INFORMATION ABOUT YOUR FIRM AND SERVICES?**

**For additional information about our firm and its advisory services**, please see our Form ADV Brochure on [www.adviserinfo.sec.gov/IAPD](http://www.adviserinfo.sec.gov/IAPD) or [www.investor.gov/crs](http://www.investor.gov/crs) and any brochure supplement your financial professional provides.

Call us at 626.469.8166 to request up-to-date information and request a copy of the relationship summary.

**QUESTIONS TO ASK US:**

- ▶ *Who is my primary contact person?*
- ▶ *Is he or she a representative of an investment adviser or a broker-dealer?*
- ▶ *Who can I talk to if I have concerns about how this person is treating me?*

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SEC-REGISTERED INVESTMENT ADVISOR *(Registration does not imply endorsement)*