

## Item 1. Introduction

**Schmidt Financial Management, Inc.**, is an investment adviser registered with the Securities and Exchange Commission. Investment advisory and brokerage services will vary, along with associated fees, and it is important for a retail investor to understand the differences. Free and simple tools are available to research firms and financial professionals on the SEC's investment education website at [Investor.gov/CRS](http://Investor.gov/CRS) which provides educational materials about broker-dealers, investment advisers, and investing.

## Item 2. Relationships and Services

*What investment services and advice can you provide me?*

**Description of Services:** We offer investment advisory services, and financial planning and consulting services.

Our firm was built to provide financial solutions specific to the needs of clients who work in the technology industry facing the complexities of wealth creation coming from equity compensation. The foundation of our services has not changed:

**Goal-Based Planning:** A financial roadmap that clearly articulates what actions are needed and why

**Unbiased Advice:** Objective investment recommendations that ensure conflict-free advice

**Portfolio Management:** Intelligent portfolio design that incorporates single stock diversification

**Tax Guidance:** Advanced tax mitigation including loss harvesting, 83b elections, etc.

**A Network of Allied Professionals:** Referrals to trusted professionals including estate planners and CPAs

**Intelligent Reporting:** Custom built performance reporting that tracks your progress along the way

**Single Stock Diversification:** Advanced risk mitigation strategies including hedging and staged diversification

**Decision Modeling:** Decision modeling for private stock sales, real estate transactions, job offers, etc.

**High Net Worth Investments:** Access to alternate investments including private equity and hedge funds

**Private Banking Solutions:** Private banking credit solutions including jumbo mortgages, collateral loans and more

**Investment Monitoring:** Investment markets are dynamic, and we monitor portfolios continuously via our Investment Committee research and review process. Investment portfolios are accessible via our investor

portal, and there are no material limitations on our monitoring services.

**Investment Authority:** We manage account assets on a discretionary basis (executing securities transactions without having to obtain prior consent from you). However, our process is to consult with you prior to executing trades.

**Limited Investment Offerings:** We do not offer any proprietary investment products.

**Account Minimums and Other Requirements:** SFM requires a minimum of \$5,000,000 to establish a new investment management relationship.

**Conversation Starters:** *Given my financial situation, should I choose an investment advisory service? 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?*

**Customization:** Our investment allocations are customized to your specific risk tolerance and goals.

**Qualifications:** Each advisor has a college degree with advanced qualifications, including a graduate degree.

## Item 3. Fees, Costs, Conflicts, and Standard of Conduct

*What fees will I pay?*

### Description of Principal Fees and Costs

Clients will pay a SFM Advisory Fee as reflected below for managed assets and includes financial planning and consulting services (excludes held away assets):

<u>Assets Under Management</u>	<u>Annual Rate (%)</u>
First \$1,000,000	0.90%*
Next \$1,000,000	0.80%
Next \$2,000,000	0.70%
Next \$4,000,000	0.60%
Next \$7,000,000	0.50%
Next \$10,000,000	0.40%
Over \$25,000,000	0.30%

\*Subject to a minimum quarterly fee of \$2,000.

Clients will pay a SFM Advisory Fee of 0.50% for managed assets only (excludes financial planning and consulting services and held away assets).

SFM provides asset-based financial planning and consulting services related to Held Away Accounts for a

Held Away Accounts Fee. The Held Away Accounts Fee is calculated by applying an 0.80% annual rate.

**Conflicts of Interest:** Since our fee structure is based on assets under management with our firm, your fees will increase as the balance in your advisory account grows. While there is an incentive for us to encourage you to increase the assets in your advisory account, our fee structure is designed to lower your total fee percentage as balances increase.

**Description of Other Fees and Costs:** Your accounts will incur additional fees such as custodial fees, mutual fund annual expenses, transaction costs and retirement plan administration and access fees, charged by third parties (managers and sub-advisers) involved in managing your accounts. These fees are in addition to advisory fees and will be fully disclosed to you. We do not receive financial benefit from these additional fees.

**Additional Information:** Our goal is to provide risk adjusted returns that align with your financial goals. That said, you will pay fees and costs regardless of whether your account value increases or decreases. These fees will reduce your overall investment return over time. 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.

*Additional information concerning our fees and costs, how the fees are calculated and our conflicts of interest, can be found at: <https://adviserinfo.sec.gov/> and searching for the firm using the CRD#328247 and selecting Part 2 Brochures.*

**Conversation Starter:** *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? What are your legal obligations to me when acting as my investment adviser? How else does your firm make money and what conflicts of interest do you have? How might your conflicts of interest affect me, and how will you address them?*

*When we act as your investment adviser, we have to 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.*

*How do your financial professionals make money?*

Financial professionals are investment adviser representatives and receive a portion of fees generated

by the client relationships being serviced including the amount of client assets.

**Our Commitment:** When we act as your investment advisor, we must act in your best interest and not put our interests ahead of yours. This is referred to as the "Fiduciary Standard". We are proud to abide by this standard and have maintained it throughout the history of our firm.

The way we make money as your investment advisor will always carry the potential of conflicts of interest. This document, along with other regulatory documents filed with the Securities and Exchange Commission, address these potential conflicts along with all aspects of our business.

But documents only go so far. Our commitment to you is that we will be straightforward with all aspects of our investment advisory services, including fees and costs, and we encourage you to ask questions about any aspect of our relationship both at the outset and at any point along the path.

#### **Item 4. Disciplinary History**

Do you or your financial professionals have a legal or disciplinary history? **No**

**Conversation Starter:** *As a financial professional, do you have any disciplinary history? For what type of conduct?*

**Disciplinary History:** No advisor at our firm has any legal or disciplinary history.

Further information about all of our advisors can be found using the following links: [IAPD](#)

#### **Item 5. Additional Information**

**Conversation Starters:** *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?*

**Who Can I Talk To:** If you have questions or concerns about our investment advisory services, any aspect or individual at our firm or request a copy of our relationship summary, additional information can be found by visiting our website [www.schmidtfrm.com](http://www.schmidtfrm.com) or contacting us at (425) 893-9195.

## **Material Changes**

There are no material changes.