

Bormann Wealth Management, LLC

Registered Investment Adviser
CRD # 316256

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Form ADV Part 2A Firm Brochure March 28, 2024

This brochure provides information about the qualifications and business practices of Bormann Wealth Management, LLC, doing business as Bormann Wealth Management, LLC. Please contact Nicholas Bormann at 509-599-3125 if you have any questions about the content of this brochure.

The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or any state securities administrator. Additional information about Bormann Wealth Management, LLC is available on the SEC's website at www.adviserinfo.sec.gov. Click on the "Investment Adviser Search" link and then search for "Investment Adviser Firm" using the firm's IARD ("CRD") number, which is 316256.

While the firm and its associates may be registered and/or licensed within a particular jurisdiction, that registration and/or licensing in itself does not imply an endorsement by any regulatory authority, nor does it imply a certain level of skill or training on the part of the firm or its associated personnel.

Item 2 - Material Changes

When the firm updates this document, it will either send a copy of its updated brochure or provide a summary of material changes to its brochure and an offer to send an electronic or hard copy form of the updated brochure. Clients are also able to download this brochure from the SEC's website at www.adviserinfo.sec.gov or may contact our firm at 509-599-3125 to request a copy at any time.

March 30, 2024 Update:

- Item 5: clarified description of the quarterly asset management fee as being calculated on a pro-rated basis for the number of days in each quarter. Previously, the asset-based fee was described as dividing the annualized fee by four. It is more precisely understood by looking at the number of days in the quarter / days in the year (as some quarters of a calendar year will have more or less days in them).
- Item 5: Adjusted the hourly planning fee to \$250 per hour and made note that this fee may be negotiable on a case-by-case basis.
- Item 8: Removed discussion of risk from leveraged/inverse ETFs, as these types of securities do not appear in portfolios managed by the firm.

As with all firm documents, clients and prospective clients are encouraged to review this brochure in its entirety and are encouraged to ask questions at any time prior to or throughout the engagement.

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General Information

Throughout this document Bormann Wealth Management, LLC and Bormann Wealth Management, LLC may be referred to as “the firm,” “firm,” “our,” “we” or “us.” The client or prospective client may be also referred to as “the client,” “client,” etc., and refers to a client engagement involving a single *person* as well as two or more *persons* and may refer to natural persons and legal entities. The term “advisor” and “adviser” are used interchangeably where accuracy in identification is necessary (i.e., internet address, etc.).

Our firm maintains a business continuity and succession plan that is integrated within the organization to ensure it appropriately responds to events that pose a significant disruption to its operations. A statement concerning the current plan is available under separate cover upon request.

The business and disciplinary history, if any, of an investment advisory firm and its representatives may be obtained by calling the securities commission in the state where the client resides.

Item 4 - Advisory Business

Description of Firm

Bormann Wealth Management, LLC is a Washington limited liability company formed in July of 2021 for general business purposes and became registered as an investment adviser during 2021. Our firm is not a subsidiary of, nor controls, another financial services industry entity; however, there are industry associations/relationships that are described in Items 5 and 10 of this firm brochure.

Nicholas F. Bormann, PhD, CFP® is our firm's Chief Compliance Officer (supervisor) and Managing Member. He maintains majority interest in the firm. Information about Dr. Bormann and his professional experience may be found in Item 19 of this brochure and his accompanying Form ADV Part 2B brochure supplement.

Description of Services

Bormann Wealth Management, LLC's financial planning services provide clients with advice on key topics such as cash flow and budgeting, funding a college education or personal retirement, estate and tax planning matters, among others. Our firm offers ongoing supervision of our clients' accounts through our portfolio management services. We do not sponsor or manage an investment program involving wrapped (bundled) fees, nor will "unmanaged" or "static" client assets be included in our management fee calculation.

An initial interview is conducted with you to discuss your current situation and goals, as well as the scope of our firm's services that may be provided. We will provide our Form ADV Part 2 firm brochure that includes a statement involving our privacy policy (see Item 11), as well as a brochure supplement about the representative who will be assisting you. Our firm will disclose any material conflicts of interest that could be reasonably expected to impair the rendering of unbiased and objective advice, such as information found in Items 5, 10 through 12 of this firm brochure.

If you wish to engage our firm's services, we must first enter into a written engagement agreement. Then, further discussion and analysis will be conducted to determine financial needs, goals, holdings, etc. Depending on the engagement's scope, you may be asked to provide copies of the following documents:

- wills, codicils, and trusts
- mortgage information
- tax returns
- student loans
- divorce decree or separation agreement
- current financial specifics including W-2s, 1099s, K-1 statements, etc.
- information on current retirement plans and other benefits provided by an employer
- statements reflecting current investments in retirement and non-retirement accounts
- employment or other business agreements, and
- completed risk profile questionnaires or other forms provided by our firm.

It is important that we are provided with an adequate level of information and supporting documentation throughout the term of the engagement including but not limited to source of funds, income levels, and an account holder or attorney-in-fact's authority to act on behalf of the account, among other information that may be necessary for our services. The information and/or financial statements provided to us need to be accurate. Our firm may, but is not obligated to, verify the information that has been provided to us which will then be used in the advisory process.

Our firm will obtain written information about the client that includes, but is not limited to, the client's age, other investments, financial situation and needs, tax status, investment objectives, investment experience, investment time horizon, liquidity needs, risk tolerance, and any other information the client may disclose to the investment adviser in connection with recommendations or investment advice. We will make reasonable efforts to document and annually update client suitability information.

Financial Planning

Your financial plan is customized to your situation and may be as broad-based or narrowly focused as you desire. The incorporation of assessment areas listed below allows not only a thorough analysis but also a refined focus of your plans so that the firm is able to assist you in reaching your goals and objectives. Each financial planning client will receive a written plan in printed or digital format at the end of the process.

Cash Flow Analysis and Debt Management

A review of your income and expenses may be conducted to determine your current surplus or deficit. Based upon the results, we might recommend prioritizing how any surplus should be used, or how to reduce expenses if they exceed your income. In addition, advice on the prioritization of which debts to repay may be provided, based upon such factors as the debt's interest rate and any income tax ramifications. Recommendations may also be made regarding the appropriate level of cash reserves for emergencies and other financial goals. These recommendations are based upon a review of cash accounts (such as money market funds) for such reserves and may include strategies to save desired reserve amounts.

Employee Benefits

A review is conducted, and analysis is made as to whether you, as an employee, are taking maximum advantage of your employee benefits. We will also offer advice on your employer-sponsored retirement plan, deferred compensation, stock options, along with other benefits that may be available to you.

Personal Retirement Planning

Retirement planning services typically include projections of your likelihood of achieving your financial goals, with financial independence usually the primary objective. For situations where projections show less than the desired results, a recommendation may include showing you the impact on those projections by making changes in certain variables (i.e., working longer, saving more, spending less, taking more risk with investments). If you are near retirement or already retired, advice may be given on appropriate distribution strategies to minimize the likelihood of running out of money or having to adversely alter spending during your retirement years.

Education Planning

Advice may include projecting the amount that will be needed to achieve post-secondary education funding goals, along with savings strategies and the "pros-and-cons" of various college savings vehicles that are available. We are also available to review your financial picture as it relates to eligibility for financial aid or the best way to contribute to other family members.

Tax Planning Strategies

Advice may include ways to minimize current and future income taxes as a part of your overall financial planning picture. For example, recommendations may be offered as to which type of account(s) or specific investments should be owned based in part on their "tax efficiency," with consideration that there is always a possibility of future changes to federal, state, or local tax laws and rates that may impact your situation.

Our firm does not provide accounting services and we recommend that you also consult with your accountant or tax attorney. Contact information for an accountant or an attorney is available if you do not have one on retainer. We do not receive compensation for such introductions.

Estate Planning and Charitable Giving

Our review typically includes an analysis of your exposure to estate taxes and your current estate plan, which may include whether you have a will, powers of attorney, trusts, and other related documents. We may assess ways to minimize or avoid estate taxes by implementing appropriate estate planning and charitable giving strategies. We are not a law firm, and we encourage you to consult with an experienced attorney when you initiate, update, or complete estate planning activities, and may provide you with contact information for attorneys who specialize in estate planning. We are not compensated for these referrals.

Divorce Planning

Separation or divorce can have a major impact on your goals and plans. We will work with you to help you gain an understanding of your unique situation and provide you with a realistic financial picture so that you are in a better situation to communicate with legal counsel, a mediator or soon to be ex-spouse. We can assist in the completion of cash flow and net worth projections, budgetary analysis, as well as help you to understand the financial consequences of your settlement.

Investment Consultation

Investment consultation services often involve providing general information about the types of investment vehicles available, employee retirement plans and/or stock options, investment analysis and strategies, asset selection and portfolio design, as well as limited assistance if your investment account is maintained at another broker/dealer or custodian. Our investment strategies and details involving the types of investments that may be recommended are discussed in Item 8 of this firm brochure.

Business Consultation

We are available to assist businesses in a variety of ways including corporate finance advice and budgeting, employee retention and retirement strategies, as well as coordination with financial institutions, corporate attorneys, or an accounting firm.¹

Broad-Based v. Modular Financial Planning

A broad-based plan is an endeavor that requires detail. Certain variables can affect the development of the plan, such as the quality of your own records, complexity and number of current investments, employee benefits you currently have, size of the potential estate, and special needs of the client or their dependents, among others. At your request, we may concentrate on reviewing only a specific area (modular planning), such as an employer retirement plan asset allocation, or evaluating the sufficiency of your current retirement plan. Note that when these services focus only on certain areas of your interest or need, your overall situation or needs may not be fully addressed due to limitations you may have established. In all instances involving our financial planning engagements, our clients retain discretion over all implementation decisions and have the right to accept or reject any recommendation we make. Clients have the option to purchase investment products that the firm or its investment adviser representative recommends through other brokers or agents that are not affiliated with the firm or its investment adviser representative.

¹ We do not serve as a retirement plan fiduciary, plan advisor or investment manager as defined in §3(21) of the Employee Retirement Income Security Act of 1974 (ERISA) or as an ERISA §3(38), nor do we serve as ERISA §3(16) plan administrator. As an investment adviser registered under the Securities Act of Washington and other applicable federal and state securities laws, the firm owes a fiduciary duty to put the client's interest first including, but not limited to, a duty of care, loyalty, obedience, and utmost good faith.

Client's Investment Policy Statement

For clients who engage our portfolio management services, we typically prepare written investment guidelines to reflect your objectives, time horizon, and tolerance for risk. These written guidelines are designed to be specific enough to inform an overall strategy, while also allowing flexibility to work with changing market conditions. We will then develop a customized portfolio of investment securities for you, based on your unique situation and other reasonable constraints that you may have. Regarding specific investment strategies, our clients' portfolios generally involve some combination of Modern Portfolio Theory, Buy-and-Hold, Core + Satellite, and Momentum/Technical investment strategies utilizing a range of investments that are discussed in detail in Item 8. We manage client accounts on either a discretionary or nondiscretionary basis as defined in Item 16.

Item 5 - Fees and Compensation

Forms of payment are based on the types of services being provided, term of service, etc., and will be stated in your engagement agreement with our firm. Our published advisory fee is negotiable, and we may discount or waive fees for our advisory firm's associates, their family members, and pre-existing client relationships. Similar services may be made available from other advisory firms and potentially at a lower fee.

Our firm does not accept cash, money orders or gift cards for its engagements. Fees are to be paid to our firm by cashier's check, personal check, or draft from US-based financial institutions. With your prior authorization, payment may also be made by credit or debit card through a qualified, unaffiliated PCI compliant² third-party processor, or (typically) withdrawal from your investment account held at your custodian of record.

Portfolio Management

We do not require a minimum account size to open and maintain an investment account, nor do we assess account opening and/or administration fees to initiate our portfolio management services. For the benefit of discounting your asset-based fee, we will aggregate accounts for the same individual or those accounts within the same household as identified in your engagement agreement. We bill on a quarterly basis, in arrears. The quarterly billing cycle pertains to all portfolio management accounts.

Our advisory fee is determined by the value of account assets on the last business day of each calendar quarter, multiplied by the applicable number of basis points set forth in the following annualized fee table (one basis point equals 1/100 of one percent). That result is then multiplied by the quotient of effective days in the quarter divided by the number of days in the year to calculate the quarterly fee.

Asset-Based Quarterly Fee Formula:

(Quarter-end market value) x (Blended annualized rate) x (Effective days in the quarter / Days in the Year)

Assets Under Management	Annualized Asset-Based Fee
First \$250,000 (\$0-\$250,000)	1.00% (100 basis points)
Next \$750,000 (\$250,001-\$1,000,000)	0.50% (50 basis points)
Next \$1,000,000 (\$1,000,001-\$2,000,000)	0.25% (25 basis points)
Greater Than \$2,000,000	0.10% (10 basis points)

² We do not retain debit/credit card data. For an explanation of the term "PCI," the PCI Security Standards Council, and comprehensive standards to enhance payment card data security, go to https://www.pcisecuritystandards.org/security_standards/index.php

Our firm's asset-based fee is based on a blended tier. For example, a client's portfolio with \$400,000 in assets would be assessed an annualized fee of 100 basis points for the first \$250,000 and 50 basis points on the remaining amount at and above \$250,001.

Asset-Based Fee Example:

An investment account under our firm's management maintaining \$200,000 of invested assets as of the quarter ending on December 31, 2023 would be invoiced for:

$$(\$200,000 \times 100 \text{ bps}) \times (92 \text{ days in the quarter} / 365 \text{ days in the year}) = \$504.11$$

In the rare absence of a reportable market value, our firm may seek a third-party opinion from a recognized industry source (e.g., unaffiliated public accounting firm), and the client may choose to separately seek an opinion at their own expense as to the valuation of "hard-to-price" securities if they believe it is necessary.

The first billing cycle will begin once the client agreement is executed, and account assets have settled into your separately identifiable account held by the custodian of record. Fees for partial quarters will be prorated based on the number of days in the billing period that the client's assets were under the firm's management after the account was opened. In all instances, our firm will provide you with a written invoice, including the fee, the formula used to calculate the fee, the fee calculation itself, the time period covered by the fee, and the amount of assets under management on which the fee was based. We will include the name of the custodian(s) on your fee invoice. Our firm will send these to you concurrent with our request to the custodian for payment of our advisory fee. We urge you to compare this information with the fees listed in the account statement that you receive directly from the account custodian.³

Your written authorization is required so that the custodian of record can deduct advisory fees from your account. By signing our firm's engagement agreement, as well as the custodian account documents, you will be authorizing the custodian to withdraw both advisory fees and any transactional or service fees (sometimes termed *brokerage fees*) from your account. The custodian will remit our fees directly to our firm. Alternatively, you may request to directly pay our advisory firm its portfolio management fee in lieu of having the advisory fee withdrawn from your investment account. Our valuation assessment will remain the same as described above, and your direct payment must be received by our firm within 10 days of our invoice. Direct payment may be made by check or draft from US-based financial institutions; we discourage credit or debit card payments for portfolio management fees.

Bormann Wealth Management, LLC will not be entitled to cash or other client assets held by the custodian of record except those monies owed to our firm in connection with its services as earlier described. Subject to the custodian's fee debit procedures, advisory fees will be payable first from free credit balances, if any, in the account(s) as designated and, second, from the liquidation of any money market funds. If such assets are insufficient to satisfy payment of the advisory fees, the client will authorize the firm (subject to suitability guidelines) to instruct the custodian to liquidate a portion of any asset in the applicable account to cover the advisory fee. In addition, the firm will charge the client for all fees and assessments associated with checks that are returned for insufficient funds assessed by the custodian; including, but not limited to, custodial/clearing firm fees or charges.

³ Periodic account value variances between the firm's invoice and custodian statement (beyond the firm's control) may occur due to late trade settlement, dividend distribution, etc., requiring adjusted transaction reporting from the custodian of record. The firm's invoice will explain this fact and the reason for the difference.

Financial Planning

We assess an hourly fee for our financial planning engagements. Our standard rate is \$250 per hour, billed in 15-minute increments. This hourly rate may be negotiable on a case-by-case basis. Prior to entering into an agreement for financial planning services from our firm you will receive an estimate of the overall cost based on your requirements and the expected time involved. We do not require a deposit to initiate the engagement; the entire fee is due at delivery of our invoice which coincides with the presentation of your plan. Our financial planning invoice will be provided each time we assess our fee, and it will include the fee to be charged, the formula used to calculate our fee, the time period covered by the fee and the fee calculation itself. The financial planning engagement ends upon plan delivery. Financial planning fees may be paid by check or draft from US-based financial institutions, as well as credit or debit card.

Termination of Services

An agreement is considered entered into when all parties to the agreement have signed it. However, either party may terminate the agreement at any time by communicating the intent to terminate in writing. If a client of our firm does not receive our Form ADV Part 2 firm brochure at least 48 hours prior to entering into our firm's agreement, then that client will have the right to terminate the engagement by written notice without fee and penalty within five (5) business days after entering into the contract.

We do not require a deposit or advance fee for any of our engagements. If a client terminates a financial planning service after the five (5) business-day rescission period, we will assess our hourly fee for work completed up to the date of termination if the client requires delivery of the partial plan. We will provide a terminating invoice to the client requiring a partial plan that will contain the fee charged by our firm, the formula used to calculate our fee, the time period covered by the fee and the fee calculation itself. Otherwise, we will not charge our hourly fee nor provide the client with a partial plan.

When a portfolio management services client terminates their agreement after the five (5) business-day rescission period, that client will be assessed fees on a prorated daily basis from either (i) as a new client, the date of the account was opened and following signing of the engagement agreement to the date of the firm's receipt of the written notice of termination, or (ii) all other accounts, the last billing period to the date of the firm's physical or constructive receipt of written termination notice. In all instances, we will send the portfolio management client a written invoice, including the fee, the formula used to calculate the fee, the fee calculation itself, the time period covered by the fee, and the amount of assets under management on which the fee was based. We will also include the name of the custodian on the fee invoice. Our final portfolio management fee invoice will include the amount of any earned fees owed to our firm and the amount of unearned fees (if any) being returned to the client. We will send our invoice to the terminating client concurrent with the request for payment of the firm's advisory fees (if applicable). We urge the client to compare this information with the fees listed in the account statement.

Potential Additional Client Fees

Fees paid by our clients to our firm for our advisory services are separate from any internal fees or charges a client may pay for mutual funds, exchange-traded funds (ETFs), or other similar investments. Any transactional or service fees, individual retirement account fees, qualified retirement plan fees, account termination fees, or wire transfer fees will be borne by the account holder per the custodian of record's separate fee schedule. We will provide you with a copy of our custodian's fee schedule at the beginning of the engagement, and you will be notified of any future changes to those fees by the custodian of record. Additional information about our fees in relationship to our brokerage practices is noted in Item 12 of this document.

External Compensation Involving Transactions

Bormann Wealth Management, LLC and its associates do not charge or receive a commission or mark-up on your securities transactions, nor do we receive “trails” or SEC Rule 12b-1 fees from a mutual fund company we may recommend. See Item 8 for the types of securities that we recommend. Our clients retain the right to purchase recommended or similar investments through a service provider (e.g., brokers and agents) of their own choice.

Retirement Plan Rollovers

If a client desires to conduct an account rollover from their employer’s plan, after an analysis of the client’s situation and plan documents, we will consider (but not limit to) the following relevant factors:

- Are there alternatives to the employer plan rollover, including leaving the money in an employer’s retirement plan (if permitted)?
- What are the fees and expenses associated with both the employer’s plan and the rollover IRA?
- Does the employer currently pay for some or all the plan’s administrative expenses?
- What are the different levels of services and investments available under the employer plan and the rollover IRA?
- What are the long-term impacts if there are increased costs?
- Is the rollover appropriate notwithstanding any additional costs?
- What is the impact of economically significant investment features such as surrender schedules and index annuity cap and participation rates (such as in an employer-sponsored 403(b) plan account)?

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

Our firm’s advisory fees will not be based on a share of capital gains or capital appreciation (growth) of any portion of managed funds, also known as performance-based fees. Our fees will not be based on side-by-side management, which refers to a firm simultaneously managing accounts that do pay performance-based fees (such as a hedge fund) and those that do not.

Item 7 - Types of Clients

Our firm provides the earlier described advisory services in Item 4 to individuals, high net worth individuals, and small businesses. As noted in Items 4 and 5, we do not require minimum income, minimum asset levels or other similar preconditions for our services. Our firm reserves the right to decline services to any prospective client for any nondiscriminatory reason.

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

We utilize what we believe to be an appropriate blend of fundamental, technical, and cyclical analyses. For example, fundamental analysis may involve evaluating economic factors including interest rates, the current state of the economy, or the future growth of an industry sector. Technical and cyclical analysis may involve studying the historical patterns and trends of securities, markets, or economies as a whole in an effort to determine potential future behaviors, the estimation of price movement, and an evaluation of a transaction before entry into the market in terms of risk and profit potential. Our research is often drawn from sources such as financial periodicals, reports from economists and industry professionals, company press releases, and regulatory filings.

Investment Strategies

We recognize that each client's needs and goals are different so portfolio strategies and underlying investment vehicles will vary. Our portfolios contain investments that are globally diversified, tax-efficient, and low-cost whenever practical. It is common to see a broad range of ETFs, individual equities and fixed income securities, and less commonly, mutual funds, Level 1 options, derivatives or futures.

Modern Portfolio Theory: We utilize ETFs that are allocated across market sectors and asset classes, with the goal of maximizing expected return for a given level of historic portfolio volatility.

Buy-and-Hold: We select individual equities through our screening criteria and in light of a client's preferences where possible. Equities may be screened for inclusion in portfolios based on a combination of fundamental (bottom-up) and/or cyclical (top-down) factors and are then monitored over time as part of long-term investment holdings.

Core + Satellite: A "core" portfolio of passively managed index funds or ETFs are supplemented by actively managed "satellites" (in the form of either "active" mutual funds/ETFs or individual equities) representing specific sectors judged to have attractive risk/reward characteristics which can potentially benefit from targeted security selection.

Momentum/Technical: Actively managed mutual funds or ETFs that may make tactical changes to portfolio composition, responding to market directionality and volume in an effort to avoid large cyclical downturns. These strategies may involve holding large cash positions or trading in/out of the market regularly, and possibly include the use of futures or derivatives (typically as underlying assets in an actively managed fund).

Risk of Loss

Our firm believes its strategies and investment recommendations are designed to produce the appropriate potential return for the given level of risk. However, there is no guarantee that a planning goal or investment objective will be achieved. Past performance is not necessarily indicative of future results. Investing in securities involves risk of loss that clients should be prepared to bear. While the following list is not exhaustive, we provide some examples of such risk in the following paragraphs, and we believe it is important that our clients review and consider each prior to investing.

Active Management

A portfolio employing active management strategies can either outperform or underperform various benchmarks or other strategies. In an effort to meet or surpass these benchmarks, active portfolio management may require more frequent trading or "turnover." This may result in shorter holding periods, higher transactional costs and/or taxable events generally borne by the investor, thereby potentially reducing or negating certain benefits of active asset management.

Catastrophic Risk

Natural or man-made catastrophes can disrupt financial markets and impact securities prices. Examples include terrorist attacks, natural disasters, war, etc. Investment companies can use "exigent circumstances" or "force majeure" as a defense against claims of loss by investors.

Company Risk

When investing in securities, such as stocks, there is always a certain level of company or industry-specific risk that is inherent in each company or issuer. There is the risk that the company will perform poorly or have

its value reduced based on factors specific to the company or its industry. This is also referred to as *unsystematic risk* and can be reduced or mitigated through diversification.

Core + Satellite Strategies

Strategies involving Core + Satellite investing may have the potential to be affected by “active risk” (or “tracking error risk”), which might be defined as a deviation from a stated benchmark. Since the core portfolio attempts to closely replicate a stated benchmark, the source of the tracking error or deviation may come from a satellite portfolio or position, or from a “sample” or “optimized” index fund or ETF that may not as closely align with the stated benchmark.

Country/Regional Risk

World events such as political upheaval, financial troubles, or natural disasters will adversely affect the value of securities issued in foreign countries or regions. This risk is especially high in emerging markets where securities may be substantially more volatile and less liquid than securities in more developed countries. Because a mutual fund or ETF may invest a large portion of its assets in securities located in any one country or region, including emerging markets, its performance may be hurt disproportionately by the poor performance of its investments in that area.

Currency Risk

The risk of loss from fluctuating foreign exchange rates when a portfolio has exposure to foreign currency or in foreign currency traded investments is known as currency risk.

Cyclical Analysis

Cyclical analysis (a form of technical analysis) may experience risk due to an economic cycle that may not be as predictable as preferred; many fluctuations may occur between long term expansions and contractions. The length of an economic cycle may be difficult to predict with accuracy and therefore the risk of cyclical analyses is the difficulty in predicting economic trends. Consequently, the changing value of securities is affected.

Derivatives Risks

The use of futures contracts, forward contracts, options, and swaps is subject to market risk, leverage risk, correlation risk, liquidity risk and hedging risk. Market risk is the risk that the market value of an investment may move up and down, sometimes rapidly and unpredictably. Leverage risk is the risk that since derivatives may be purchased for a fraction of their value, a relatively small price movement in a derivative may result in an immediate and substantial loss or gain for an account and may cause an account to liquidate portfolio positions when this would not be advantageous to do so to satisfy account obligations. Correlation risk is the risk that changes in the value of the derivative may not correlate perfectly or at all with the underlying asset, rate, or index. Liquidity risk is described below. Hedging risk is the risk that derivative instruments used for hedging purposes may also limit any potential gain that may result from the increase in value of the hedged asset. To the extent that an account engages in hedging strategies, there can be no assurance that these strategies will be effective or that there will be a hedge in place at any given time. An account’s use of forwards and swaps also is subject to credit risk and valuation risk. Credit risk is the risk that the counterparty to a derivative contract will default or otherwise become unable to honor a financial obligation. Valuation risk is the risk that the derivative may be difficult to value. Options risk is more fully described below. Each of these risks could cause an account to lose more than the principal amount invested in a derivative instrument.

Emerging Markets Securities Risks

Investments in emerging markets securities are considered speculative and subject to heightened risks in addition to the general risks of investing in foreign securities. Unlike more established markets, emerging markets may have governments that are less stable, markets that are less liquid, and economies that are less developed. In addition, the securities markets of emerging market countries may consist of companies with smaller market capitalizations and may suffer periods of relative illiquidity; significant price volatility; restrictions on foreign investment; and possible restrictions on repatriation of investment income and capital. Furthermore, foreign investors may be required to register the proceeds of sales, and future economic or political crises could lead to price controls, forced mergers, expropriation or confiscatory taxation, seizure, nationalization, or creation of government monopolies.

Equity (Stock) Risk

Common stocks are susceptible to general stock market fluctuations and to volatile increases or decreases in value as market confidence in and perceptions of their issuers change. If an investor held common stock or common stock equivalents of any given issuer, they may be exposed to greater risk than if they held preferred stocks and debt obligations of the issuer.

Preferred stocks can be affected by interest rate and liquidity risks (described in adjacent paragraphs). Also note that their dividend payment is not guaranteed; some are subject to a call provision, meaning the issuer can redeem its preferred shares on demand, and usually when interest rates have fallen.

Exchange-Traded Funds

ETF risks include risks due to their underlying securities (e.g., stocks, bonds, derivatives, etc.), and can be affected by risks such as market, currency, credit, political, interest rate, etc., that are described in adjacent paragraphs. The liquidity of the underlying stocks in the index can affect "ETF liquidity." Liquidity risk can result from an insufficient number of "active participants" performing their duties as intermediaries and liquidity providers in the ETF market. "Spread risk" may also occur, which is the difference between the bid and the ask price of a security. Since ETF transactions are priced throughout the day and are traded on the exchanges like stocks, widening spreads may occur and have impact on certain portfolios or transactions. As with any security, if the ETF "fails," the investor may lose their gains and invested principal. ETFs can carry additional expenses based on their share of operating expenses and certain brokerage fees. Indexed ETFs have the potential to be affected by "active risk," a deviation from its stated index.

Failure to Implement

As our planning client, you are free to accept or reject any or all recommendations made to you. While an advisory firm cannot guarantee future performance, a plan will not succeed if it is not implemented. Clients who choose not to take the steps recommended in their plan may face an increased risk that their stated goals and objectives will not be achieved.

Financial Risk

Excessive borrowing to finance a business operation increases profitability risk because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.

Financial Sector Risk

Performance of companies in the financial sector may be adversely impacted by many factors, including, among others, government regulations, economic conditions, credit rating downgrades, changes in interest

rates, and decreased liquidity in credit markets. The impact of more stringent capital requirements, recent or future regulation of any individual financial company, or recent or future regulation of the financial sector as a whole cannot be predicted. In recent years, cyber-attacks and technology malfunctions have become increasingly frequent in this sector and have caused significant losses to companies in this sector, which may negatively impact an account.

Fixed Income Risks

Various forms of fixed income instruments, such as bonds, money market or bond funds may be affected by various forms of risk, including:

- Call Risk - During periods of falling interest rates, issuers of callable bonds may call (redeem) securities with higher coupons or interest rates before their maturity dates. The owner of the bond would then lose any potential price appreciation above the bond's call price and would be forced to reinvest the unanticipated proceeds at lower interest rates, resulting in a decline in the owner's income. Call risk is generally low for short-term bond funds, moderate for intermediate-term bond funds, high for long-term bond funds, and high for high-yield bonds.
- Credit Risk - The potential risk that an issuer would be unable to pay scheduled interest or repay principal at maturity, sometimes referred to as "default risk." Credit risk may also occur when an issuer's ability to make payments of principal and interest when due is interrupted. Bondholders are creditors of an issuer and have priority to assets before equity holders (e.g., stockholders) when receiving a payout from liquidation or restructuring. When defaults occur due to bankruptcy, the type of bond held will determine seniority of payment.
- Interest Rate Risk - The risk that the value of the fixed income holding will decrease because of an increase in interest rates. The longer the maturity of the bond, the more sensitive its value is to changes in interest rates. Bond prices and interest rate changes are inversely correlated.
- Prepayment Risk - The prepayment risk is the premature return of principal on a fixed-income security. When principal is returned early on a security, future interest payments will not be paid on that part of the principal. The owner of the security would lose any price appreciation above the principal and forced to reinvest the unanticipated proceeds possibly at lower interest rates, resulting in a decline of dividends, income, and returns. The risk of prepayment is most prevalent in fixed-income securities such as callable bonds and mortgage-backed securities.
- Reinvestment Risk - With declining interest rates, investors may have to reinvest interest income or principal at a lower rate.
- State Government and Municipal Securities Risk - State government and municipal securities are subject to various risks based on factors such as economic and regulatory developments, changes or proposed changes in the federal and state tax structure, deregulation, court rulings and other factors. Repayment of state and municipal securities depends on the ability of the issuer or project backing such securities to generate taxes or revenues. There is also a risk the interest on an otherwise tax-exempt municipal security may be subject to federal income tax. Unfavorable developments in any economic sector may have far-reaching ramifications on the overall state and municipal market.
- US Government Securities Risk - United States (US) government securities are subject to varying interest rates and inflation risks. Not all US government securities are backed by the full faith and

credit of the US government. Certain securities issued by agencies and instrumentalities of the US government are only insured or guaranteed by the issuing agency or instrumentality, which must rely on its own resources to repay the debt. As a result, there is risk these entities will default on a financial obligation.

Foreign Securities Risk

Investments in securities of foreign companies (including direct investments as well as investments through American Depositary Receipts – *aka*. ADRs) can be more volatile than investments in US companies. Diplomatic, political, or economic developments, including nationalization or appropriation, could affect investments in foreign companies. Foreign securities markets generally have less trading volume and less liquidity than US markets. In addition, the value of securities denominated in foreign currencies, and of dividends from these securities, can change significantly when foreign currencies strengthen or weaken relative to the US dollar. Financial statements of foreign issuers are governed by different accounting, auditing, and financial reporting standards than the financial statements of US issuers and may be less transparent and uniform than in the United States. Thus, there may be less information publicly available about foreign issuers than about most US issuers. Transaction costs generally are higher than those in the US and expenses for custodial arrangements of foreign securities may be somewhat greater than typical expenses for custodial arrangements of similar US securities. Some foreign governments levy withholding taxes against dividend and interest income. Although in some countries a portion of these taxes are recoverable, the non-recovered portion will reduce the income received from the securities comprising an account's portfolio. These risks may be heightened with respect to emerging market countries since political turmoil and rapid changes in economic conditions are more likely to occur in these countries.

Fundamental Analysis

The challenge involving fundamental analyses is that information obtained may be incorrect; the analysis may not provide an accurate estimate of earnings, which may be the basis for a security's value. If a security's price adjusts rapidly to new information, a fundamental analysis may result in unfavorable performance.

Futures Investing

The risks associated in futures investing include interest rate risk, derivatives, liquidity, operational, settlement and the use of leverage; topics addressed in adjacent paragraphs of this section.

Index Investing

Index ETFs and indexed funds have the potential to be affected by "active risk" or "tracking error risk;" which might be defined as a deviation from a stated benchmark. Since the core portfolio attempts to replicate a stated benchmark, the source of the tracking error or deviation may come from a satellite portfolio or position, or from a "sample" or "optimized" index ETF or mutual fund that may not as closely align the stated benchmark.

Inflation Risk

Also called *purchasing power risk*, is the chance that the cash flows from an investment will not be worth as much in the future because of changes in purchasing power due to inflation.

Information Technology Sector

Information technology companies face intense competition, both domestically and internationally, which may have an adverse effect on profit margins. As with other technology companies, information technology companies may have limited product lines, markets, financial resources, or personnel. The products of information technology companies may face obsolescence due to rapid technological developments, frequent new product introduction, unpredictable changes in growth rates, and competition for the services of qualified personnel. Companies in the information technology sector are heavily dependent on patent and intellectual property rights. The loss or impairment of these rights may adversely affect the profitability of these companies.

Liquidity Risk

The inability to readily buy or sell an investment for a price close to the true underlying value of the asset due to a lack of buyers or sellers. While certain types of fixed income are generally liquid (e.g., bonds), there are risks which may occur such as when an issue trading in any given period does not readily support buys and sells at an efficient price. Conversely, when trading volume is high, there is also a risk of not being able to purchase a particular issue at the desired price.

Macroeconomic Risk

Macroeconomic risk derives from the behavior of industries and governments and the relationships between them rather than from individual companies. It concerns fiscal and monetary policies, trade and investment flows and political developments on a national and international scale. Business cycles, depressions, inflation, unemployment, interest rates, valuations, prices, and imports/exports volumes are all unpredictable and can lower or destroy investment portfolios. Central banks and governments often resort to inflationary policies and excessive fiat currency issuance through borrowing and printing. These macroeconomic maneuvers may possibly support or increase the nominal value of investment assets short term but lead to inflation and asset bubbles and later “crashes.”

Market Risk

This is also called systematic risk. In cases where securities markets are under duress, securities may lose their ability to provide diversification benefits.

Money Market Funds

A money market fund is managed to maintain a stable net asset value (NAV) of \$1 per share, the value of the fund may fluctuate, and you could lose money (termed “breaking the buck”). Money market funds are a type of mutual fund investing in high-quality, short-term debt securities, paying dividends that generally reflect short-term interest rates and seeks to maintain a stable NAV per share (typically \$1). An investment in a money market mutual fund is typically not insured or guaranteed by the Federal Deposit Insurance Corporation, National Credit Union Association, or any government agency.

Mutual Funds

As with ETFs, the risk of owning an open-ended, closed-ended, and fund-of-fund mutual funds are reflected in the underlying security(ies). Mutual funds are affected by risks such as market, interest rate, currency, credit, political, active risk, etc., as described in adjacent paragraphs. It is important to note that even “conservative” funds, such as a money market fund or fixed income fund, can and have lost their value below

the principal amount invested. Mutual funds typically carry additional expenses based on their share of operating expenses and trading (brokerage) fees, which may result in the potential duplication of certain fees paid by the investor. Indexed mutual funds can also be adversely affected by "QDI ratios" that are described in a following paragraph. There are essentially nine main types of mutual fund shares classes, as well as sub-classes for some of these. Some mutual funds are sold through brokerage firms and assess a commission ("load") in addition to their underlying fees earlier noted, while others are offered through investment advisers, retirement plans and other institutions. "No load" funds are also available to the public through brokerage firms, and they usually incur trading (brokerage) fees.

If a client chooses to purchase a mutual fund on their own through a broker/dealer, they should consider the trading fees, internal operating costs, as well as potential commissions they pay through that executing firm. Our firm is not a broker/dealer and (per Items 5 and 10 of this brochure) does not recommend nor is compensated by a "loaded" fund.

Operational Risk

The potential for loss resulting from inadequate or failed internal processes, systems, actions of people, or external events. Many industries institute policies and procedures to respond and initiate alternative or supporting operations following a significant business disruption, while others do not. The level of operational risk and appropriate response are not uniform in definition, requirement, or measurement, including within the financial services sector.

Options Risks

Risks involving options trading are detailed in the Chicago Board Options Exchange's "The Characteristics and Risks of Standardized Options" brochure that we will provide to the client upon request or may be found at their website at: <http://www.cboe.com>.

- Covered Calls: The downside loss potential of a covered call can be substantial, comes from owning the underlying shares in the equity (stock) position, and is limited only by the stock declining to zero. An increase in volatility has a negative financial effect on a covered call.
- Protective Puts: If the stock position declines significantly below the strike price by expiration, on assignment, the investor may be obligated to purchase shares well above their current price. Stock bought under this circumstance reflects a loss compared to its market price at the time. However, this loss would be unrealized if the investor holds the shares and is positioned to profit from an increase in their price. Any investor whose motivation in writing a cash-secured put is to buy underlying stock should be committed to a target price for a possible purchase and select a strike price accordingly.

Passive Management

A portfolio that employs a passive, "efficient markets" approach has the risk of generating lower-than-expected returns due to its broad diversification when compared to a portfolio more narrowly focused.

Political Risk

The risk of financial and market loss because of political decisions or disruptions in a particular country or region. Also known as "geopolitical risk."

Qualified Dividend Income Ratios

While ETFs and mutual funds are known for their potential tax-efficiency and higher “qualified dividend income” (QDI) percentages, there are asset classes within these investment vehicles or holding periods that do not benefit. Shorter holding periods, as well as commodities and currencies (possible underlying holding of an ETF or mutual fund), may be considered “non-qualified” under certain tax code provisions. We consider a holding’s QDI when tax-efficiency is an important aspect of the client’s portfolio.

Research Data

When research and analyses are based on commercially available software, rating services, general market and financial information, or due diligence reviews, a firm is relying on the accuracy and validity of the information or capabilities provided by selected vendors, rating services, market data, and the issuers themselves. While our firm makes every effort to determine the accuracy of the information received, we cannot predict the outcome of events or actions taken or not taken, or the validity of all information researched or provided which may or may not affect the advice on or portfolio management of an account.

Sequence of Return Risk

The risk of receiving lower or negative returns when early withdrawals are made from an account.

Settlement Risk

Also called *delivery risk*. The risk that one party will fail to deliver the terms of an investment contract with another party (contra-party) at the time of settlement. Settlement risk can be a risk associated with default, along with any timing differences in a settlement between the two parties.

Small- and Mid-Capitalization Company Risk

The small- and mid-capitalization companies in which an account may invest may be more vulnerable to adverse business or economic events than larger, more established companies. Investments in these small- and mid-sized companies may pose additional risks, including liquidity risk, because these companies tend to have limited product lines, markets, and financial resources, and may depend upon a relatively small management group. Small- and mid-cap stocks, therefore, may be more volatile than those of larger companies. These securities may be traded over the counter (OTC) or listed off-exchange.

Sociopolitical Risk

The risk of instability in a region due to war, terrorism, pandemics, etc., that might affect investment markets.

Technical Analysis

The risk of investing based on technical analysis is that it may not consistently predict a future price movement and the current price of a security may reflect all known information. Further, a particular change in the market price of a security may follow a random pattern and may not be as predictable as desired. This may occur due to analyst bias or misinterpretation, a sector analysis error, late recognition of a trend, etc.

Item 9 - Disciplinary Information

Neither the firm nor its management has been involved in a material criminal or civil action in a domestic, foreign, or military jurisdiction, an administrative enforcement action, or self-regulatory organization proceeding.

Item 10 - Other Financial Industry Activities and Affiliations

Bormann Wealth Management, LLC will provide disclosure to each client prior to and throughout the term of an engagement regarding any conflicts of interest involving its business relationships that might reasonably compromise its impartiality or independence. Our advisory firm and its management are not registered nor have an application pending to register as a Financial Industry Regulatory Authority (FINRA) or National Futures Association (NFA) member firm or associated person of such a firm. We are not required to be registered with such entities, nor do they supervise our firm, its activities, or our associates. Our firm does not have a material relationship with any of the following types of entities:

- accounting firm or accountant
- another financial planning firm
- bank, credit union or thrift institution, or their separately identifiable department or division
- lawyer or law firm
- issuer of a security, to include investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or “hedge fund,” and offshore fund)
- pension consultant
- real estate broker, dealer, or adviser
- sponsor or syndicator of limited partnerships
- third-party investment manager, nor do we refer, select, or utilize their services
- trust company

To assist our firm with some of its “back-office” operations and technology solutions, such as access to a trading platform, account rebalancing, performance reports, client portal/account access, etc., we use the services of Altruist Financial LLC (Altruist), an SEC-registered investment adviser and a FINRA-member broker/dealer. Altruist Financial LLC receives revenue on brokerage accounts opened through the Altruist platform. Additional information involving Altruist is described in Item 12 of this firm brochure. Bormann Wealth Management, LLC and Altruist are not affiliated entities; nor do they supervise our advisory firm and its associates.

Bormann Wealth Management, LLC participates in the Altruist Match program of Altruist LLC, an SEC-registered investment adviser and affiliate of Altruist Financial LLC. The Altruist Match program allows prospective clients to screen and identify participating investment advisers based on criteria specified by the prospective client. For clients found through Altruist Match, our firm pays Altruist LLC compensation equal to the greater of twenty percent (20%) of any revenue received from a matched client’s household and \$100 (one hundred dollars) annually. We are obligated to pay Altruist a termination fee we transfer client assets off the Altruist platform within five years of a matched client becoming a client of Bormann Wealth Management, LLC, which presents a conflict of interest in connection with any advice or recommendation to a client on whether the client should remain on the Altruist platform.

Whether he is serving a client in one or more capacities, Dr. Bormann will disclose in advance how he is being compensated and if there is a conflict of interest involving any advice or service he may provide. At no time will there be *tying* between business practices and/or services; a condition where a client or prospective client would be required to accept one product or service which is conditional upon the selection of a second, distinctive tied product or service.

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

Bormann Wealth Management, LLC is a fiduciary. As an investment adviser registered under the Securities Act of Washington and other applicable federal and state securities laws, the firm owes the client a fiduciary duty to put the client's interest first which includes, but is not limited to, a duty of care, loyalty, obedience, and utmost good faith. We think that our business methodologies, ethics rules, and adopted policies are designed to eliminate or at least minimize material conflicts of interest, and to appropriately manage any material conflicts of interest that may remain. It is important to point out that no set of rules can anticipate or relieve all material conflicts of interest. Our firm will disclose to its advisory clients any material conflict of interest relating to the firm, its representatives, or any of its employees which could reasonably be expected to impair the rendering of unbiased and objective advice.

Code of Ethics

We have adopted a Code of Ethics that establishes policies for ethical conduct for our personnel. Our firm accepts the obligation not only to comply with all applicable laws and regulations but also to act in an ethical and professionally responsible manner in all professional services and activities. Firm policies include prohibitions against insider trading, circulation of industry rumors, and certain political contributions, among others. We periodically review and amend our Code of Ethics to ensure that they remain current, and we require firm personnel to annually attest to their understanding of and adherence to the firm's Code of Ethics. A copy of the firm's Code of Ethics is made available to any client or prospective client upon request.

CFP® Principles

Firm associates that are CERTIFIED FINANCIAL PLANNER™ Practitioners also adhere to the Certified Financial Planner Board of Standards, Inc.'s Code of Ethics & Professional Responsibility which you may find at www.cfp.net.

Privacy Policy Statement

We respect the privacy of all clients and prospective clients (collectively termed "customers" per federal guidelines), both past and present. It is recognized that clients have entrusted our firm with non-public personal information, and it is important that both access persons and customers are aware of firm policy concerning what may be done with that information.

The firm collects personal information about customers from the following sources:

- information provided to us to complete their financial plan or investment recommendation
- information provided via engagement agreements and other documents completed in connection with the opening and maintenance of an account
- information customers provide verbally, and
- information received from service providers, such as custodians, about client transactions.

The firm does not disclose non-public personal information about our customers to anyone, except in the following circumstances:

- when required to provide services our customers have requested
- when our customers have specifically authorized us to do so
- when required during the course of a firm assessment (i.e., independent audit), or
- when permitted or required by law (i.e., periodic regulatory examination).

To ensure security and confidentiality, the firm maintains physical, electronic, and procedural safeguards to protect the privacy of customer information. Within the firm, access to customer information is restricted to personnel that need to know that information.

All access persons and service providers understand that everything handled in firm offices is confidential and they are instructed not to discuss customer information with someone else that may request information about an account unless they are specifically authorized in writing by the customer to do so. This includes providing information about a family member's account.

Our firm will provide customers with its privacy policy on an annual basis and at any time, in advance, if firm privacy policies are expected to change.

Firm Recommendations and Conflicts of Interest

Our associates are prohibited from borrowing from or lending to a client unless the client is an approved financial lending institution.

Neither our firm nor its associates are authorized to recommend to a client, or effect a transaction for a client, involving any security in which our firm or a "related person" (associates, their immediate family members, etc.) has a material financial interest, such as in the capacity as an underwriter, adviser to the issuer, etc.

Our firm does not trade for its own account (e.g., proprietary trading). The firm's related persons may buy or sell securities that are the same as, similar to, or different from, those recommended to clients for their accounts, and this poses a conflict of interest. We mitigate this conflict by ensuring that we have policies and procedures in place to ensure that the firm or a related person will not receive preferential treatment over a client. In an effort to reduce or eliminate certain conflicts of interest involving personal trading (e.g., trading ahead of client recommendation or transaction, cross-trades, trading on "inside information," etc.), firm policy requires that we periodically restrict or prohibit related parties' transactions. Any exceptions must be approved in writing by our Chief Compliance Officer, and personal trading accounts are reviewed on a quarterly or more frequent basis. Please refer to Item 6 of any accompanying Form ADV Part 2B brochure supplement for further details.

Bormann Wealth Management, LLC and its associates provide a range of services to our clients. Due to our firm's ability to offer two or more services and receive an hourly planning fee or asset management fee, a conflict of interest exists due to the extended services provided. As our client you are under no obligation to act on our recommendations and, if you elect to do so, you have the right to complete them through a provider of your choosing.

Item 12 - Brokerage Practices

Factors Used to Select Broker/Dealers for Client Transactions

Your accounts must be separately maintained by a qualified, independent custodian (generally a broker/dealer, futures commission merchant, national bank, or trust company) that is frequently reviewed for its capabilities to serve in that capacity by their respective industry regulatory authority. Bormann Wealth Management, LLC is not a custodian or broker/dealer, there is not an affiliate that is a custodian or broker/dealer, nor does a custodian or broker/dealer supervise our firm, its activities, or our associates.

Our clients may open or maintain their accounts at their current custodian/service provider. If the client prefers a new custodian/service provider, a recommendation may be made by our firm that is based on client need, overall costs, ease of use, and following our review of the recommended provider.

As noted in Item 10, we prefer that our portfolio management clients use the brokerage services provided through Altruist Financial LLC (“Altruist”), a self-clearing broker/dealer and FINRA/SIPC⁴ member firm. Our firm is independently owned and operated and is not legally affiliated with our custodian. While we recommend that you use our preferred custodian, you will decide whether to do so and will open your account with them by entering into an account agreement directly with them. We do not technically open the account for you, although we will assist you in doing so. If you do not wish to place your investment assets with our preferred custodian, we may be able to serve as investment adviser with another custodian of your choice (*a.k.a.* held-away account), if the other custodian’s policies allow us to do so, requiring the execution of a third-party trading agreement.

Our custodian offers independent investment advisers like our firm various services which may include custody of securities, trade execution, clearance, and settlement of transactions, in which our firm receives benefits from that custodian through our participation in their services offerings which will be described in further detail below. These benefits may include the following products and services (provided either without cost or at a discount):

- access to electronic communications networks for client order entry and account information
- access to trading desks serving our clients
- ability to execute aggregated (“block”) trades (described in following paragraphs)
- discounts on marketing, research, technology, and practice management products or services provided to our firm by third-party providers
- receipt of duplicate client statements and confirmations
- research related products and tools
- resource information related to capital markets and various investments, and
- the ability to have advisory fees deducted directly from a client’s accounts (per written agreement).

Our custodian may provide some of these services itself. In other cases, they may arrange for third-party vendors to provide the services to us. They may discount or waive its fees for some of these services or pay all or a part of a third party’s fees. Certain tools, services or discounts made available to our firm by our custodian benefits our advisory firm but may not directly benefit each client account. While our firm does not think these services are considered "brokerage or research services" under Section 28(e) of the Securities Exchange Act of 1934, certain jurisdictions where we serve client accounts believe they fall under this definition. The availability of these services benefits our firm because we do not have to produce or purchase them as long as clients maintain their assets at our preferred custodian.

There is an inherent conflict of interest since our firm has an incentive to select or recommend a custodian based on our firm’s interest in receiving these benefits rather than a client’s interest in receiving favorable trade execution. It is important to mention that the benefit received by our firm through participation in any custodian’s program does not depend on the amount of brokerage transactions directed to that custodian, and our selection of a custodian is primarily supported by the scope, quality, and cost of services provided as a whole, not just those services that benefit only our advisory firm. Further, we will act in the best interest of our clients regardless of the custodian we may select. Our firm conducts periodic assessments of any

⁴ Our firm is not, nor required to be, a FINRA or SIPC member. Information about the Financial Industry Regulatory Authority (FINRA) may be found at www.finra.org. You may learn more about the Securities Investor Protection Corporation (SIPC) and how it serves member firms and the investing public by going to their website at <http://www.sipc.org>.

recommended service provider which generally involves a review of the range and quality of services, reasonableness of fees, among other items, in comparison to industry peers.

Best Execution

“Best execution” means the most favorable terms for a transaction based on all relevant factors, including those listed in the earlier paragraphs. We recognize our obligation in seeking best execution for our clients; however, it is our belief that the determinative factor is not always the lowest possible cost but whether the selected custodian’s transactions represent the best “qualitative execution” while taking into consideration the full range of services provided. Our firm will seek services involving competitive rates, but it may not necessarily correlate to the lowest possible rate for each transaction. We have determined having our portfolio management clients’ accounts trades completed through our recommended custodian is consistent with our obligation to seek best execution of client trades. A review is regularly conducted regarding our recommending a custodian to clients and considering our duty to seek best execution.

Directed Brokerage

Our internal policy and operational relationship with our custodian requires client accounts custodied with them to have trades executed per their order routing requirements. We do not direct which executing broker should be selected for client account trades, whether that is an affiliate of our preferred custodian or another executing broker of our custodian’s choice. As a result, the client may pay higher commissions or other transaction costs, experience greater spreads, or receive less favorable net prices on transactions than might otherwise be the case. In addition, since we routinely recommend a custodian to our advisory clients, and that custodian may choose to use the execution services of its broker affiliate for some or all our client account transactions, there is an inherent conflict of interest involving our recommendation since our advisory firm receives various products or services described above from that custodian. Bormann Wealth Management, LLC is not compensated for trade routing/order flow, we are not paid commissions on trades, nor do we receive interest on an account’s cash balance. Altruist however is compensated by some or all these methods which are disclosed in their respective account documents or customer notices.

Client accounts maintained at our preferred custodian under our account master are unable to direct brokerage. As a result, they may pay higher commissions or other transaction costs, potentially experience greater spreads, or receive less favorable net prices on transactions for their account than would otherwise be the case if they had the opportunity to direct brokerage.

For held-away accounts maintained at a custodian of the client’s choice, the client may choose to request that a particular broker be used to execute some or all account transactions. Under these circumstances, the client will be responsible for negotiating, in advance of each trade, the terms and/or arrangements involving their account with that broker, and whether the selected broker is affiliated with their custodian of record or not. We will not be obligated to seek better execution services or prices from these other brokers, and we will be unable to aggregate transactions for execution via our custodian with other orders for accounts managed by our firm. As a result, the client may pay higher commissions or other transaction costs, potentially experience greater spreads, or receive less favorable net prices on transactions for their account than would otherwise be the case.

Aggregating Securities Transactions

Trade aggregation involves the purchase or sale of the same security for several clients/accounts at approximately the same time. This may also be termed “blocked” or “batched” orders. Aggregated orders are attempted to obtain better execution, negotiate favorable transaction rates, or to allocate equitably

among multiple client accounts should there be differences in prices, brokerage commissions or other transactional costs that might otherwise be unobtainable through separately placed orders.

Transaction charges and/or prices may vary due to account size and/or method of receipt. To the extent that the firm determines to aggregate client orders for the purchase or sale of securities, including securities in which a related person may invest, the firm will generally do so in accordance with the parameters set forth in SEC No Action Letter, *SMC Capital, Inc.*⁵ or similar guidance if the jurisdiction in which the client resides provides such direction. A copy of the referenced No Action Letter will be provided upon request.

When trade aggregation is not allowed or infeasible and necessitates individual transactions (e.g., withdrawal or liquidation requests, odd-lot trades, non-discretionary accounts, etc.), an account may potentially be assessed higher costs or less favorable prices than those where aggregation has occurred.

Item 13 - Review of Accounts

Portfolio Management Reviews

Nicholas Bormann (Chief Compliance Officer) is responsible for reviewing client accounts. Portfolio management accounts are reviewed on a continuous basis by evaluating the securities held by all our clients. Client accounts are also individually reviewed at least quarterly. We prefer to meet with clients annually, either in person and/or online to review accounts. Additional reviews will also be conducted upon request.

Please contact us immediately when your personal or family circumstances change (i.e., changes in employment, an inheritance, the birth of a new child, etc.). These changes impact the investment recommendations we make when managing your assets.

Financial Planning Reviews

We provide financial planning reviews on an hourly basis as noted in Item 5 of this brochure, and we encourage clients to contact us on at least an annual basis. Interim reviews will also be conducted upon request with Dr. Bormann. Please promptly contact us when your personal or family circumstances change (i.e., changes in employment, an inheritance, the birth of a new child, etc.) since these changes can impact your financial plan. A copy of revised plans or asset allocation reports in printed or digital format are provided during these sessions.

Client Reports

Whether you have opened and maintained an investment account on your own or using our portfolio management services, you will receive account statements sent directly from your account custodian where your investments are held. We urge you to carefully review these account statements for accuracy and clarity, and to ask questions when something is not clear.

Our portfolio management clients have access to written performance reports that have been generated from our custodian's data systems. We do not create our own performance reports. Clients are reminded to carefully review and compare account statements provided by their custodian of record with any report they have received from any source containing investment performance information.

⁵ Publicly available September 5th, 1995. <https://www.sec.gov/divisions/investment/noaction/smccapital090595.htm>

Item 14 - Client Referrals and Other Compensation

Please refer to Items 10 and 12 for additional information with respect to our offerings/services and the potential conflicts of interest they present. We do not engage in investment adviser solicitation activities. When we offer an introduction to a client we do not earn a referral fee, nor are there established *quid pro quo* arrangements. Each client has the right to accept or deny such referral or subsequent services.

Item 15 - Custody

Our clients' investment accounts must be maintained by an unaffiliated, qualified custodian. Accounts are not to be maintained by our firm or any associate of our firm. In keeping with this policy involving our clients' funds or securities, Bormann Wealth Management, LLC:

- restricts the firm or an associate from serving as trustee or having general power of attorney over a client account
- does not accept or forward client securities (i.e., stock certificates) erroneously delivered to our firm
- prohibits the firm or an associate to have the client's bank or investment account access information (i.e., passwords and user identification)
- will not collect advance fees of \$500 or more for services to be performed six months or more into the future, and
- prohibits associates from having authority to directly withdraw securities or cash assets from a client account.
- Although we may be deemed to have limited custody of an account since we may request the withdrawal of advisory fees from an account, we do so only on the following terms as described in Item 5, reemphasized below:
 - ✓ Our firm will possess written authorization from the client to deduct advisory fees from an account held by the custodian,
 - ✓ We will concurrently send the client and qualified custodian written notice of the amount of the fee to be deducted from the client's account, and
 - ✓ The client's itemized invoice will include any formulae used to calculate the fee, the time period covered by the fee, the name of the account custodian, and the amount of assets under management on which the fee was based.

The custodian of record will provide client account transaction confirmations and statements, which will include debits and credits, as well as reference to our firm's advisory fee for that period. Statements are provided on at least a quarterly basis and confirmations are provided as transactions occur within the client account. Bormann Wealth Management, LLC will not create a separate account statement for a client nor serve as the sole recipient of a client account statement.

Clients are reminded that if they receive a report from any source that includes investment performance information, they are urged to carefully review and compare the report with their account statements that they have received directly from their custodian of record. Clients are also urged to compare their account statements received from their qualified custodian with invoices received from our firm.

Item 16 - Investment Discretion

We prefer our financial planning clients to execute trades on a self-directed basis.

Our firm generally conducts its portfolio management on a discretionary basis. Via limited power of attorney signed by the client, discretionary authority allows our firm to determine the securities to be bought or sold for a client's account and the amount of securities to be bought or sold for a client's account without requiring the client's prior authorization for each transaction in order to meet stated investment objectives. This authority will be granted through the client's execution of both our engagement agreement and the

selected custodian's account documents. Note that the custodian will specifically limit our firm's authority within an account to the placement of trade orders and the request for the deduction of our advisory fees.

Our firm prefers not to manage client accounts on a non-discretionary basis, but we may accommodate such requests on a case-by-case basis. Such non-discretionary account authority requires a client's ongoing prior approval involving the securities to be bought or sold for a client's account and the amount of securities to be bought or sold for a client's account, including portfolio rebalancing. Non-discretionary clients are required to execute our firm's client services agreement that describes our limited account authority, as well as the custodian of record's account document that includes their limited power of attorney form or clause. Please note that in light of the requirement for client trading pre-approval, that client must make themselves continually available and keep our firm updated on their contact information so that instructions can be efficiently and timely effected on their behalf. In addition, non-discretionary accounts are generally unable to be aggregated (see Item 12) and may therefore be assessed higher trading fees or receive less favorable prices than those accounts where trade aggregation has occurred.

We will account for any reasonable restrictions involving the management of the client's account (i.e., no sin stocks, avoiding specific foreign country holdings, etc.). It remains the client's responsibility to notify us if there is any change in their situation and/or investment objective so that we may reevaluate previous investment recommendations or portfolio holdings. Our clients retain the right to amend our account authority, in writing.

As of March 25, 2024, the firm had \$5,529,379 of client assets under management; \$5,529,379 on a discretionary basis and \$0 on a non-discretionary basis.

Item 17 - Voting Client Securities

You may periodically receive proxies or other similar solicitations sent directly from your selected custodian or transfer agent. If we receive a duplicate copy, please note that we do not forward these or any correspondence relating to the voting of your securities, class action litigation, or other corporate actions.

Our firm does not vote proxies on your behalf, including accounts served by our firm on a discretionary basis. We do not offer guidance on how to vote proxies, nor will we offer guidance involving any claim or potential claim in any bankruptcy proceeding, class action securities litigation, or other litigation or proceeding relating to securities held at any time in a client account, including, without limitation, to file proofs of claim or other documents related to such proceeding, or to investigate, initiate, supervise, or monitor class action or other litigation involving client assets. We will answer limited questions during a scheduled meeting with respect to what a proxy voting request or other corporate matter may be and how to reach the issuer or the issuer's legal representative.

You maintain exclusive responsibility for directing the manner in which proxies solicited by issuers of securities that are beneficially owned by you shall be voted, as well as making all other elections relative to mergers, acquisitions, tender offers, or other legal matters or events pertaining to your holdings. You should consider contacting the issuer or your legal counsel involving specific questions that you may have with respect to a particular proxy solicitation or corporate action.

Item 18 - Financial Information

Fee withdrawals must be done through a qualified intermediary (e.g., your custodian of record) following your written agreement.

Engagements with our firm do not require the collection of fees from you of \$500 or more for our advisory services that have been agreed to be performed six months or more into the future.

Neither our firm nor its management serve as general partner for a partnership or trustee for a trust in which the firm's advisory clients are either partners of the partnership or beneficiaries of the trust.

The firm and its management do not have a financial condition likely to impair its ability to meet commitments to clients, nor has the firm and its management been the subject of a bankruptcy petition in the past 10 years. Due to the nature of our firm's advisory services and operational practices, an audited balance sheet is not required nor included in this brochure.

Item 19 - Requirements for State-Registered Advisers

Principal Executives and Management Persons - Nicholas Bormann. Please see Item 4 of this brochure and the cover page (Item 1) of Dr. Bormann's accompanying Form ADV Part 2B brochure supplement.

Other Business Activities - Please refer to Item 10 of this firm brochure, as well as Items 2 and 4 of Dr. Bormann's accompanying Form ADV Part 2B brochure supplement. He is a compensated author.

Performance-Based Fees - There are none. Please see Item 6 of this brochure and Item 5 of the accompanying Form ADV Part 2B that immediately follows this firm brochure. Neither the firm nor its management is compensated based on performance-based fees. It is perceived that performance-based compensation may create an incentive for an adviser to recommend an investment that may carry a higher degree of risk to a client, an activity that is contrary to the firm's business practices.

Material Disclosure Matters involving Firm Management - There are none to report. Please refer to Item 9 of this firm brochure and Items 3 and 7 of the accompanying Form ADV Part 2B supplement that immediately follows this brochure. The firm's management has not been the subject of an award or otherwise been found liable in an arbitration claim alleging damages in excess of \$2,500, involving any of the following:

- (a) an investment or an investment-related business or activity
- (b) fraud, false statement(s), or omissions
- (c) theft, embezzlement, or other wrongful taking of property
- (d) bribery, forgery, counterfeiting, or extortion, or
- (e) dishonest, unfair, or unethical practices.

Firm management has not been the subject of an award or otherwise been found liable in a civil, self-regulatory organization, or administrative proceeding involving any of the following:

- (a) an investment or an investment-related business or activity
- (b) fraud, false statement(s), or omissions
- (c) theft, embezzlement, or other wrongful taking of property
- (d) bribery, forgery, counterfeiting, or extortion, or
- (e) dishonest, unfair, or unethical practices.

Material Relationship with an Issuer of a Security - Please refer to Item 10 of this firm brochure and Item 4 of the accompanying Form ADV Part 2B supplement. Bormann Wealth Management, LLC and its management do not have a material relationship with the issuer of a security.

Bormann Wealth Management, LLC

Registered Investment Adviser
CRD # 316256

Bormann Wealth Management, LLC
2725 E. Golden Road
Spokane, WA 99208

509-599-3125
www.bormannwm.com
info@bormannwm.com

Nicholas F. Bormann, PhD, CFP®

Managing Member
Chief Compliance Officer
Investment Adviser Representative
CRD # 6577036

Form ADV Part 2B

Brochure Supplement
March 30, 2024

This brochure provides information about Nicholas Bormann that supplements the Bormann Wealth Management, LLC Form ADV Part 2A firm brochure. You should have received a copy of that brochure. Please contact Dr. Bormann at 509-599-3125 if you did not receive the full brochure or if you have any questions about the contents of this supplement. Additional information about Nicholas Bormann is available on the Securities and Exchange Commission's (SEC) website at www.adviserinfo.sec.gov under CRD # 6577036.

Item 2 - Educational Background and Business Experience

Regulatory guidance requires the firm to disclose relevant post-secondary education and professional training for each principal executive and associate of the firm, as well as their business experience for at least the most recent five years.

Principal Executive Officers and Management Persons

Chief Compliance Officer/Investment Adviser Representative/Managing Member

Nicholas Forbes Bormann

Year of Birth: 1986

CRD Number: 6577036

Educational Background and Business Experience

Educational Background

CERTIFIED FINANCIAL PLANNER™ Professional, CFP®/Certified Financial Planner Board of Standards, Inc. (2019) ¹

Doctor of Philosophy (PhD) in Economics; George Mason University; Fairfax, VA (2015)

Bachelor of Science in Economics, Gonzaga University; Spokane, WA (2010)

General Securities Representative Examination (Series 7)/Financial Industry Regulatory Authority (2016) ²

Uniform Combined State Law Examination (Series 66)/North America Securities Administrators Association (2016) ²

Washington Licensed Insurance Agent (License #925929) (2016 - Inactive)

California Licensed Insurance Agent (License #0K76374) (2016 - Inactive)

Business Experience

Bormann Wealth Management, LLC (07/2021-Present)

Spokane, WA

Managing Member (07/2021-Present)

Chief Compliance Officer/Investment Adviser Representative (09/2021-Present)

GWN Securities, Inc. (12/2017-08/2021)

Palm Beach Gardens, FL (Lakewood, CA office)

Registered Representative/Investment Adviser Representative

AXA Advisors, LLC (02/2016-12/2017)

New York, NY (Los Angeles, CA office)

Registered Representative/Investment Adviser Representative

Item 3 - Disciplinary Information

Registered investment advisers are required to disclose certain material facts about its associated personnel regarding any legal or disciplinary events, including criminal or civil action in a domestic, foreign or military court, or any proceeding before a state, federal or foreign regulatory agency, self-regulatory organization, or suspension or sanction by a professional association for violation of its conduct rules, that would be material to your evaluation of each officer or a supervised person providing investment advice. Nicholas Bormann has not been the subject of any such event.

Item 4 - Other Business Activities

Investment adviser representatives are required to disclose outside business activities that account for a significant portion of their time or income, or that may present a conflict of interest with their advisory activities.

Nicholas Bormann is not registered, nor has an application pending to register, as a registered representative of a FINRA or NFA broker/dealer or associated person of a futures commission merchant, commodity pool operator, or commodity trading adviser, nor is he supervised by such a firm. He does not receive commissions, bonuses or other compensation based on the sale of securities, including that as a registered representative of a broker/dealer or the distribution or service fees (“trails”) from the sale of mutual funds.

Dr. Bormann has been a published author and receives royalties from past publications. This activity involves one percent or less of his time each month, typically after traditional business hours, and does not present a conflict of interest with our advisory firm clients.

Item 5 - Additional Compensation

Neither our advisory firm nor Nicholas Bormann are compensated for advisory services involving performance-based fees. Firm policy does not allow associated persons to accept or receive additional economic benefit, such as sales awards or other prizes, for providing advisory services to firm clients.

Item 6 - Supervision

Nicholas Bormann serves as the firm’s Chief Compliance Officer. Because supervising oneself poses a conflict of interest, the firm has adopted policies and procedures to mitigate this issue. Questions relative to the firm, its services, or this Form ADV Part 2 may be made to the attention of Dr. Bormann at 509-599-3125.

Additional information about the firm, other advisory firms, or an associated investment adviser representative is available at www.adviserinfo.sec.gov. A search of this site for firms may be accomplished by firm name or a unique firm identifier, known as an IARD or CRD number. The CRD number for Bormann Wealth Management, LLC is 316256. Nicholas Bormann’s CRD number is 6577036.

The business and disciplinary history, if any, of an investment advisory firm and its representatives may be obtained by calling the securities commission in the state where the client resides.

Item 7 - Requirements for State-Registered Advisers

There have been neither awards nor sanctions or other material matters where Nicholas Bormann or Bormann Wealth Management, LLC has been found liable in an arbitration, self-regulatory or administrative proceeding. Neither Dr. Bormann nor Bormann Wealth Management, LLC has been the subject of a bankruptcy petition or other reportable financial matter.

Information about Professional Designations and Education

¹ The **CERTIFIED FINANCIAL PLANNER™, CFP®** and federally registered CFP (with flame design) marks (collectively, the “CFP® marks”) are professional certification marks granted in the United States by Certified Financial Planner Board of Standards, Inc. (“CFP Board”).

The CFP® certification is a voluntary certification; no federal or state law or regulation requires financial planners to hold CFP® certification. It is recognized in the United States and a number of other countries for its (1) high standard of professional education; (2) stringent code of conduct and standards of practice; and (3) ethical requirements that govern professional engagements with clients. To attain the right to use the CFP® marks, an individual must satisfactorily fulfill the following requirements:

- Education – Complete an advanced college-level course of study addressing the financial planning subject areas that CFP Board’s studies have determined as necessary for the competent and professional delivery of financial planning services, and attain a Bachelor’s Degree from a regionally accredited United States college or university (or its equivalent from a foreign university). CFP Board’s financial planning subject areas include insurance planning and risk management, employee benefits planning, investment planning, income tax planning, retirement planning, and estate planning;
- Examination – Pass the comprehensive CFP® Certification Examination. The examination includes case studies and client scenarios designed to test one’s ability to correctly diagnose financial planning issues and apply one’s knowledge of financial planning to real world circumstances;
- Experience – Complete at least three years of full-time financial planning-related experience (or the equivalent, measured as 2,000 hours per year); and
- Ethics – Agree to be bound by CFP Board’s *Standards of Professional Conduct*, a set of documents outlining the ethical and practice standards for CFP® professionals.

Individuals who become certified must complete the following ongoing education and ethics requirements in order to maintain the right to continue to use the CFP® marks:

- Continuing Education – Complete 30 hours of continuing education hours every two years, including two hours on the *Code of Ethics* and other parts of the *Standards of Professional Conduct*, to maintain competence and keep up with developments in the financial planning field; and
- Ethics – Renew an agreement to be bound by the *Standards of Professional Conduct*. The Standards prominently require that CFP® professionals provide financial planning services at a fiduciary standard of care. This means CFP® professionals must provide financial planning services in the best interests of their clients.

CFP® professionals who fail to comply with the above standards and requirements may be subject to CFP Board’s enforcement process, which could result in suspension or permanent revocation of their CFP® certification.

² Financial Industry Regulatory Authority (FINRA), North American Securities Administrators Association (NASAA), and state insurance license examinations are "criterion based;" candidates who pass the exam are considered to have met the minimum competency level. The completion of an industry examination does not constitute or imply a person is “approved” or “endorsed” by a state, federal or industry regulatory body. FINRA registrations only remain in an “active” status if the person is associated as a registered representative of a member broker/dealer.