

# Stonnington Group

**600 South Lake Avenue, Suite 502  
Pasadena, CA 91106-3908**

[www.stonningtongroup.com](http://www.stonningtongroup.com)

This Brochure provides information about the qualifications and business practices of Stonnington Group, LLC (“Stonnington”). If you have any questions about the contents of this Brochure, please contact us at (626) 469-8166. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

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

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

## Item 2 – Material Changes

This Material Changes section briefly summarizes substantive changes to the Firm’s brochure since its previous release.

The following material changes have occurred since the issuance of the firm’s Brochure dated March 29, 2019:

April 30, 2019 - Maxwell Noll, Inc. was acquired by Stonnington Group, LLC. All Maxwell Noll employees will become employees of Stonnington Group.

May 13, 2019 - Denise Evans resigned as Chief Compliance Officer. Nancy O’Hearn assumed the role of interim Chief Compliance Officer.

June 10, 2019 - Stonnington Group relocated its office to 600 South Lake Ave, Suite 502, Pasadena, CA

July 31, 2019 – Chris Saccente assumed the role of Chief Compliance Officer.

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

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

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

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#### Item 4 – Advisory Business

Stonnington Group, LLC (“Stonnington”), is an SEC-registered investment adviser with its principal place of business located in Pasadena, California. Stonnington began conducting business in 2004. Stonnington is also a registered securities broker-dealer. The firm is wholly owned by Nicholas Stonnington, Sr., Managing Member/President, and principal financial advisor.

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

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

As of May 31, 2019, Stonnington managed approximately \$242 million in discretionary assets under management and approximately \$148 million on a non-discretionary basis. The total approximate amount of *regulatory assets under management* were \$390 million.

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

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

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

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

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

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

Clients will approve any outside brokers and custodians and will enter into separate agreements with outside custodians or brokers. Stonnington may also use third-party asset managers (outside investment advisors and/or sub-advisors) as disclosed to its clients from time to time.

Clients may impose reasonable restrictions on investing in certain securities, types of securities, or industry sectors.

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

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

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

We offer advisory management services to our clients through our selection and monitoring of Third-Party Money Managers and/or Turnkey Asset Management Programs (hereinafter, "Programs").

Our firm develops an asset allocation strategy with the client through personal discussions in which goals and objectives based on the client's particular circumstances are established.

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

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

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

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

## **Item 5 – Fees and Compensation**

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

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

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

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

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

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

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

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

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

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

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

### **GENERAL NOTES ON ADVISORY FEES**

***Termination of the Advisory Relationship:*** If, for any reason, a client wishes to terminate an investment advisory agreement in the first five business days after entering the agreement, the client will be entitled to a full refund of any fees paid to Stonnington under that agreement. After the first five business days, Stonnington or the client may terminate the agreement at any time with at least 30 days written notice to the other. The client will be refunded the amount of the quarterly fee not earned to the end of the then current calendar quarter. In such cases, the fee will be prorated for the period between the date a notice of termination is received from the client and the end of the then current quarter. To ensure clear communication, a termination notice must be in writing.

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

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

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

#### **Mutual Fund Fees:**

All fees paid to Stonnington for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds and/or ETFs to their shareholders. These fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee (also known as a 12b1 fee). These fees may also vary depending on the Fund's share class.

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

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

Stonnington and its dually registered advisory representatives have a financial incentive to recommend or select share classes that have higher expense ratios because such share classes generally result in higher compensation. Stonnington has taken steps to minimize this conflict of interest by providing additional education to its advisory representatives on share class selection, rebating 12b-1 fees to advisory accounts, and further increasing access to institutional share classes and/or share classes with lower expense ratios through our custodian's platforms.

A client could also invest in a mutual fund directly, without our services. Accordingly, the client should review both the fees charged by the funds by fully reviewing the fund's prospectus and our fees to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

**Separately Managed Account Fees:**

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

**Additional Fees and Expenses:**

In addition to our advisory fees, clients are also responsible for the fees and expenses charged by custodians and imposed by broker/dealers, including, but not limited to, any transaction charges imposed by a broker/dealer with which an independent investment manager effects transaction for the client's account(s). Please refer to the "Brokerage Practices" section (Item 12) of this Form ADV for any additional information.

**Advisory Fees in General:**

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

**Limited Prepayment of Fees:**

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



**Product-Based Compensation:**

Stonnington is a broker/dealer registered as such with the Securities and Exchange Commission, the Financial Industry Regulatory Authority and in various states. It is also a licensed insurance agency. Management personnel and other related persons of our firm are licensed as registered representatives of Stonnington's broker-dealer and/or licensed as insurance agents or brokers. In these separate capacities, these individuals are able to implement investment recommendations for advisory clients for separate and typical compensation (i.e., commissions, trails, 12b-1 fees or other sales-related forms of compensation). This presents a conflict of interest to the extent that Stonnington's registered representatives could recommend that a client invests in a security which results in a commission being paid to the representative. The advisor will make a best effort to offset/rebate the product compensation received or recommend investment products that, while still suitable for the client's investment goals, are not commission-based investment products.

**Item 6 – Performance-Based Fees**

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

**POOLED INVESTMENT VEHICLES**

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

**Item 7 – Types of Clients**

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

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

Stonnington generally focuses on asset allocation, money manager and security selection. The client's investments are evaluated to determine whether they correspond with the client's financial objectives. Stonnington designs and proposes portfolios to help clients attain their financial goals. Some methods used in providing this advice are charting, fundamental economic and investment analysis, technical investment analysis and/or cyclical analysis. Asset allocation is designed in accordance with individual client risk tolerance to deliver the optimal mix of asset classes, using a tailored mix of securities including equities such as direct issues and mutual funds. In addition, for fixed income, Stonnington generally builds portfolios using investment, and sometimes below-investment-grade fixed income instruments with maturities designed to provide either preservation of capital or current income. Further, Stonnington will in limited instances recommend alternative investments including but not limited, private equity investments and/or hedge funds to certain high net worth and ultra-high net worth individuals and/or institutional clients.

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

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

## **Item 9 – Disciplinary Information**

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

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

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

Nicholas Stonnington, Sr and other related persons of our firm are licensed as registered representatives of our broker/dealer. They may also be licensed insurance agents. In these capacities, they are able to implement investment recommendations for advisory clients for separate and typical compensation (i.e., commissions, 12b-1 fees or other sales-related forms of compensation). This presents a conflict of interest to the extent that these individuals recommend that a client invests in a security which results in a commission being paid to the individuals. Clients are under no obligation to engage these individuals when considering the implementation of advisory recommendations. The implementation of any or all recommendations is solely at the discretion of the client.

In most instances, Stonnington acts as a broker/dealer for a portion of the transactions effected for Stonnington's advisory clients. The receipt of brokerage commissions by Stonnington for trades executed on behalf of Stonnington's advisory clients is a conflict of interest. Stonnington acknowledges its fiduciary obligations to its advisory clients and in all cases in which the firm acts as broker/dealer, or when transactions are affected by any other broker, Stonnington will determine in good faith that the commissions and transaction expenses charged in connection with those trades are reasonable in relation to the value of the brokerage, research and other services provided by that broker. Nevertheless, Stonnington's clients may be able to obtain more favorable brokerage commission rates elsewhere, particularly when one considers the advisory fees being paid to Stonnington. Stonnington's clients may also seek execution of transactions recommended by Stonnington through brokerage firms other than Stonnington's broker-dealer. If a client desires to use another brokerage firm, that client must notify Stonnington in writing.

Stonnington may elect to use different brokerage firms from its own for similar arrangements. Clients should be aware that the receipt of additional compensation by Stonnington and its advisor creates a conflict of interest that could impair the objectivity of our firm and these individuals when making advisory recommendations. Stonnington endeavors at all times to put the interest of its clients first as part of our fiduciary duty as a registered investment adviser; we take the following steps to address this conflict:

- we disclose to clients the existence of all material conflicts of interest, including the potential for our firm and our employees to earn compensation from advisory clients in addition to our firm's advisory fees;
- we use best efforts to either recommend investment products that, while still suitable for the client's investment goals are not commission-based investments or may offset the commission compensation received (as an example rebating 12b1-fees).
- we disclose to clients that they are not obligated to purchase recommended investment products from our registered personnel we collect, maintain and document accurate, complete and relevant client background information, including the client's financial goals, objectives and risk tolerance;
- our firm's management conducts periodic reviews of each client account to verify that all recommendations made to a client are suitable to the client's needs and circumstances;
- we require that registered personnel seek prior approval of any outside employment activity so that we may ensure that any conflicts of interests in such activities are properly addressed;
- we periodically monitor these outside employment activities to verify that any conflicts of interest continue to be properly addressed by our firm; and
- we educate our employees regarding the responsibilities of a fiduciary, including the need for having a reasonable and independent basis for the investment advice provided to clients.

### **Item 11 – Code of Ethics**

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

Stonnington's clients or prospective clients may request a copy of Stonnington's Code of Ethics by contacting the firm's Chief Compliance Officer, Chris Saccente, at (626) 657.2285, or by email at [compliance@cwicompliance.com](mailto:compliance@cwicompliance.com). Stonnington also maintains and enforces written policies reasonably designed to prevent, among other things, misuses of material non-public information by our firm's managing member or any person associated with the firm.

### **Item 12 – Brokerage Practices**

Stonnington does not have any soft-dollar arrangements and does not receive any soft-dollar benefits. Clients must include any limitations on discretionary authority in writing. Clients may change/amend these limitations as required. Such amendments must be also provided to us in writing.

As part of its portfolio management services, the principal financial advisor in many instances individually customizes and tailors the composition of each client's investment portfolio based upon their investment strategy and intended financial goals. On any given trading day, the principal financial advisor's practice involves reviewing each account individually to determine based on that respective account's investment strategy what trades (if any) should be affected in that client's account; then subsequently effecting that trade or trades in that client's account prior to reviewing the next client's account in sequence. If the advisor effects trade in the same security in multiple client accounts throughout the trading day, this practice may result in clients receiving different execution prices for the same security in their respective accounts. The advisor may aggregate orders for the sale or purchase of securities for your account with orders for the same security for our other clients, for our own accounts or the accounts of our employees, and/or related persons. Where order aggregation is employed, each account in the

aggregated transaction will be charged or credited with the average price and, when applicable, its pro rata shares of any fees.

Stonnington is also a registered broker-dealer with its personnel functioning both as registered representatives as well as investment adviser representative. As a result of this dual existence, there are situations that Stonnington and its representatives are involved in that could be viewed as participating or having an interest in client transactions. A primary example of these situations and any conflicts of interest arising, as a result, are principal transactions. As it applies to Stonnington's activities, the principal transaction includes the purchase or sale of fixed income securities (typically individual bonds)) from or to us in the secondary market. A riskless principal is a trade in a security that involves two orders, with the execution of one order dependent upon the receipt or execution of the other.

In instances where a Stonnington client's investment strategy involves a fixed income component and the client's account(s) are custodied with Pershing, the advisor may purchase individual bonds (as opposed to a mutual fund with bonds in its portfolio) for that client's portfolio. The individual bonds are purchased on a riskless principal basis and held in a separate brokerage account for the client and not in any other account that holds the client's investments that are being managed on an advisory basis pursuant to an investment advisory relationship.

Executing transactions on a principal basis presents conflicts of interest, as we may also receive a markup or markdown, underwriting fee or selling concession, or other compensation with respect to that principal transaction, which could result in additional compensation to Stonnington and/or our representative(s). We may also benefit from the "spread" or the difference between the price we pay for a security and the price at which we sell it to you, or between the prices we may pay for a security that we may buy from you and the price for which we may later sell it. In addition, we may have an incentive to recommend a transaction in a security based on the commission-based compensation we could receive.

For these principal transactions, your consent is required. Stonnington and its representatives will only engage in principal transactions with you if you have signed a Consent to Principal Transactions form. By doing so, you will authorize and provide your initial written consent to allow us to execute transactions on a principal basis as permitted by law. You may refuse to provide this initial consent or may revoke this initial consent to principal transactions at any time, in writing, by providing that written notice to your financial advisor. If you do not provide this consent, the inability to trade with us may limit the securities that are available to you and/or may limit your ability to sell securities that are held in your account at competitive prices.

It is important to note that even if you have provided us with your initial consent to principal transactions, on an ongoing basis, you will still provide the final decision whether we may affect each singular transaction as a principal trade. We will inform you (orally or otherwise) that we may execute a transaction on a principal basis, and, at the time of that trade, you will have the opportunity to provide or withhold your consent and may refuse to authorize your representative to proceed with the transaction on a principal basis. For those principal trades you have authorized us to execute, you will be provided an annual statement of principal transactions effected in your account.

As noted in *Item 10*, Other Financial Industry Activities and Affiliations, Stonnington is a broker-dealer, registered with The Securities and Exchange Commission and the Financial Industry Regulatory Authority. Stonnington is an introducing broker-dealer, meaning that it clears its securities trades through another registered broker-dealer, Pershing LLC ("Pershing"). Under its clearing agreement with Pershing, Stonnington receives compensation for brokerage transactions executed on behalf of its clients. The compensation Stonnington receives is more fully discussed above in *Item 5*.

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

Pershing's brokerage services include the execution of securities transactions, custody, and access to mutual funds.

For our client accounts maintained in its custody, Pershing generally does not charge separately for custody services but is compensated by account holders through commissions and other transaction-related or asset-based fees for securities trades that are executed through Pershing or that settle into Pershing accounts.

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

### **Item 13 – Review of Accounts**

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

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

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

### **PENSION CONSULTING SERVICES REVIEWS**

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

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

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

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

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

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

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

### **Item 15 – Custody**

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

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

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

### **Item 16 – Investment Discretion**

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

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

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

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

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

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

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

Clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets. Clients are responsible for instructing each custodian of the assets, to forward to the client copies of all proxies and shareholder communications relating to the client's investment assets.

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

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

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

Stonnington has not been the subject of a bankruptcy petition.

## Privacy Policy

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

Stonnington will:

1. Collect non-public personal information about its clients from the following sources:
  - Information received from clients on applications or other forms;
  - Information about clients' transactions with Stonnington, its affiliates and others;
  - Information received from our correspondent clearing broker with respect to client accounts;
  - Medical information submitted as part of an insurance application for a traditional life or variable life policy; and
  - Information received from service bureaus or other third parties.
  
2. Stonnington will not share such information with any affiliated or nonaffiliated third party except:
  - When necessary to complete a transaction in a customer account, such as with the clearing firm or account custodians;
  - When required to maintain or service a customer account;
  - To resolve customer disputes or inquiries;
  - With persons acting in a fiduciary or representative capacity on behalf of the customer;
  - With rating agencies, persons assessing compliance with industry standards, or to the attorneys, accountants, and auditors of the firm;
  - In connection with a sale or merger of Stonnington's business;
  - To protect against or prevent actual or potential fraud, identity theft, unauthorized transactions, claims or other liability;
  - To comply with federal, state or local laws, rules and other applicable legal requirements;
  - In connection with a written agreement to provide investment management or advisory services when the information is released for the sole purpose of providing the products or services covered by the agreement;
  - In any circumstances with the customer's instruction or consent.
  
3. Restricts access to confidential client information to individuals who are authorized to have access to confidential client information and need to know that information to provide services to clients.
  
4. Maintains physical, electronic and procedural security measures that comply with applicable state and federal regulations to safeguard confidential client information.



# Stonnington Group

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(626) 469-8166 [www.stonningtongroup.com](http://www.stonningtongroup.com)

FormADV-Part 2B

## **Investment Advisory Personnel**

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

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

## **Nicholas Stonnington, Sr., Age 62**

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

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

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

### **Business Background:**

01/2004 to present: Stonnington Group, LLC  
Founder and Managing Member, Registered Representative,  
Licensed Series 4, 5, 7, SIE, 24, 27, 31, 53, 55, 63, 65

## **Item 3- Disciplinary Information**

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

## **Item 4- Other Business Activities**

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

Mr. Stonnington may receive commission or other income, such as fees or interest income on Pershing accounts in addition to advisory fees from advisory clients. Mr. Stonnington limits his commissionable recommendations to products or services offered by Stonnington Group in its capacity as a broker-dealer and ensures that all recommendations are appropriate for a client's specific needs. Clients have the option to purchase investment products recommended through other broker-dealers not affiliated with Mr. Stonnington.

Managing Member of Worktray, LLC, a payroll and human capital management company. Mr. Stonnington anticipates that in the calendar year 2019, he will devote approximately 3% of his hours managing the business of Worktray.

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

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

## **Item 5- Additional Compensation**

Through ownership and operation of Worktray, Mr. Stonnington can receive K-1 income based on the profitability of the firm. For the calendar year 2018, this income was nominal.

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

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

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

**Employment Background:**

08/2018 to present: Stonnington Group, LLC  
Registered representative and investment advisory representative,  
Licensed Series 7, 66, SIE

**Item 3- Disciplinary Information:** No disciplinary history.

**Item 4- Other Business Activities:** None

**Item 5- Additional Compensation:** None

**Item 6 – Supervision**

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

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

**Alex Zepkowski, Age 43**

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

**Education:** University of Miami, Coral Gables, BBA-Finance., 2000

**Employment Background:**

09/2018 to present: Stonnington Group, LLC  
Registered Representative and Operations representative.  
Licensed Series 7, 63, SIE

08/2007-08/2008: Rydex Distributers, Inc., Rockville, MD  
Registered Representative

**Item 3- Disciplinary Information:** No disciplinary history.

**Item 4- Other Business Activities:** None

**Item 5- Additional Compensation:** None

**Item 6 – Supervision**

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

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