



Longhouse Investments LLC DBA
Longhouse Wealth Management
CRD#298119
26050 Acero
Mission Viejo, CA 92691
(949) 542-2394
www.longhouseinvestments.com
www.longhousewm.com

September 19th, 2019

This Brochure provides information about the qualifications and business practices of Longhouse Wealth Management. If you have any questions about the contents of this Brochure, please contact us at (949) 542-2394, or visit our website: www.longhousewm.com

The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

We are a registered investment advisor registered in California under the CA Corporate Securities Law Of 1968. Our registration as an investment advisor does not imply a certain level of skill or training. The oral and written communication we provide to you is information you may use to evaluate us and our services.

Additional information about Longhouse Wealth Management, also is available at www.adviserinfo.sec.gov.

Item 2 - Summary of Material Changes

Revision dated: Sept 19th, 2019 - The following is a summary of material changes that were made to Longhouse Wealth Management's Investment Advisor Firm Brochure – Form ADV Part 2A (the "Disclosure Brochure") in the most recent revision dated June 1st, 2019. Longhouse Wealth Management believes that communications and transparency are the foundation of our relationship and continually strive to provide you with the complete and accurate information at all times. We encourage all current and prospective investors to read this Disclosure Brochure and discuss any questions you may have with us.

Material Changes

- Updated business name throughout brochure to DBA, Longhouse Wealth Management, filed 5/31/2019 at Orange County CA Registrar's Office, Doc# 20196545450
- Updated business phone to: 949-542-2394
- Added additional business website: <https://longhousewm.com>
- Email addresses were changed to reflect new website
- LHI acronym changed to LHWM
- Item 4.E amount of assets managed updated
- Item 7 added language to reflect our service to Native American clients

Future Changes

From time to time, we may amend this Disclosure Brochure to reflect changes in our business practices, changes in regulations and routine annual updates as required by the securities regulators. This complete Disclosure Brochure or a Summary of Material Changes shall be provided to each client of firm annually and if a material change in the business practices of Longhouse Wealth Management.

You may at any time view the current Disclosure Brochure online at www.longhousewm.com or request a copy directly from us at (949) 542-2394 or info@longhousewm.com. Our brochure is provided free of charge.

The firm's Discovery Brochure is also available online at the SEC's Investment Advisor Public Disclosure website at www.adviserinfo.sec.gov.

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Item 4 - Advisory Business

A. Firm Description

Longhouse Investments LLC doing business as: "Longhouse Wealth Management"¹("LHWM") is organized as a California limited liability company founded August 21st, 2018. LHWM is based in Mission Viejo, CA and is currently a registered investment adviser with the State of California and Notice filed in the State of Texas. LHWM's current business activity consists of providing investment advisory services, and investment education services to its clients and local community members. The principal owners are Dean V. Ferraro, Chief Executive Officer and Chief Compliance Officer and John M. Ferraro, Chief Investment Officer.

B. Types of Advisory Services.

Investment Advisory Services

We specialize in providing strategic long term investment advice using the highest performing, lowest expense investment vehicles available. LHWM utilizes proprietary quantitative, technical risk management models to allocate client portfolios across various exchange traded funds, mutual funds, and fixed income securities. LHWM provides advisory services involving equity securities, corporate debt securities, exchange traded fund shares, mutual fund shares, interests in pooled investment vehicles such as REITs, municipal securities and U.S. government securities (collectively, with cash and cash equivalents, "Securities") through a signed advisory agreement with individual clients or with other entities that represent account owners (individually managed accounts"). We will tailor combinations of LHWM investment strategies with traditional asset allocation methods to fit the client's individual needs based on meetings, conversations and suitability of the clients.

LHWM provides discretionary portfolio management services to its clients, based on the specific needs and objectives of such persons and the suitability of products and services. LHWM shall be granted full discretion and authority to manage the client's account. Accordingly, LHWM is authorized to perform various functions without further approval from the client, such as the determination of securities to be purchased or to be sold without permission from the client prior to each transaction.

Prior to engaging LHWM to provide any of the aforementioned investment advisory services, LHWM requires a written Investment Advisory Agreement ("IAA") signed by the client prior to the engagement of services. The IAA outlines the services and fees the clients will incur pursuant to the IAA with LHWM.

During the signing of the IAA, LHWM will create a Statement of Investment Policy (SIP) for each client, which outlines the client's current situation (goals, objectives, and risk tolerance levels) and then constructs a plan to aid in the selection of a portfolio that matches each client's specific situation. Investment Advisory Services include, but are not limited to, the following:

- Investment Strategy

¹ DBA filed with the Orange County, CA Recorder 5/31/2019, Document#20196545450

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- Asset Allocation
- Regular Portfolio Monitoring
- Personal Investment Policy
- Security Selection

As noted, LHWM's asset management services are designed to offer portfolio construction and ongoing management of accounts with defined investment strategies to meet the client's personal investment goals and objectives. LHWM evaluates the current investments of each client with respect to risk tolerance levels and time horizon. Risk tolerance levels are documented in the SIP which is provided to our clients at the meeting where the IAA is signed and agreed to. LHWM is responsible for providing ongoing re-balancing and continuous monitoring of our clients' securities holdings as agreed to in the SIP. Tactical account adjustments into or out of investments are made based upon client requests or when changing market conditions dictate.

LHWM generally limits its money management to open and closed end mutual funds, equities, bonds, fixed income and debt securities, ETFs, and REITs. LHWM may use other securities as well to help diversify a portfolio when applicable.

Investment Education Services

LHWM believes all investors should be encouraged to increase their knowledge, as education is a key component in empowering our clients to avoid behavioral mistakes that hinder a successful investing experience. We seek opportunities to teach principles that will enhance each client's accumulation, protection and enjoyment of wealth. LHWM believes in transparency and that clients have the right to ask questions, challenge our beliefs, receive forthright responses, and enjoy honest discussion about their investment portfolio.

There is a small fee involved when LHWM provides education services. In addition to one-on-one discussions with individual clients, LHWM may also conduct investment educational events and outings (such as seminars and workshops) on various financial topics for our clients and the general public. Participants can increase their knowledge during these educational events and have the opportunity to ask specific questions by interacting with financial professionals and experts who will instruct such events. Sample investment education topics (whether addressed individually or in seminars and workshops) might include, but are not limited to:

- Macro-Economic Issues
- News-Driven Topics
- Market-changing Events
- Financial Risk
- Asset Allocation Models
- Modern Portfolio Theory
- Investment Strategies

Publications

LHWM may publish a monthly or more frequent blog post on various financial, market or macroeconomic topics. These public blog posts are posted to the www.longhousewm.com website where they are

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publicly available at no cost to the reader. LHWM also periodically sends e-mails to its clients and contact database in response to significant market or business events.

Business Continuity

LHWM has created and maintains a written business continuity plan which identifies procedures relating to an emergency or significant business disruption, including death or incapacitation of the investment adviser or any of its representatives. Such procedures are reasonably designed to enable LHWM or any of its representatives to meet their obligations to clients.

C. Tailored Relationships

LHWM will assist its clients with their financial goals, understand each of their unique needs and priorities, and seek to protect and grow their families' legacies. LHWM follows a process where the client with the assistance of an Advisor, identifies their specific financial requirements, goals, objectives, time horizon, restrictions, and risk tolerance. We also allow Clients to impose restrictions on investing in certain securities or types of securities they may not feel comfortable with. After review and analysis of the client's situation, a client's Statement of Investment Policy ("SIP") is created and becomes a key component of Client's personal investment strategy. The purpose of this SIP is to set forth in writing:

- Client's objectives and goals related to the investment of the assets in Client's portfolio;
- The asset classes that Adviser may trade and hold in Client's account;
- The permissible ranges of exposure for Client's portfolio; and
- Client's asset allocation and investment guidelines.

Clients may impose restrictions on investing in certain securities or types of securities in accordance with their values and beliefs. LHWM will make every effort to comply with the wishes of the client but cannot guarantee absolute adherence due to its use of indexed products, funds, and ETFs that are controlled by third party managers

D. Wrap Fee Programs

Wrap Fee Programs are arrangements between broker-dealers, investment advisers, banks and other financial institutions and affiliated and unaffiliated investment advisers through which the clients of such firms receive discretionary investment advisory, execution, clearing and custodial services in a "bundled" form. In exchange for these "bundled" services, the clients pay an all-inclusive (or "wrap") fee determined as a percentage of the assets held in the wrap account. Due to the nature of its advisory services, LHWM does not participate in a wrap fee program.

E. Managed Assets

When calculating regulatory assets under management, an Investment Adviser must include the value of any advisory account over which it exercises continuous and regular advisory or management services.

As of September 19th, 2019, Longhouse Wealth Management managed \$1,098,166 in client assets on a discretionary and \$0 on a non-discretionary basis.

Solicited Or Sub-advised Separately Managed Accounts (SMA)

We do not use the services of any third party investment advisors.

We do not act as sub-advisor to an unaffiliated independent investment advisor.

Item 5 – Fees and Compensation

A. Description And Billing

In addition to the information provided in Item 4 (“Advisory Business”), this section provides details regarding LHWM’s services along with a description of each service’s fees and compensation arrangements. *Lower fees for comparable services may be available from other sources.*

Clients have the option to purchase investment products that LHWM recommends through other brokers or agent that are not affiliated with the Firm.

Investment Advisory Services

LHWM will charge clients an investment management fee for its investment advisory services. The investment management fee is an annual fee based on a percentage of the value of the client’s assets under management, including all cash and other assets in the account (valued at liquidation value) (the “Account Value”), as follows:

Clients will not be charged a total management fee over the 3% industry average.

LHWM charges clients a monthly management fee. It is 0.092% (1.1% per annum). It is collected, in advance, on the first business day of each calendar month based on the fair market value of the assets in the account at the close of business on the last day of the previous month. The initial monthly payment will be due at the time assets are allocated to the account and will be based on the amount of such assets. The initial payment is paid upfront to offset the costs of initial account opening. These include but are not limited to:

- Initial client meeting
- Legal compliance
- Transfer of outside assets to Custodian(if necessary)
- Accounting work (ACH payment, wire setup, bank arrangements)
- Completion of SIP

All fees are refundable if the relationship terminates before the end of the period for which the fee is paid. Please see Section C for full Refund and Termination Policy. The Firm may, in its sole discretion, waive or reduce a fee for providing investment management services to employees and family members of employees.

The management fee charged is subject to negotiation with each client based on the client’s characteristics and may differ from client to client. The IAA is valid for a term of one year with automatic

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one-year renewals. Any changes, such as an increase or decrease to the management fee, may be made to the IAA in writing upon mutual agreement of the parties.

Investment Education Services

These services and events are offered free of charge or at a small cost to our clients and the public.

B. Payment of Advisory Fees

Any management fees due to LHWM shall be deducted by LHWM directly from the client's account, and will be paid to LHWM from the amount on deposit in the client account. The client will provide written authorization permitting the fees to be paid directly from the account. Both LHWM's advisory agreement and the custodial/ clearing agreement may authorize the custodian to debit the account for the amount of LHWM's management fees and to directly remit that fee to LHWM in compliance with regulatory procedures. In the limited event that LHWM bills the client directly, payment in full is expected upon invoice presentation. LHWM reserves the right to waive or reduce fees at its discretion. *Lower fees for comparable services may be available from other sources.*

C. Additional Fees

Clients may incur brokerage commissions, transaction fees, and other related costs and expenses. In addition, Clients may also incur certain charges imposed by custodians, brokers, third party investment and other third parties such as fees charged by managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and exchange traded funds also charge internal management fees, which are disclosed in a fund's prospectus. Such charges, fees and commissions are exclusive and LHWM shall not receive any portion of these commissions, fees, and costs.

Please see Item 12 - Brokerage Practices for further information on our brokerage practices.

D. Refund And Termination Policy

Clients may terminate their account without penalty and full refund, within five (5) business days of signing their advisory agreement, and thereafter at any time with thirty (30) days prior written notice to LHWM. Upon termination, the management fee for any partial period shall be prorated and any unearned amount shall be refunded to the client as of the effective date of the termination when requested in a written communication to LHWM.

E. Other Compensation

Neither LHWM nor its supervised persons accept any compensation for the sale of securities or other investment products, including asset-based sales charges or services fees from the sale of mutual funds. LHWM does not charge for the publication of periodicals or wealth education services.

1. Since we don't receive any compensation from the investments we recommend, there is no conflict of interest.

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2. Clients do have the the option to purchase investment products that we recommend through other brokers or agents that are not affiliated with us.
3. 0% of our revenue comes from commissions and other compensation for the sale of investment products we recommend to our clients.
4. Longhouse Holdings LLC does not charge commissions or markups. Costs of buying, selling, and holding investments are solely the expense of the Client, deducted from their accounts by our custodian.

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

A. Performance-based Compensation

Performance-Based Fees (“Performance Fees”) are based on a share of the capital gains or capital appreciation of the assets of a client.

LHWM does not charge performance based fees.

LHWM nor any of our supervised persons accepts performance-based fees.

Our fees are calculated as described in Item 5 above.

In certain instances, LHWM may invest in the same securities across several portfolio strategies. A potential conflict of interests exists when transacting in the same securities, as some clients may receive execution prices that are more favorable than others. We have procedures designed and implemented to ensure that all clients are treated fairly and equally, and to prevent this conflict from influencing the allocation of investment opportunities among clients and strategies. LHWM’s Chief Compliance Officer, Dean V. Ferraro, remains available to address any questions regarding this conflict of interest.

B. Side-by-Side Management

“Side-by-Side Management” refers to a situation in which the same adviser manages accounts that are billed based only on a percentage of assets under management and at the same time manages other accounts for which fees are performance-based.

LHWM does not assess Performance Fees.

Item 7 – Types of Clients

LHWM provides investment advisory services to a variety of clients, including high net worth individuals and families, their related entities including trusts, estates, business entities, and retirement plans. As our majority owner, Dean Ferraro is an enrolled member of the St. Regis Mohawks Indian Tribe, LHWM also has a special emphasis on helping Native American individuals and tribes/bands with managing their investments. LHWM does not impose a minimum portfolio size on clients and/or proposed clients. We believe that every investor, large or small, deserves unbiased, uninfluenced, professional asset management services.

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

Our methods of analysis, sources of information and investment strategies vary substantially by security or product type, asset class, investment risk, liquidity and other factors. LHWM's methods of analysis and investment strategy do not present any significant or unusual risks. However, investing in securities involves risk of loss that clients should be prepared to bear. The investor also understands the risks inherent in an investment which exchanges funds from one investment vehicle to another and that each transfer constitutes the sale and purchase of securities and as such could result in either a gain or a loss which is subject to the applicable tax laws.

We commonly utilize money market funds, mutual funds, and exchange traded funds. Where appropriate, we may recommend the use of derivatives, options, warrants or structured products for accomplishing objectives and managing risk.

A complete analysis of all facets of risk associated with each of these investment strategies and product types is beyond the scope of this Brochure. The most material risk with each and every investment is risk of loss, which may include complete loss. Investments are subject to market, currency, economic, political and business risks. Some strategies and products involve the use of leverage (borrowing) and this can exacerbate losses or magnify gains. While a specific strategy may involve a certain set of risks viewed in isolation, the strategy must also be viewed in the broader portfolio context including diversification and correlation benefits provided by the investment. The significant risks and benefits of each strategy are discussed with the client prior to recommendation, client approval and implementation.

We use our best judgment and good faith efforts in the execution of LHWM investment strategies and recommendations. It is the responsibility of the client to give us complete information and to notify us of any changes in their financial circumstances, goals or risk tolerance. Investing in securities involves risk of loss that clients must be prepared to bear.

Not every investment decision or recommendation made by us will be profitable. The investor needs to understand that despite our absolute return objective, there is no guarantee that the investment objectives will be reached and that past performance is not a guarantee of future results. We cannot warrant or guarantee any particular level of account performance, or that an account will be profitable over time.

Item 9 – Disciplinary Information

Registered investment advisers are required to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management. **Neither LHWM nor any of its management persons has been involved in legal or disciplinary events that are related to past or present investment clients.**

Item 10 – Other Financial Industry Activities and Affiliations

A. Financial Industry Activities

LHWM has no other financial industry activities or affiliations to report, nor does Dean Ferraro nor does John Ferraro.

B. Financial Industry Affiliations

LHWM is not a registered Futures Commission Merchant, Commodity Pool Operator, or Commodity Trading Advisor and does not have an application pending to register as such. Furthermore, LHWM's management and supervised persons are not registered as and do not have an application pending to register as an associated person of the foregoing entities.

C. Other Material Relationships

Other Business Activities (OBA) of Dean Ferraro:

1. He is the owner of Authoritax, a provider of tax preparation, tax audit and tax planning services to individuals and small businesses. Authoritax does not have signatory authority for any client of LHWM's or for LHWM itself as an entity. There is no written business arrangement nor referral contract between Authoritax and LHWM to share in any business. Since tax services are not in direct competition with the securities and advisory businesses nor share in any commission structure, LHWM believes that disclosing this OBA relationship is done sufficiently by delivering Form ADV Part 2A to its prospective or current clients. Mr. Ferraro spends two hours per day, outside of trading hours, to manage the business.
2. Dean Ferraro is an Enrolled Agent. Dean has the ability to practice before the IRS in administrative proceedings against taxpayers. He does this type of work on behalf of Authoritax outside of trading hours.

Other Business Activities (OBA) of John M. Ferraro:

1. John Ferraro does not have any OBAs to report.

D. Recommendation Of Other Investment Advisers

LHWM does not recommend or select other investment advisers for our clients nor do we receive compensation directly or indirectly from those advisers that could create a material conflict of interest.

Item 11 – Code of Ethics

A. LHWM

has adopted a Code of Ethics ("Code") that sets forth the standards of conduct expected of LHWM employees and requires compliance with applicable securities laws. In accordance with CA Corporate

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Securities Law Of 1968, LHWM's Code contains written policies reasonably designed to prevent the unlawful use of material non-public information by LHWM or any of its associated persons. The Code also requires that certain of LHWM's personnel (called "Access Persons") report their personal securities holdings and transactions and obtain pre-approval of initial public offerings and limited offerings.

LHWM's Code requires among other things that employees:

- Act with integrity, competence, diligence, respect, and in an ethical manner with the public, clients, prospective clients, employers, employees, colleagues in the investment profession, and other participants in the global capital markets;
- Place the integrity of the investment profession, the interests of clients, and the interests of LHWM above one's own personal interests;
- Adhere to the fundamental standard that you should not take inappropriate advantage of your position;
- Avoid any actual or potential conflict of interest;
- Conduct all personal securities transactions in a manner consistent with this policy;
- Use reasonable care and exercise independent professional judgment when conducting investment analysis, making investment recommendations, taking investment actions, and engaging in other professional activities;
- Practice and encourage others to practice in a professional and ethical manner that will reflect favorably on you and the profession;
- Promote the integrity of, and uphold the rules governing, capital markets;
- Maintain and improve your professional competence and strive to maintain and improve the competence of other investment professionals; and
- Comply with applicable provisions of CA state securities laws.

A copy of the Code is available to any client or prospective client upon request by contacting us at (949) 542-2394 or info@longhousewm.com. Brochures are provided free of charge.

[B,C,D. LHWM or individuals associated with our firm](#)

Our firm or individuals associated with it may buy and sell some of the same securities for their own account that we buy and sell for our Clients. When appropriate we will purchase or sell securities for Clients before purchasing the same for our account or allowing representatives to purchase or sell the same for their own account. In some cases, LHWM or representatives may buy or sell securities for their own account for reasons not related to the strategies adopted for our Clients. Further, LHWM may give advice or take action with respect to the investments of one or more individually managed accounts that may not be given or taken with respect to other individually managed accounts with similar investment programs, objectives, and strategies. Accordingly, individually managed accounts with similar strategies to other individually managed accounts may not hold the same securities or instruments or achieve the same performance.

Our employees are required to follow the Code when making trades for their own accounts in securities which are recommended to and/or purchased for Clients. The Code of Ethics is designed to assure that the personal securities transactions will not interfere with decisions made in the best interest of advisory clients while at the same time, allowing employees to invest their own accounts.

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We will disclose to advisory Clients any material conflict of interest relating to us, our representatives, or any of our employees which could reasonably be expected to impair the rendering of unbiased and objective advice. As any advisory situation could present a conflict of interest, we have established the following restrictions to ensure our fiduciary responsibilities:

1. A director, officer, associated person, or employee of LHWM shall not buy or sell securities for his personal portfolio where his decision is substantially derived, in whole or in part, by reason of his employment unless the information is also available to the investing public on reasonable inquiry. No person of our firm shall prefer his or her own interest to that of the advisory client.
2. We maintain a list of all securities holdings for our firm and for anyone associated with us who has access to advisory recommendations. An appropriate officer of the firm reviews these holdings on a regular basis.
3. To identify possible conflicts of interest, all registered individuals at LHWM must disclose in writing, the existence of any material financial interest in any securities they own. If the firm or a related person recommends to clients, or buys or sells for client accounts, securities in which we or the related person have a material financial interest this fact will be made known to the Client before the trades are made.

California Code of Regulations Section 260.238 (k) provides that failing to disclose to a client in writing before entering or renewing an advisory agreement with that client any material conflicts of interest regarding the investment adviser, its representatives or any of its employees, which could be reasonably expected to impair the rendering of unbiased and objective advice does not promote "fair, equitable or ethical principles". LHWM has disclosed any material conflicts of interest.

Item 12 – Brokerage Practices

A. Selection And Recommendation

LHWM seeks to recommend a custodian/broker who will hold client assets and execute transactions on terms that, overall, are most advantageous when compared to other available providers and their services.

LHWM considers a wide range of factors in selecting a custodian/broker including, among others, the following:

- Timeliness of execution
- Clearance and settlement capabilities
- Ability to place trades in difficult market environments
- Timeliness and accuracy of trade confirmations
- Quality of account statements
- Research, execution facilitation, record keeping, custody and other "value-added" services provided
- Frequency and correction of trading errors
- Financial condition and willingness to commit capital

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- Business reputation and integrity
- LHWM's prior experience with the custodian/broker

To this end, LHWM has established a brokerage and custodian relationship with Interactive Brokers LLC (IBLLC) a member of NYSE, FINRA, SIPC and regulated by the US Securities and Exchange Commission and the Commodity Futures Trading Commission, a subsidiary of, Interactive Brokers Group.

LHWM is independently owned and operated and is not affiliated with IBLLC. IBLLC will hold client assets in a brokerage account and buy and sell securities only when LHWM or the client instructs them to. At this time all client accounts are held at IBLLC. Custodian recommendations are based on the client's account size, investment objectives, trading frequency and overall portfolio strategy. LHWM has determined that having IBLLC execute trades is consistent with our duty to seek "best execution" of client trades.

B. Use of Soft Dollars

LHWM utilizes soft dollars to help offset research, reporting and execution costs. LHWM does not receive any direct compensation from the use of soft dollars.

C. Brokerage For Client Referrals

LHWM does not receive client referrals from third parties for recommending the use of specific broker-dealer brokerage services.

D. Directed Brokerage

LHWM will recommend to clients Interactive Brokers, LLC a member of NYSE - FINRA - SIPC and regulated by the US Securities and Exchange Commission and the Commodity Futures Trading Commission, a Subsidiary of Interactive Brokers Group. This arrangement is designed to maximize efficiency and to be cost effective for LHWM's clients. By requiring clients to use the specific custodian, which LHWM has approved, LHWM seeks to achieve "best execution" of client transactions. LHWM does not permit clients to direct the use of a particular brokerage firm.

E. We May Aggregate Trades For Clients.

The allocations of a particular security will be determined by us before the trade is placed with the broker. When practical, client trades in the same security will be bunched in a single order (a "block") in an effort to obtain best execution at the best security price available. When employing a block trade:

- We will make reasonable efforts to attempt to fill client orders by day-end.
- If the block order is not filled by day-end, we will allocate shares executed to underlying accounts on a pro rata basis, adjusted as necessary to keep client transaction costs to a minimum.
- All participants receiving securities from the block trade will receive the average price.
- Only trades executed within the block on the single day may be combined for purposes of calculating the average price. It is expected that this trade aggregation and allocation policy will be applied consistently. However, if the application of this policy results in unfair or inequitable treatment to some or all of our clients, we may deviate from this policy.

Trade Error Policy

LHWM maintains a record of any trading errors that occur in connection with investment activities of its clients. Both gains and losses that result from a trading error made by LHWM will be borne or realized by LHWM.

Item 13 – Review of Accounts

A. Continual and Ongoing Basis

Due to the technical model driven nature of our strategies, accounts are reviewed on a continual and ongoing basis. All investment supervisory clients are advised that it remains their responsibility to advise LHWM of any changes in their investment objectives and/or financial situation. All clients (in person or telephonically) are encouraged to review investment objectives and account performance with LHWM on an annual basis. The reviews are led by Dean V Ferraro, Chief Executive Officer and Chief Compliance Officer and John M. Ferraro, Chief Investment Officer

B. More Frequent Reviews

More frequent reviews may be triggered by a change in Client's investment objectives; specific investment strategies; tax considerations; large deposits or withdrawals; large sales or purchases; loss of confidence in corporate management; or, changes in the economic climate.

C. Frequency of Reports

The frequency of reports to Clients is determined by the agreement between the Client and their Qualified Custodian; however, all Clients receive account statements at least quarterly. Clients may receive more frequent reports upon request. We may also provide Clients with periodic written report summarizing the account activity and performance.

Item 14 – Client Referrals and Other Compensation

LHWM uses the services of supervised persons as solicitors to introduce its investment advisory services to prospective clients. LHWM compensates such persons by payment of a percentage of the fees collected by LHWM in accordance with its Investment Advisory Agreement, selling agreement and/or solicitor disclosure document.

Pursuant to these CA Regulations, LHWM may enter into written agreements with solicitors in connection with it as required, as well as a solicitation fee disclosure statement which is to be furnished to prospective clients at the time of solicitation by the solicitor. Furthermore, any compensated person and/or firm must be properly registered as a Solicitor pursuant to California Code of Regulation, Section 260.236(c)(2) and Section 260.236.1

Any Solicitor referral arrangement between us and a third-party will be in writing. The writing will set forth the following:

- A. The scope of the Solicitor's activities;

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- B. A covenant that the Solicitor will perform its activities consistent with our instructions and in compliance with the Act and associated rules; and
- C. A covenant that the Solicitor will provide the client with:
 - A copy of our Form ADV Part 2 and
 - A separate written solicitor disclosure.

Item 15 – Custody

A. Custodian Of Assets

Custody means holding, directly or indirectly, client funds or securities, or having any authority to obtain possession of them.

LHWM does not have direct custody of any client funds and/or securities. LHWM will not maintain physical possession of client funds and securities. Instead, client's funds and securities are held by the LHWM preferred, qualified custodian.

While LHWM does not have physical custody of client funds or securities, payments of fees may be paid by the custodian from the custodial brokerage account that holds client funds pursuant to the client's account application. In certain jurisdictions, the ability of LHWM to withdraw its management fees from the client's account may be deemed custody.

Prior to permitting direct debit of fees, each client provides written authorization permitting fees to be paid directly from the custodian.

As part of the 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.

LHWM intends on complying with the safeguards listed in § 260.237 of California's Code of Regulations.

LHWM will have custody of the funds and securities solely as a consequence of its authority to make withdrawals from client accounts to pay its advisory fee. The client provides written authorization to LHWM to deduct advisory fees from their account held with a qualified custodian. Each time a fee is directly deducted from a client account, LHWM will concurrently send the qualified custodian an invoice or statement of the amount of the fee to be deducted from the client's account and the client an invoice or statement itemizing the fee. Itemization will include the formula used to calculate the fee, the values of the assets under management on which the fee is based, and the time period covered by the fee.

Clients are encouraged to review their fee invoices with their account statements.

B. Account Statements

Although LHWM is the client's adviser, the client's statements will be mailed or made available electronically by the broker-dealer or custodian. When the client receives these statements, they should

be reviewed carefully. Clients should compare asset values, holdings, and fees on the statement to that in the account statement issued the previous period.

Item 16 – Investment Discretion

It is LHWM's customary procedure to have full discretionary authority in order to supervise and direct the investments of a client's accounts. Clients grant this authority upon execution of LHWM's IAA.

This authority is for the purpose of making and implementing investment decisions, without the client's prior consultation. All investment decisions are made in accordance with the client's stated investment objectives.

Other than management fees due to LHWM, which LHWM will receive directly from the custodian, LHWM's discretionary authority does not give authority to take or have possession of any assets in the client's account or to direct delivery of any securities or payment of any funds held in the account to LHWM.

Furthermore, LHWM's discretionary authority by agreement does not allow it to direct the disposition of such securities or funds to anyone except the account owner.

Item 17 – Voting Client Securities

LHWM will not vote proxies which are solicited for securities held in client accounts. LHWM will not be required to render any advice with respect to the voting of proxies solicited by or with respect to the issuers of securities in which assets of the client's account may be invested in occasionally.

Furthermore, LHWM will not take any action or render any advice with respect to any securities held in any client's accounts that are named in or subject to class action lawsuits. LHWM will however, forward to the client any information received by LHWM regarding class action legal matters involving any security held in the client's account.

Item 18 – Financial Information

A. Balance Sheet Requirement

LHWM is not the qualified custodian for client funds or securities, and does not require prepayment of fees of more than \$500 per client, six (6) months or more in advance.

B. Financial Condition

LHWM does not have any financial impairment that would preclude the Firm from meeting contractual commitments to clients.

C. Bankruptcy Petition

LHWM has not been the subject of a bankruptcy petition at any time during the last 10 years.

Item 19 – Requirements for State-Registered Advisers

A. Firm Management

Dean V Ferraro is a co-owner of LHWM and he is the Chief Executive Officer and Chief Compliance Officer.

John M. Ferraro is also a co-owner and Chief Investment Officer of LHWM.

B. Other Business Activities

Please see Item 10 of the Firm Brochure

C. Performance-Based Compensation

LHWM does not assess a performance-based fee, as discussed in Item 5 above.

D. Disciplinary Reporting Disclosure Arbitration Claims

Neither the Firm nor its management persons has been found liable in any arbitration claim alleging damages in excess of \$2,500 involving an investment or investment-related business or activity, fraud, false statements or omissions, theft, embezzlement or other wrongful taking of property, bribery, forgery counterfeiting or extortion or dishonest, unfair or unethical practices. Civil, Self-Regulatory Organization (SRO), or Administrative Proceeding Neither the Firm nor its management persons has been found liable in any civil, self-regulatory organization, or administrative proceeding involving an investment or investment related business or activity, fraud, false statements or omissions, theft embezzlement or other wrongful taking of property bribery, forgery, counterfeiting, or extortion; or dishonest, unfair or unethical practices.

E. Relationships or Arrangements with Securities Issuers

Neither the Firm nor its management has a relationship or arrangement with any issuer of securities.

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PRIVACY POLICY

LHWM does not disclose nonpublic personal information about its clients or former clients to any persons other than as described below. LHWM collects information about its clients (such as name, address, social security number, assets and income) from discussions with clients, from documents that clients may deliver to LHWM (such as account applications) and in the course of providing services. In order to service its client accounts and effect client transactions, LHWM may provide client personal information to its affiliates and to firms that assist it in servicing client accounts and which have a need for such information. LHWM does not otherwise provide information about its clients to outside firms, organizations or individuals except as required by law. Any party that receives this information will use it only for the services and as allowed by applicable law or regulations, and is not permitted to share or use this information for any other purpose.