

# The Stewardship Solution

## Firm Brochure - Form ADV Part 2A

*This brochure provides information about the qualifications and business practices of The Stewardship Solution. If you have any questions about the contents of this brochure, please contact us at (661) 829-4154 or by email at: [dhubbard@thestewardshipsolution.com](mailto:dhubbard@thestewardshipsolution.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.*

*Additional information about The Stewardship Solution is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The Stewardship Solution's CRD number is: 282050.*

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*The Stewardship Solution is a registered investment adviser. Registration does not imply a certain level of skill or training.*

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## **Item 2: Material Changes**

The Stewardship Solution had the following a material changes since the last Annual Update filing in March 2019.

- None.

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## **Item 4: Advisory Business**

### **A. Description of the Advisory Firm**

The Stewardship Solution (hereinafter "TSS") is a Sole Proprietorship organized in the State of California. The firm was formed in November 2015, and the principal owner is Derrick Jacob Hubbard.

### **B. Types of Advisory Services**

#### ***Selection of Other Advisers***

TSS acts a solicitor to several third-party investment advisers and will direct clients to other investment advisers to manage all or a portion of the client's assets. Before recommending other advisers for clients, TSS will always ensure those other advisers are properly licensed or registered as an investment adviser. TSS conducts due diligence on any third-party investment adviser, which may involve one or more of the following: phone calls, meetings and review of the third-party adviser's performance and investment strategy. TSS then refers the client to a third-party adviser based on the client's investment goals and objectives. TSS will review the ongoing performance of the third-party adviser.

#### ***Financial Planning***

Financial plans and financial planning may include, but are not limited to: investment planning; life insurance; tax concerns; retirement planning; college planning; and debt/credit planning.

In offering financial planning, a conflict exists between the interests of the investment adviser and the interests of the client. The client is under no obligation to act upon the investment adviser's recommendation, and, if the client elects to act on any of the recommendations, the client is under no obligation to effect the transaction through the investment adviser. This statement is required by California Code of Regulations, 10 CCR Section 260.235.2.

### **C. Client Tailored Services and Client Imposed Restrictions**

TSS will tailor a program for each individual client. This will include an interview session to get to know the client's specific needs and requirements as well as a plan that will be executed by TSS on behalf of the client. Clients may impose restrictions in investing in certain securities or types of securities in accordance with their values or beliefs. However, if the restrictions prevent TSS from properly servicing the client account, or if the restrictions would require TSS to deviate from its standard suite of services, TSS reserves the right to end the relationship.

## D. Wrap Fee Programs

A wrap fee program is an investment program where the investor pays one stated fee that includes management fees, transaction costs, fund expenses, and other administrative fees. TSS does not participate in any wrap fee programs.

## E. Assets Under Management

TSS has no assets under management.

# Item 5: Fees and Compensation

Lower fees for comparable services may be available from other sources.

## A. Fee Schedule

### *Selection of Other Advisers Fees*

TSS will be compensated via a negotiable fee share from the advisers to which it refers those clients. This relationship will be memorialized in each contract between TSS and each third-party adviser. The fees shared will not exceed any limit imposed by any regulatory agency.

Total Assets Under Management	TSS's Fee	Third Party's Fee	Total Fee
All Assets	1.00%	1.00%	2.00%

TSS uses the value of the account as of the last business day of the prior billing period, after taking into account deposits and withdrawals, for purposes of determining the market value of the assets upon which the advisory fee is based.

The fees above are the maximum fees that will be charged. The actual charge will be in the Investment Advisory Agreement. If TSS enters in to a Solicitors Agreement with another Registered Investment Adviser, the fee split between TSS and the other Advisor will be disclosed in the Solicitor's Disclosure Document.

### *Financial Planning Fees*

**Fixed Fees:** The negotiated fixed rate for creating client financial plans is between \$500 and \$3,000.

**Hourly Fees:** The hourly fee for these services is between \$150 and \$200.

Clients may terminate the agreement without penalty for a full refund of TSS's fees within five business days of signing the Financial Planning Agreement. Thereafter, clients may terminate the Financial Planning Agreement generally upon written notice.

## **B. Payment of Fees**

### ***Payment of Selection of Other Advisers Fees***

Fees are paid monthly in arrears by clients. Fees for selection of all third-party advisers are withdrawn directly from the client's account by the third-party adviser or its custodian, rather than by TSS. TSS is then paid its share of the fee split.

### ***Payment of Financial Planning Fees***

Financial planning fees are paid via check or wire, 50% in advance, but never more than six months in advance, with the remainder due upon presentation of the plan.

## **C. Client Responsibility For Third Party Fees**

Clients are responsible for the payment of all third party fees (i.e. custodian fees, brokerage fees, mutual fund fees, transaction fees, etc.). Those fees are separate and distinct from the fees and expenses charged by TSS. Please see Item 12 of this brochure regarding broker-dealer/custodian.

## **D. Prepayment of Fees**

TSS collects fees monthly in arrears. Refunds for fees paid in advance will be returned within fourteen days to the client via check, or return deposit back into the client's account.

For all asset-based fees paid in advance, the fee refunded will be equal to the balance of the fees collected in advance minus the daily rate\* times the number of days elapsed in the billing period up to and including the day of termination. (\*The daily rate is calculated by dividing the annual asset-based fee rate by 365.)

Fixed fees that are collected in advance will be refunded based on the prorated amount of work completed at the point of termination.

For hourly fees that are collected in advance, the fee refunded will be the balance of the fees collected in advance minus the hourly rate times the number of hours of work that has been completed up to and including the day of termination.

## **E. Outside Compensation For the Sale of Securities to Clients**

Derrick Jacob Hubbard does not receive any outside compensation for the sale of securities.

Clients always have the option to purchase TSS recommended products through other brokers or agents that are not affiliated with TSS.

## **Item 6: Performance-Based Fees and Side-By-Side Management**

TSS does not accept performance-based fees or other fees based on a share of capital gains on or capital appreciation of the assets of a client.

## **Item 7: Types of Clients**

TSS generally provides advisory services to the following types of clients:

- ❖ Individuals
- ❖ High-Net-Worth Individuals

There is no account minimum for any of TSS's services and the third-party advisers do not impose account minimums in connection with TSS's services.

## **Item 8: Methods of Analysis, Investment Strategies, & Risk of Loss**

### **A. Methods of Analysis and Investment Strategies**

#### ***Methods of Analysis & Investment Strategies***

TSS does not manage client assets and therefore, does not have any specific methods of analysis or investment strategies.

**Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

### **B. Material Risks Involved**

#### ***Methods of Analysis & Investment Strategies***

**Selection of Other Advisers:** Although TSS will seek to select only money managers who will invest clients' assets with the highest level of integrity, TSS's selection process cannot ensure that money managers will perform as desired and TSS will have no control over the day-to-day operations of any of its selected money managers. TSS would not



necessarily be aware of certain activities at the underlying money manager level, including without limitation a money manager's engaging in unreported risks, investment "style drift" or even regulatory breaches or fraud.

**Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

### **C. Risks of Specific Securities Utilized**

Clients should be aware that there is a material risk of loss using any investment strategy. The investment types listed below are not guaranteed or insured by the FDIC or any other government agency.

**Past performance is not indicative of future results. Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

## **Item 9: Disciplinary Information**

### **A. Criminal or Civil Actions**

There are no criminal or civil actions to report.

### **B. Administrative Proceedings**

There are no administrative proceedings to report.

### **C. Self-regulatory Organization (SRO) Proceedings**

There are no self-regulatory organization proceedings to report.

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

### **A. Registration as a Broker/Dealer or Broker/Dealer Representative**

Derrick Jacob Hubbard is not registered as a broker/dealer or broker/dealer representative.

## **B. Registration as a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor**

Neither TSS nor its representatives are registered as or have pending applications to become either a Futures Commission Merchant, Commodity Pool Operator, or Commodity Trading Advisor or an associated person of the foregoing entities.

## **C. Registration Relationships Material to this Advisory Business and Possible Conflicts of Interests**

Derrick Jacob Hubbard is an independent licensed insurance agent.

Derrick Jacob Hubbard is Owner of Santa Clarita Financial Education Services, an organization that provides no cost education courses at the community college level on retirement planning and social security maximization.

From time to time, he may offer clients advice or products from those activities and clients should be aware that these services may involve a conflict of interest. TSS always acts in the best interest of the client and clients are in no way required to the services of any representative of TSS in connection with such individual's activities outside of TSS.

All material conflicts of interest under California Code of Regulations Section 260.238(k) are disclosed regarding the investment adviser, its representatives or any of its employees, which could be reasonable expected to impair the rendering of unbiased and objective advice.

## **D. Selection of Other Advisers or Managers and How This Adviser is Compensated for Those Selections**

TSS may refer clients to third-party investment advisers to manage all or a portion of the client's assets. TSS will be compensated via a fee share from the advisers to which it directs those clients. This relationship will be memorialized in each contract between TSS and each third-party advisor. The fees shared will not exceed any limit imposed by any regulatory agency. This creates a conflict of interest in that TSS has an incentive to refer clients to the third-party investment advisers that provide TSS with a larger fee split. TSS will always act in the best interests of the client, including when determining which third-party investment adviser to recommend to clients. TSS will ensure that all recommended advisers are licensed or notice filed in the states in which TSS is recommending them to clients.

## **Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

### **A. Code of Ethics**

TSS has a written Code of Ethics that covers the following areas: Prohibited Purchases and Sales, Insider Trading, Personal Securities Transactions, Exempted Transactions, Prohibited Activities, Conflicts of Interest, Gifts and Entertainment, Confidentiality, Service on a Board of Directors, Compliance Procedures, Compliance with Laws and Regulations, Procedures and Reporting, Certification of Compliance, Reporting Violations, Compliance Officer Duties, Training and Education, Recordkeeping, Annual Review, and Sanctions. TSS's Code of Ethics is available free upon request to any client or prospective client.

### **B. Recommendations Involving Material Financial Interests**

TSS does not recommend that clients buy or sell any security in which a related person to TSS or TSS has a material financial interest.

### **C. Investing Personal Money in the Same Securities as Clients**

From time to time, representatives of TSS may buy or sell securities for themselves that they also recommend to clients. This may provide an opportunity for representatives of TSS to buy or sell the same securities before or after recommending the same securities to clients resulting in representatives profiting off the recommendations they provide to clients. Such transactions may create a conflict of interest. TSS will always document any transactions that could be construed as conflicts of interest and will never engage in trading that operates to the client's disadvantage when similar securities are being bought or sold.

### **D. Trading Securities At/Around the Same Time as Clients' Securities**

From time to time, representatives of TSS may buy or sell securities for themselves at or around the same time as clients. This may provide an opportunity for representatives of TSS to buy or sell securities before or after recommending securities to clients resulting in representatives profiting off the recommendations they provide to clients. Such transactions may create a conflict of interest; however, TSS will never engage in trading that operates to the client's disadvantage if representatives of TSS buy or sell securities at or around the same time as clients.

## Item 12: Brokerage Practices

### A. Factors Used to Select Custodians and/or Broker/Dealers

TSS does not recommend brokers/custodians.

#### 1. *Research and Other Soft Dollar Benefits*

TSS does not trade client's accounts and therefore receives no research, product, or services from a broker-dealer ("soft dollar benefits").

#### 2. *Brokerage for Client Referrals*

TSS receives no referrals from a broker-dealer or third party in exchange for using that broker-dealer or third party.

#### 3. *Clients Directing Which Broker/Dealer/Custodian to Use*

TSS does not trade client's accounts.

### B. Aggregating (Block) Trading for Multiple Client Accounts

TSS does not trade clients' accounts and therefore does not have the ability to block trade purchases across accounts.

## Item 13: Review of Accounts

### A. Frequency and Nature of Periodic Reviews and Who Makes Those Reviews

All client accounts for TSS's advisory services provided on an ongoing basis are reviewed at least quarterly by Derrick Jacob Hubbard, Managing Member, with regard to clients' respective investment policies and risk tolerance levels. All accounts at TSS are assigned to this reviewer.

All financial planning accounts are reviewed upon financial plan creation and plan delivery by Derrick Jacob Hubbard, Managing Member. There is only one level of review for financial planning, and that is the total review conducted to create the financial plan.

## **B. Factors That Will Trigger a Non-Periodic Review of Client Accounts**

Reviews may be triggered by material market, economic or political events, or by changes in client's financial situations (such as retirement, termination of employment, physical move, or inheritance).

With respect to financial plans, TSS's services will generally conclude upon delivery of the financial plan.

## **C. Content and Frequency of Regular Reports Provided to Clients**

Each client of TSS's advisory services provided on an ongoing basis will receive a quarterly report detailing the client's account, including assets held, asset value, and calculation of fees. This written report will come from the custodian.

Each financial planning client will receive the financial plan upon completion.

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

## **A. Economic Benefits Provided by Third Parties for Advice Rendered to Clients (Includes Sales Awards or Other Prizes)**

TSS may receive compensation from the selected third party advisers via a fee split, but otherwise does not receive any economic benefit from any other third party for advice rendered to TSS's clients.

## **B. Compensation to Non – Advisory Personnel for Client Referrals**

TSS does not directly or indirectly compensate any person who is not advisory personnel for client referrals.

# **Item 15: Custody**

TSS does not take custody of client accounts at any time. Custody of client's accounts is held primarily at the client's custodian. Clients will receive account statements from the custodian and should carefully review those statements for accuracy.

# **Item 16: Investment Discretion**

TSS does not have discretion over client accounts at any time.

## **Item 17: Voting Client Securities (Proxy Voting)**

TSS will not ask for, nor accept voting authority for client securities. Clients will receive proxies directly from the issuer of the security or the custodian. Clients should direct all proxy questions to the issuer of the security.

## **Item 18: Financial Information**

### **A. Balance Sheet**

TSS neither requires nor solicits prepayment of more than \$500 in fees per client, six months or more in advance, and therefore is not required to include a balance sheet with this brochure.

### **B. Financial Conditions Reasonably Likely to Impair Ability to Meet Contractual Commitments to Clients**

Neither TSS nor its management has any financial condition that is likely to reasonably impair TSS's ability to meet contractual commitments to clients.

### **C. Bankruptcy Petitions in Previous Ten Years**

TSS has not been the subject of a bankruptcy petition in the last ten years.

## **Item 19: Requirements For State Registered Advisers**

### **A. Principal Executive Officers and Management Persons; Their Formal Education and Business Background**

TSS currently has only one management person: DERRIK JACOB HUBBARD. Education and business background can be found on the individual's Form ADV Part 2B brochure supplement.

### **B. Other Businesses in Which This Advisory Firm or its Personnel are Engaged and Time Spent on Those (If Any)**

Other business activities for each relevant individual can be found on the Form ADV Part 2B brochure supplement for each such individual.

**C. Calculation of Performance-Based Fees and Degree of Risk to Clients**

TSS does not accept performance-based fees or other fees based on a share of capital gains on or capital appreciation of the assets of a client.

**D. Material Disciplinary Disclosures for Management Persons of this Firm**

There are no civil, self-regulatory organization, or arbitration proceedings to report under this section.

**E. Material Relationships That Management Persons Have With Issuers of Securities (If Any)**

Neither TSS, nor its management persons, has any relationship or arrangement with issuers of securities. See Item 10.C and 11.B.