

Stonehearth Capital Management LLC
d/b/a: Stonehearth Capital Management
March 22, 2022
FORM CRS

Stonehearth Capital Management is registered with the Securities and Exchange Commission as an investment adviser and, as such, we provide advisory services rather than brokerage services. Brokerage and investment advisory services and fees differ and it is important for you, our client, to understand the differences. Additionally, free and simple tools are available to research firms and financial professionals at [Investor.gov/CRS](https://investor.gov/CRS), which also provides educational materials about broker-dealers, investment advisers, and investing. This document is a summary of the services and fees we offer to "retail" investors, which are natural persons who seek or receive services primarily for personal, family, or household purposes.

What investment services and advice can you provide me?

We offer the following investment advisory services to retail investors: **Financial Planning Services; Portfolio Management Services; Educational seminars/workshops; Asset Allocation Services; and Wrap Fee Program(s)**. Detailed information regarding our services can be found in our Form ADV Part 2A (see Items 4, 7 and 8) and Form ADV Part 2 Appendix 1 (see Items 4 and 5) by clicking this link <https://adviserinfo.sec.gov/firm/brochure/128866>.

Account Monitoring If you open an investment account with our firm, as part of our standard service we will monitor your investments on an ongoing basis. For clients investing in annuities, employer retirement plans, or 529 plans, our level of investment recommendations (and monitoring) will be limited due to the limited investment options and trading restrictions inherent with these investment products.

Investment Authority We manage investment accounts on a **discretionary** basis whereby **we will decide** which investments to buy or sell for your account. You may limit our discretionary authority (for example, limiting the types of securities that can be purchased or sold for your account) by providing our firm with your restrictions and guidelines in writing.

Investment Offerings We provide advice on various types of investments. Our services are not limited to a specific type of investment or product.

Account Minimums and Requirements In general, we require a minimum account size to open and maintain an advisory account, which may be waived in our discretion.

Key Questions to Ask Your Financial Professional

- **Given my financial situation, should I choose an investment advisory service? Why or Why Not?**
- **How will you choose investments to recommend to me?**
- **What is your relevant experience, including your licenses, education and other qualifications?**
- **What do these qualifications mean?**

What fees will I pay?

The following summarizes the principal fees and costs associated with engaging our firm for investment advisory services. For detailed information regarding fees and costs refer to our Form ADV Part 2A (see Item 5) and Form ADV Part 2 Appendix 1 (see Item 4) via this link <https://adviserinfo.sec.gov/firm/brochure/128866>.

- **Asset Based Fees** - Payable quarterly in advance. Since the fees we receive are asset-based (i.e. based on the value of your account), there is a conflict since the more assets there are in your advisory account, the more you will pay in fees, and the firm may therefore have an incentive to encourage you to increase the assets in your account.
- **Hourly Fees** - Payable In arrears. Hourly engagements present a conflict since we have an incentive to maximize the number of hours worked.
- **Fixed Fees** - Payable As invoiced. Fixed fee engagements present a conflict since we have an incentive to minimize the number of hours worked.
- **Commissions** - Payable based on the purchase of life insurance, disability insurance and long term care insurance. Commission based compensation presents a conflict because the insurance agent has an incentive to recommend insurance products to you for the purpose of generating commissions rather than solely based on your needs.
- **Wrap Program Fees** - Payable quarterly in advance. Asset-based fees associated with a wrap fee program generally include most transaction costs and fees to a broker-dealer or bank that has custody of the assets. Since our firm pays the transaction costs associated with securities transactions in your account, we have an incentive

to minimize the trading in your account.

Other common fees and costs that our clients incur related to our services and investments include custodial fees, account management fees, fees related to mutual funds and exchange-traded funds, transaction-based charges when purchasing and selling securities, and other product-level fees associated with your investments.

You will pay fees and costs whether you make or lose money on your investments. Fees and costs will reduce any amount of money you make on your investments over time. Please make sure you understand what fees and costs you are paying.

Key Questions to Ask Your Financial Professional

- **Help me understand how these fees and costs might affect my investments. If I give you \$10,000 to invest, how much will go to fees and costs, and how much will be invested for me?**

What are your legal obligations to me when acting as my investment adviser? How else does your firm make money and what conflicts of interest do you have?

When we act as your investment adviser, we have to act in your best interest and not put our interest ahead of yours. At the same time, the way we make money creates some conflicts with your interests. You should understand and ask us about these conflicts because they can affect the investment advice we provide you. Here are some examples to help you understand what this means.

- ***Third-Party Payments***: Persons providing investment advice on behalf of our firm are licensed as independent insurance agents. These persons will earn commission-based compensation for selling insurance products. Insurance commissions are separate and in addition to our advisory fees. This practice presents a conflict of interest because they have an incentive to recommend insurance products to you for the purpose of generating commissions rather than solely based on your needs.

Refer to our Form ADV Part 2A at and Form ADV Part 2 Appendix 1 at <https://adviserinfo.sec.gov/firm/brochure/128866> for more detailed information regarding our conflicts.

Key Questions to Ask Your Financial Professional

- **How might your conflicts of interest affect me, and how will you address them?**

How do your financial professionals make money?

Our Company and the financial professional servicing your account(s) are compensated in the form of salary and bonus. The primary factor driving financial professionals' salary and bonus is the amount of client assets the financial professional services. This presents a conflict because the financial professional has an incentive to increase your account value. Our financial professionals also earn additional asset-based compensation for referring new business to the firm, which creates a conflict and an incentive to refer the business.

Do you or your financial professionals have legal or disciplinary history?

No, our firm and our financial professionals currently do not have any legal or disciplinary history to disclose. Visit Investor.gov/CRS for a free and simple research tool to research our firm and its financial professionals.

Key Questions to Ask Your Financial Professional

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

Access our Form ADV Part 2A for additional information about our investment advisory services and our Form ADV Part 2 Appendix 1 at <https://adviserinfo.sec.gov/firm/brochure/128866> or request up-to-date information and a copy of the relationship summary at 978-624-3000.

Key Questions to Ask Your Financial Professional

- **Who is my primary contact person?**
- **Is he or she a representative of an investment adviser or a broker-dealer?**
- **Who can I talk to if I have concerns about how this person is treating me?**