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# PART 2A OF FORM ADV

WRAP FEE PROGRAM APPENDIX

APRIL 30, 2023



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Seed Money Consulting (“SMC” or “firm”) is a “Registered Investment Advisor” or “RIA” with Colorado’s Department of Other Regulators Office of Securities. However, being registered does not imply a certain level of skill or training. The information in this appendix has not been approved or verified by the United States Securities and Exchange Commission by any state securities authority.

This wrap fee program brochure provides information about the qualifications and business practices of Seed Money Consulting. If you have any questions about the contents of the brochure or this appendix, please contact us at 720-255-1108 or [financial.services@seedmoneyconsulting.com](mailto:financial.services@seedmoneyconsulting.com).

Additional information about Seed Money Consulting also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Our firm’s name or CRD# 306209 can be used as a search term.

## Item 2: Material Changes

We updated our pricing matrix to lower AUM fees. See item 4.



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## Item 4: Services, Fees, and Compensation

SMC was founded in December 2016 and first became registered as an investment advisor in September 2020. SMC is an independent, fee-based, financial services company. SMC's principal executive officer is Mr. Shahab Maslehati. The firm was founded and is owned by Shahab Maslehati. More information on Mr. Maslehati is included in "Item 10: Requirements for State-Registered Advisers."

Our services center on concepts found under the umbrella of objective financial planning. We do not accept third-party commissions or sell any financial products such as insurance policies, loans, or mutual funds. SMC's mission is to partner with clients to help secure financial safety and prosperity while adhering to laws, regulations, and our Code of Ethics. To accomplish this mission, we focus on service and education to promote awareness and encourage growth. We offer two advisory services to individuals – Financial Planning ("FP") and Investment Management ("IM"). We enter agreements to fulfill these services using a written Engagement Letter ("EL").

We only offer IM services under this wrap fee program. More information on all of our services is included in the firm's Part 2A of Form ADV.

**Overview** – We provide discretionary IM advisory services that we collaborate with the client to ensure strategic suitability and transparency. As of the time of this disclosure, we have \$1.2 million Assets Under Management (AUM) because we are a new advisory. We manage your portfolio in accordance with a tailored and signed Investment Policy Agreement (IPA) with each client. Clients may impose restrictions on investing in certain securities or types of securities. While we follow the IPA to guide us in managing your account, a financial plan is recommended to better our understanding of the client's financial position and responsibilities. We facilitate our IM using our "wrap fee program". Our discretionary authority allows us to manage your account by placing buy or sell trades without contacting you before each trade. The trades are made in accordance with your IPA. We do not accept the authority to vote client securities. More information on these important items are outlined in detail below.

**Wrap Fees** – The client has the right to rescind the EL with no fee or penalty within 7 calendar days of signing. After the initial 7 days, our IM services follow our normal billing and are cancelable with 30-days' notice. Cancellation processed within the 30-days' notice requirement, will be pro-rated for completed work based on the number of calendar days whereas you retained our service prior to cancellation notice.

We reserve the right to modify fees (higher or lower) at the time of engagement, depending upon the nature of the engagement, complexity of services, time to be incurred, for pre-existing relationships, or other special situations and at our discretion. We reserve the right to re-evaluate fees at any time through the engagement and where fees are scheduled to increase due to changes in services, complexities, additional consultation needs, or other reasons, and will provide 30 days' notice to the client. We will provide a new or amended agreement to communicate these changes. The new SOW



will go into effect with the client signature. We may also agree to waive fees (all or for a specified period) for family members or certain pre-existing relationships.

To participate in our discretionary IM service, you are required to authorize our firm to directly deduct our fees from your custodian account using our wrap fee program. Our wrap fee is a unified fee which covers our management fee and certain eligible transaction charges that you otherwise would incur. We pay the eligible transaction charges on your behalf. The custodian company reports all fees to the client in its online system. The client can always access account transactions and monthly statements online at any time.

Cross selling conflict with mitigant because we have an incentive to recommend the other service which increases our revenue from the relationship. To mitigate this conflict, we will only make this recommendation when it is in the client’s best interest. The client also always has the right to decide whether to act on our recommendation. If the client chooses to accept the recommendation, they may hire a professional of their choosing.

We bill monthly in arrears. After providing you an invoice, we immediately instruct the custodian to deduct the invoice amount directly from your investment account. IM fees are agreed upon at the time of engagement. The ultimate wrap fee rate ranges between 0.90 percent and 0.35 percent, annually, based on a waterfall of your AUM balance. This results in a “blended” rate calculation. Please see the following table for a spread of our benchmark fees.

Tier	AUM Cutoff	Fee	Water Fall Amount	Cumulative Fee	Blended Rate
1	\$ 50,000	0.90%	\$ 450	\$ 450	0.90%
2	\$ 500,000	0.80%	\$ 3,600	\$ 4,050	0.81%
3	\$ 1,000,000	0.70%	\$ 3,500	\$ 7,550	0.76%
4	\$ 2,500,000	0.60%	\$ 9,000	\$ 16,550	0.66%
5	\$ 5,000,000	0.50%	\$ 12,500	\$ 29,050	0.58%
6	\$ 10,000,000	0.40%	\$ 20,000	\$ 49,050	0.49%

**Table Notes**

(1) Total estimated wrap fee cost equals waterfall amounts for your AUM tier plus those above. For example, a \$800 thousand portfolio total estimated annual wrap fee is \$6,150 for an effective blended rate of 76 basis points (0.76 percent).

$$\begin{aligned}
 &\text{First } \$50,000 * 0.009 = \$450 \\
 &\text{Next } \$450,000 * 0.008 = \$3,600 \\
 &\text{Remaining } \$50,000 * 0.007 = \underline{\$2,100} \\
 &\text{Total AUM } \$800,000 \text{ wrap fee} = \$6,150 \\
 &\text{Effective Annual Blended Rate} = \$6,150 \text{ fee} / \$800,000 \text{ AUM} = 76 \text{ basis points or } 0.76 \text{ percent}
 \end{aligned}$$

(2) Amounts invested above \$7 million will be priced at 35 basis points.



Our fees are negotiable at our sole discretion. Our fees are charged monthly, in arrears, and are based on the market value of the portfolio, adjusted for deposits and withdrawals, and set forth by the custodian. Our fees are always prorated for partial months and for the account during the billing period. We calculate your Average Daily Balance (“ADB”) by taking the sum of your account balance at the end of each day of the billing cycle divided by the number of days in the billing cycle. As your adviser, we maintain, or have prompt access to, a record of your account balance for each day in the billing cycle, we will provide that information to you upon request. We will consolidate account balances by household for the purposes of calculating the wrap fee unless instructed otherwise by the clients in writing. We reserve the right to offer household/breakpoint pricing. In the event household/breakpoint pricing is applicable, each account will be deducted fees in proportion of the account size to the total billable household.

We have engaged SSG’s “Advisor’s Choice” program. Advisor’s Choice allows SMC to pay client’s transaction charges. Specifically, when SMC submits a securities transaction on which SSG would normally charge a transaction fee, SSG waives the fee at the client account level and later posts it to the SMC master account which results in the client not being charged the transaction fee. The eligible fees are incorporated into our wrap fee. Eligible fees include transaction fees on equities, mutual funds, fixed income and options. Fees marked as “SEC fees” on liquidations of equities positions, IRA fees, short-term redemption fees on mutual funds, and other incidental fees are not included but will be charged to the client account. You may incur other expenses indirectly such as management and administrative fees. We may invest in mutual funds and Exchange Trade Funds (ETFs) to appropriately diversify your account.

Under Advisor’s Choice, most transaction fees otherwise the responsibility of the client are billed to SMC. SSG provides a detailed record of the trades and charges for each period and requires SMC to maintain a minimum deposit to our master account at all times. While SMC absorbs these fees, this results in a conflict of interest. To mitigate the conflict, we administer investment policies focused on the client’s goals and risk profile and pay no regard to the attendant cost of trading. We do not receive or accept compensation for the sale of securities or other investment products (e.g. commissions), including asset-based sales charges or service fees from the sale of mutual funds.

**Strategy** - We tailor our investment strategies to the clients time horizons, goals, and risk tolerance as outlined in a prior agreed IPA. We measure these areas by using regular surveying methods such as questionnaires and meetings to promote financial education and personal stewardship toward responsible budgeting and savings.

Our active investment strategy centers on a well-diversified, buy-and-hold, portfolio. We utilize common equity shares, exchange traded funds (ETFs), bonds, and covered-call and -put options. We carefully screen and monitor securities while investing client assets. Our strategies center on fundamental portfolio management principles targeted to safeguard and grow assets. We benchmark our performance against market-indexed returns. We take the position that long-term investors with



diversified portfolios have a better chance of higher returns because it is not possible to accurately and consistently predict the daily movement of the stock and bond markets.

We balance diversification between equity and fixed income positions. For example, a client closer to retirement and low risk tolerance will have more fixed income investments with low duration and convexity (lower market risk volatility) compared to a client with a longer investment time horizon. The overall blend of equity and fixed income also impacts our ability to control equity volatility measures such as weighted beta correlation to benchmarked indexes.

We may use collateralized derivative transactions (i.e. “covered” calls and puts) based on the prior approved IPA. For example, we may write a covered call when exiting an equity position in exchange for a market driven premium. The call option is considered “covered” because the client account holds the needed securities referenced in the option contract. Those securities are sold at the option’s strike price in the event the market price exceeds the strike price at expiration. The purchaser of the call option compensates the writer of the option for a commitment to sell the securities referenced in the option contract. Furthermore, we may write a covered put to provide the purchaser of the contract a commitment to purchase the referenced securities at the strike price. The collateral of the put option is cash equivalent to the amount needed to fund the purchase of the security. Similarly to the call option, the writer is compensated via “premium” by the purchaser for this commitment. The premiums received is typically referred to a “yield enhancement” strategy.

Portfolio holdings or recommendations are judged by (managers’ or investments’) experience, expenses, track record and performance of like-kind investments. We actively monitor each portfolio. Clients should expect to remain fully invested within the ranges of their selected asset allocations as outlined in their IPA unless specifically requested and restated by the client in a letter addressed to our office and principal officer Shahab Maslehati at [shahab.maslehati@seedmoneyconsulting.com](mailto:shahab.maslehati@seedmoneyconsulting.com).

There are certain risks involved in investing in all types of bonds -- Government, Municipal, and Corporate. The following is an overview of the types of bond risks that one should consider -- Interest rate risk; reinvestment risk; inflation risk; market risk, selection risk, timing risk, and price risk. Additional risks for some government agency, corporate and municipal bonds may include: Legislative risk (a change in the tax code could affect the value of taxable or tax-exempt interest income); Call risk (some corporate, municipal and agency) bonds have a “call provision” entitling their issuers to redeem them at a specified price on a date prior to maturity. Declining interest rates may accelerate the redemption of a callable bond, causing an investor’s principal to be returned sooner than expected. In that scenario, investors may have to reinvest the principal at the lower interest rates. Past performance is not a guarantee of future returns.

**Brokerage Practices** - We selected Shareholder Services Group as the required third-party custodian. During our due diligence process, we considered industry practices surrounding trading fees, account minimum balances, account type offerings (qualified versus nonqualified), security trading ability (equities, retail bonds, and derivatives), reporting capabilities (internally to SMC and externally to the



client), and trading platform including desktop and mobile capabilities. We complete ongoing due diligence to support the our custodian and brokerage selection.

SSG does not supervise SMC, its agents or activities. SMC does not direct client transactions to a particular broker-dealer in return for soft dollar benefits. While we are not affiliated with the brokerage firm, we receive soft dollar benefits from SSG such as its trading platform and reporting processes. These benefit all client accounts. SSG does not provide research services. SMC's selection of its brokerage does not result in requiring clients to pay higher than those charged by other broker-dealers in return for soft dollar benefits. Our receipt of these soft dollar benefits are a conflict of interest which incents SMC to require clients to use SSG as their sole custodian. We believe that our requirement of using SSG as their custodian is appropriate for our clients based on the services SSG provides and the fees SSG charges. Other than these soft dollar benefits, we do not receive compensation for client referrals to SSG. SMC does not receive client referrals from SSG.

We adhere to internal policies to protect against preferential treatment to any particular client or set of clients. We generally aggregate the purchase or sale of securities for various clients for their core portfolio when appropriate. We place the trade on a pro-rata basis to equal the appropriate share of equity and bond mix consistent with the IPA. Also, we complete client-specific trades, if warranted. For example, we may sell covered call options on a specific security in a portfolio if authorized in the IPA and by SSG account documentation.

**Review of Accounts** - We regularly interact with our clients through formal and ad-hoc meetings. We establish the frequency of formal meetings during the EL writing phase. Clients are authorized to call ad-hoc meetings with their advisor at any time. We allow ad-hoc meetings free of charge. We gather updates to all areas under our oversight and complete a survey of other areas which may have a material impact on our oversight areas. We encourage clients to ask questions. SMC regularly reviews client accounts per the firm's policies and procedures.

We affirm the IPA with the client at least annually. The affirmations are based on client interviews and questionnaires. SMC may trigger specific, or ad-hoc review of client accounts on a periodic basis. We complete the "horizontal review" of portfolios contingent on certain risk events which may warrant such a review. For example, if a specific industry, such as Oil and Gas, experiences a drastic change in economic condition or a material event impacting the price of crude oil, we will complete a Horizontal Review to measure our client exposures and potential impacts. We incorporate our review into our regular client interactions through meetings and written mediums.

**Custody of Assets** - SMC does not accept or maintain physical custody of client funds or securities. We require you engage SSG as the custodian of your account. However, due to our authority to instruct the custodian to deduct our fees from client accounts, we are considered to have "constructive custody" per Rules under the Colorado Securities Act 51-4.10(IA). The rules require:





- **Written Authorization.** SMC must have written authorization from you to deduct fees from the account held with SSG
- **Notice of fee deduction.** Each time SMC directly deducts a fee from your client account, we send SSG an invoice specifying the amount of the fee to be deducted from your account and send the client an invoice specifying and itemizing the fee. Itemization includes the formula used to calculate the fee, the amount of assets under management or investment advisory services the fee is based on, and the time period covered by the fee. See “Item 5: Fees and Compensation” for more information.
- **Brokerage Statements.** SSG sends statements to you showing all account activity, including the amount of the advisory fee. The statements coincide with the SMC billing period.

Our billing process consists of direct billing invoices to you and the custodian which will align with costs outlined in the SMC wrap fee program description. SMC receives a portion of the wrap fee program proceeds. You will regularly receive account statements from the third party custodian. While we maintain internal processes to ensure accuracy of our invoicing practices, you should carefully review account statements against our invoices. Further, the custodian provides bill reporting validation processes to serve as a control to ensure consistent and compliant reporting calculations in adherence with our pricing and billing guidelines. The client should carefully review the custodian statements they receive from SSG to the invoices they receive from SMC and notify SMC promptly of any discrepancies.

**Investment Discretion** - We require discretionary authority to manage securities accounts on behalf of clients. Our discretionary authority includes buying, selling, and trading assets held within your account. We do not offer non-discretionary IM services. The client is required to agree via legal contract including a limited power of attorney for SMC to engage in trading of your account on your behalf. General limitations include our inability to withdraw any assets outside our prior agreed fee structure.

**Voting Client Securities** - We do not accept the authority to vote client securities. The custodian administers the voting process. Clients are always encouraged to contact our office with any questions, including matters regarding voting proxy statements. The cost of our availability is included in our overall engagement proposals; therefore, no additional cost is incurred by the client for contacting the SMC office.

## Item 5: Account Requirements and Types of Clients

We provide advisory services only to individuals. We do not require account balance minimums to engage our IM advisory. We encourage clients to proactively budget and allocate investment monies commensurate with their financial plan. We reserve the right to decline to provide IM services to any person at our sole discretion for any reason.

## Item 6: Portfolio Manager Selection and Evaluation

We do not hire outside portfolio managers. See “Item 4: Services, Fees, and Compensation” for more information regarding our IM strategy and evaluation processes.



## Item 7: Client Information Provided to Portfolio Managers

See “Item 4: Services, Fees, and Compensation” under the sub-heading “Review of Accounts” for our oversight and client coordination processes.

## Item 8: Client Contact with Portfolio Managers

See “Item 4: Services, Fees, and Compensation” under the sub-heading “Review of Accounts” for our oversight and client coordination processes.

## Item 9: Additional Information

**Disciplinary Information** - Neither SMC or SMC’s principal owner and CEO has never been subject to legal or disciplinary events material to a client’s or prospective client’s evaluation of our advisory business or the integrity of our management.

**Other Financial Industry Activities and Affiliations** - SMC offers other financial industry services other than our advisory services. These services are offered based on a separate engagement from our advisory services (i.e. FP and IM). The services include tax preparation and business consulting (“CFO In-a-Box”). On average, our staff spends approximately 40 to 80 hours a month on these activities. A description of these activities are as follows:

**Tax Preparation and e-filing:** We offer tax preparation services to individuals, business, trusts and estates. We prepare Federal and State Income Tax filings using the IRS e-filing system. Our base fee is \$360 for individuals and \$600 for business then adjusted for complexity. Our fees are always prior agreed and disclosed with written EL prior to commencement of our work.

**Business Consulting:** Business consulting services, called, “CFO In-a-Box” are offered to more complex financial situations involving the management of a closely held business. Our services are tailored to the size and scale of the company. Our areas of work include controller (e.g. bookkeeping, compliance, payroll), treasury (e.g. budgeting, forecasting, capital planning), corporate governance (e.g. policies and procedures, strategic planning, internal controls), and audit and review program (e.g. risk universe and assessment, audit planning). This arrangement is governed by an Independent Contractor Agreement (ICA) and Statement of Work (SOW). The SOW is prior agreed and itemized including job duties by month for the annual cycle.

The fact that we provide these other services also results in a cross selling conflict of interest. To mitigate this conflict, we only make recommendations for other services when it is in the client’s best interest. The client also always has the right to decide whether to act on our recommendation. If the client chooses to accept the recommendation, they may hire a professional of their choosing.

**Code of Ethics** - SMC is registered with State of Colorado’s Division of Securities. Our Code of Ethics was developed through the adoption of federal and state standards as well as academic and industry standards such as The American College, The CFP Board, PCAOB, and Better Business Bureau. Our Code



of Ethics are available upon request in electronic format. Our personnel are regularly trained on our Code of Ethics and certify their compliance. SMC practices client-focused services and conduct ourselves as true professionals and experts in our field.

- Client-focused selling, as defined by the American College, is a sales philosophy that rejects high pressure, hard sell methods and supports the counselor model of an advisor, which is deeply embedded within the financial planning process.
- A professional is a person engaged in a field that requires (1) specialized knowledge not generally understood by the public, (2) a threshold entrance requirement, (3) a sense of altruism, and (4) a code of ethics.
- Education-based interactions to ensure our clients grow from our interactions during and after our engagements are complete.
- We practice full transparency and confidentiality to safeguard client information while providing frank and honest perspectives regarding the duties we are engaged to perform.
- Full integrity to uphold the fiduciary standards outlined herein.

SMC's employees are carefully screened and held to our Code of Ethics and Anti-Fraud provisions. Owners and employees are required to annually complete a Standards of Conduct form which certifies no conflicts of interest and no legal and disciplinary events have taken place since the prior certification. The Code of Ethics requires SMC personnel to disclose such events immediately and not wait until the time of certification.

SMC personnel may invest in the same publicly-traded companies as our clients. Client account transactions are not contingent on personal trading of SMC personnel or vice-versa.

Our trading activity adheres to our internal policies and procedures. The alignment of SMC personnel trading on their own personal behalf is coincidental and not material to our investment decisions or the market place in general. We use certain methods to ensure equitable trading between client accounts, such simultaneous execution using block trading, if appropriate. We monitor our personnel's trading activity. The activity will not be allowed to disadvantage or front-run client accounts.

**Client Referrals and Other Compensation** - Other than the soft dollar benefits we receive from the required custodian, SSG, as disclosed above under "brokerage practices", SMC does not have any arrangement whereas a person who is not a client provides an economic benefit to our company for providing investment advice or other advisory services. We do not compensate any person who is not under our supervision for client referrals. We do not barter our services in exchange for referrals or any other benefit.

**Financial Information** - Our firm is not subject to any financial condition that would limit the ability to provide advisory services. The entity "Seed Money Consulting, LLC" nor the principal have not been subject of a bankruptcy petition at any time during the past ten years, or ever. SMC does not accept or require prepayment for services.



## Item 10: Requirements for State-Registered Advisers

Shahab Maslehati is SMC's principal executive officer and chief compliance officer and was born in 1983 in Denver, Colorado. Mr. Maslehati has 20 years of extensive formal training and industry experience in the fields of finance, accounting, income taxation, credit, audit and review, examination, regulatory compliance, corporate governance, interest rate risk management, investment portfolio management, and financial planning. He holds a bachelor's degree in finance and certified as a Chartered Financial Consultant (ChFC) through the American College and as a Certified Fraud Examiner (CFE) through the Association of Certified Fraud Examiners. Mr. Maslehati also participates in the Internal Revenue Service's "Annual Filing Season Program".

Mr. Maslehati **has not** been subject to any disciplinary action that would be important to know when deciding to engage our firm.

Mr. Maslehati does not receive compensation, sales awards, or other prizes from an outside or nonclient source.

Mr. Maslehati is a supervised person of SMC. He is required to adhere to SMC policies and procedures per SEC and State statutes and regulations for Registered Investment Advisories. The firm is subject to examination from Colorado's Division of Securities.

