

Higgins & Schmidt Wealth Strategies LLC

Wrap Fee Program Brochure

This wrap fee program brochure provides information about the qualifications and business practices Higgins & Schmidt Wealth Strategies. If you have any questions about the contents of this brochure, please contact us at (720) 287-0918 or by email at: molly@HSWScolorado.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 Higgins & Schmidt Wealth Strategies is also available on the SEC's website at www.adviserinfo.sec.gov. Higgins & Schmidt Wealth Strategies' CRD number is: 286063.

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Registration as an investment adviser does not imply a certain level of skill or training.

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Item 2: Material Changes

The material changes in this brochure from the last annual updating amendment of Higgins & Schmidt Wealth Strategies on 3/24/2025 are described below. Material changes relate to Higgins & Schmidt Wealth Strategies's policies, practices or conflicts of interests.

- The firm has updated its fee schedule (Item 4.)

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Item 4: Services Fees and Compensation

Higgins & Schmidt Wealth Strategies LLC (hereinafter “HSWS”) offers the following services to advisory clients:

A. Description of Services

HSWS participates in and sponsors a wrap fee program, which allows HSWS to manage client accounts for a single fee that includes both portfolio management services and brokerage costs. The fee schedule is set forth below:

Flat-Fee Portfolio Management Services Fee (AUM <= \$1M)

| Total Assets Under Management | Quarterly Fee | Annual Fee |
|-------------------------------|---------------|------------|
| \$1 -\$1,000,000 | 0.375% | 1.50% |

Tiered Portfolio Management Services Fee (AUM>\$1M)

| Total Assets Under Management | Quarterly Fee | Annual Fee |
|-------------------------------|---------------|------------|
| \$1 -\$1,500,000 | 0.313% | 1.25% |
| \$1,500,000.01-\$3,000,000 | 0.250% | 1.00% |
| \$3,000,000.01-\$10,000,000 | 0.125% | 0.50% |
| \$10,000,000.01+ | 0.063% | 0.25% |

Donor Advised Fund accounts will be charged at a 0.3% fee. Accounts designated as solely Money Market accounts will not incur a fee.

These fees are negotiable depending upon the needs of the client and complexity of the situation. The final fee schedule is attached as Exhibit I of the client contract.

The advisory fee is calculated using the value of the assets on the last business day of the prior billing period, taking into account the previous quarter's deposits and withdrawals. Fees are paid quarterly in advance. Refunds are given on a prorated basis, based on the number of days remaining in the billing period on the effective date of termination. The

fee refunded will be the balance of the fees collected in advance minus the daily rate* times the number of days in the billing period up to and including the effective date of termination. (*The daily rate is calculated by dividing the annual fee by 360).

Clients may terminate the contract without penalty, for full refund, within five business days of signing the contract. Thereafter, clients may terminate the contract immediately upon written notice.

Advisory fees are withdrawn directly from the client's accounts with client written authorization. For fees deducted directly from client accounts HSWS will:

- (A) Possess written authorization from the client to deduct advisory fees from an account held by a qualified custodian.
- (B) Utilize a custodian that sends at least quarterly statements reflecting all additions and deductions, including the amount of advisory fees.

B. Contribution Cost Factors

The program may cost the client more or less than purchasing such services separately. There are several factors that bear upon the relative cost of the program, including the trading activity in the client's account, the adviser's ability to aggregate trades, and the cost of the services if provided separately (which in turn depends on the prices and specific services offered by different providers).

C. Additional Fees

Clients who participate in the wrap fee program will not have to pay for transaction or trading fees. However, clients are still responsible for all other account fees, such as, transition fees if the account is moved to another broker, or internal investment expenses.

D. Compensation of Client Participation

Neither HSWS, nor any representatives of HSWS receive any additional compensation beyond advisory fees for the participation of clients in the wrap fee program. However, compensation received may be more than what would have been received if client paid a different advisor separately for investment advice, brokerage, and other services. Therefore, HSWS may have a financial incentive to recommend the wrap fee program to clients.

Item 5: Account Requirements and Types of Clients

HSWS generally provides its wrap fee program services to the following types of clients:

- ❖ Individuals
- ❖ High-Net-Worth Individuals
- ❖ Charitable Organizations
- ❖ Corporations or Business Entities

There is an account minimum of \$500,000, which may be waived by HSWS in its discretion.

Item 6: Portfolio Manager Selection and Evaluation

A. Selecting/Reviewing Portfolio Managers

HSWS will not select any outside portfolio managers for management of this wrap fee program. HSWS will be the sole portfolio manager for this wrap fee program.

Standards Used to Calculate Portfolio Manager Performance

HSWS will use industry standards to calculate portfolio manager performance.

Review of Performance Information

HSWS reviews the performance information to determine and verify its accuracy and compliance with presentation standards. The performance information is reviewed periodically and is reviewed by HSWS.

B. Related Persons

HSWS and its personnel serve as the portfolio managers for all wrap fee program accounts. This is a conflict of interest in that no outside adviser assesses HSWS's management of the wrap fee program. However, HSWS addresses this conflict by acting in its clients' best interest consistent with its fiduciary duty as sponsor and portfolio manager of the wrap fee program.

C. Advisory Business

HSWS offers portfolio management services to its wrap fee program participants as discussed in Section 4 above.

Wrap Fee Portfolio Management

HSWS offers ongoing portfolio management services based on the individual goals, objectives, time horizon, and risk tolerance of each client. HSWS creates an Personal Investment Policy Statement for each client, which outlines the client's current financial situation and then constructs a plan to aid in the selection of a portfolio that matches each client's specific situation. Portfolio management includes, but is not limited to, the following:

- Determine Investment strategy
- Personal investment policy
- Asset allocation
- Asset selection
- Assessment of risk tolerance
- Regular portfolio monitoring

HSWS evaluates the current investments of each client with respect to their risk tolerance levels and time horizon. HSWS will request discretionary authority from clients in order to select securities and execute transactions without permission from the client prior to each transaction; however, it may also provide non-discretionary portfolio management at the client's election.

Portfolio management accounts participating in the wrap fee program will not have to pay for transaction or trading fees. HSWS will charge clients one fee and pay transaction fees using the advisory fee collected from the client. Certain other fees are not included in the wrap fee and are paid for separately by the client. These include, but are not limited to, charges imposed directly by a mutual fund or exchange traded fund, 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.

Accounts participating in the wrap fee program are not charged higher advisory fees based on trading activity. HSWS addresses this conflict by acting in its clients' best interest consistent with its fiduciary duty as sponsor and portfolio manager of the wrap fee program. HSWS will always act in the best interest of its clients consistent with its fiduciary duty as an investment adviser.

Performance-Based Fees and Side-By-Side Management

HSWS 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.

Services Limited to Specific Types of Investments

HSWS generally limits its investment advice to mutual funds, fixed income securities, equities, ETFs, unit investment trusts, separately managed accounts and structured

products. HSWS may use other securities as well to help diversify a portfolio when applicable.

Clients should also be aware that for accounts where LPL Financial serves as the custodian, HSWS is limited to offering services and investment vehicles that are approved by LPL Financial, and may be prohibited from offering services and investment vehicles that may be available through other broker-dealers and custodians, some of which may be more suitable for a client's portfolio than the services and investment vehicles offered through LPL Financial.

Written Acknowledgement of Fiduciary Status

When we provide investment advice to you regarding your retirement plan account or individual retirement account, we are fiduciaries within the meaning of Title I of the Employee Retirement Income Security Act and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. The way we make money creates some conflicts with your interests, so we operate under a special rule that requires us to act in your best interest and not put our interest ahead of yours. Under this special rule's provisions, we must:

- Meet a professional standard of care when making investment recommendations (give prudent advice);
- Never put our financial interests ahead of yours when making recommendations (give loyal advice);
- Avoid misleading statements about conflicts of interest, fees, and investments;
- Follow policies and procedures designed to ensure that we give advice that is in your best interest;
- Charge no more than is reasonable for our services; and
- Give you basic information about conflicts of interest.

Client Tailored Services and Client Imposed Restrictions

HSWS 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 HSWS 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, which restrictions will be documented in the Investment Policy Statement. However, if the restrictions prevent HSWS from properly servicing the client account, or if the restrictions would require HSWS to deviate from its standard suite of services, HSWS reserves the right to end the relationship.

Wrap Fee Programs

HSWS sponsors and acts as portfolio manager for this wrap fee program. HSWS manages the investments in the wrap fee program. The fees paid to the wrap account program will be given to HSWS as a management fee.

Amounts Under Management

HSWS has the following assets under management:

| Discretionary Amounts: | Non-Discretionary Amounts: | Date Calculated: |
|------------------------|----------------------------|------------------|
| \$ 215,146,264 | \$0.00 | December 2024 |

Methods of Analysis and Investment Strategies

HSWS's methods of analysis include modern portfolio theory. Modern portfolio theory is a theory of investment which attempts to maximize portfolio expected return for a given amount of portfolio risk, or equivalently minimize risk for a given level of expected return, by carefully choosing the proportions of various assets.

HSWS also uses long term trading. It may also recommend use of margin to generate cash flow for clients, but not as part of its overall investment strategy.

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

Material Risks Involved

Modern portfolio theory assumes that investors are risk averse, meaning that given two portfolios that offer the same expected return, investors will prefer the less risky one. Thus, an investor will take on increased risk only if compensated by higher expected returns. Conversely, an investor who wants higher expected returns must accept more risk. The exact trade-off will be the same for all investors, but different investors will evaluate the trade-off differently based on individual risk aversion characteristics. The implication is that a rational investor will not invest in a portfolio if a second portfolio exists with a more favorable risk-expected return profile - i.e., if for that level of risk an alternative portfolio exists which has better expected returns.

Long term trading is designed to capture market rates of both return and risk. Frequent trading, when done, can affect investment performance, particularly through increased brokerage and other transaction costs and taxes.

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

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.

Mutual Funds: Investing in mutual funds carries the risk of capital loss and thus you may lose money investing in mutual funds. All mutual funds have costs that lower investment returns. The funds can be of bond “fixed income” nature (lower risk) or stock “equity” nature.

Equity investment generally refers to buying shares of stocks in return for receiving a future payment of dividends and/or capital gains if the value of the stock increases. The value of equity securities may fluctuate in response to specific situations for each company, industry conditions and the general economic environments.

Fixed income investments generally pay a return on a fixed schedule, though the amount of the payments can vary. This type of investment can include corporate and government debt securities, leveraged loans, high yield, and investment grade debt and structured products, such as mortgage and other asset-backed securities, although individual bonds may be the best known type of fixed income security. In general, the fixed income market is volatile and fixed income securities carry interest rate risk. (As interest rates rise, bond prices usually fall, and vice versa. This effect is usually more pronounced for longer-term securities.) Fixed income securities also carry inflation risk, liquidity risk, call risk, and credit and default risks for both issuers and counterparties. The risk of default on treasury inflation protected/inflation linked bonds is dependent upon the U.S. Treasury defaulting (extremely unlikely); however, they carry a potential risk of losing share price value, albeit rather minimal. Risks of investing in foreign fixed income securities also include the general risk of non-U.S. investing described below.

Exchange Traded Funds (ETFs): An ETF is an investment fund traded on stock exchanges, similar to stocks. Investing in ETFs carries the risk of capital loss (sometimes up to a 100% loss in the case of a stock holding bankruptcy). Areas of concern include the lack of transparency in products and increasing complexity, conflicts of interest and the possibility of inadequate regulatory compliance.

Unit Investment Trusts will, generally speaking, inherit the risks of the underlying securities, and may not be appropriate for investors seeking capital preservation. Complex UITs are subject to a number of risks that include increased volatility and greater potential for loss, and are not suitable for all investors.

Structured notes are debt securities issued by financial institutions with performance linked to an underlying index or indices. Specifically, the return is typically based on a single equity, a basket of equities, equity indices, interest rates, commodities, or foreign currencies. The performance of a structured note is linked to the performance of the underlying investment, so risk factors applicable to that investment will also apply to the structure note. Investing in structured notes also carries liquidity risk,

credit risk, and market risk. There is also the risk of capital loss and additional complexity beyond more direct investment in the underlying asset.

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

Voting Client Proxies

HSWS 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 7: Client Information Provided to Portfolio Managers

All client information material to managing the portfolio (including basic information, risk tolerance, sophistication level, and income level) is provided to the portfolio manager. The portfolio manager will also have access to that information as it changes and is updated.

Item 8: Client Contact with Portfolio Managers

HSWS places no restrictions on client ability to contact its portfolio managers. HSWS's representatives can be contacted during regular business hours and contact information is on the cover page of their respective Form ADV Part 2B brochure supplements.

Item 9: Additional Information

A. Disciplinary Action and Other Financial Industry Activities

There are no criminal, civil, administrative, or self-regulatory organization proceedings to report.

Registration as a Broker/Dealer or Broker/Dealer Representative

The firm's IARs are registered representatives of LPL Financial. In this capacity they have the ability to offer clients securities and investment products. It is the firm's policy however to not engage in the sale of any securities or investment products outside of what may be offered with the investment advisory agreement.

Registration as a Futures Commission Merchant, Commodity Pool Operator, or Commodity Trading Advisor

Neither HSWS nor its representatives are registered as or have pending applications to become a Futures Commission Merchant, Commodity Pool Operator, or Commodity Trading Advisor.

Registration Relationships Material to this Advisory Business and Possible Conflicts of Interests

Some of the firms IAR's are also licensed to sell insurance products. These persons will earn commission-based compensation for selling insurance products, including insurance products they sell to you. Insurance commissions earned by these persons are separate from our advisory fees. Clients should be aware that these services pay a commission or other compensation and involve a conflict of interest, as commissionable products conflict with the fiduciary duties of a registered investment adviser. HSWS always acts in the best interest of the client, including with respect to the sale of commissionable products to advisory clients. Clients are in no way required to implement the plan through any representative of HSWS in such individual's capacity as a registered representative.

Selection of Other Advisors or Managers and How This Adviser is Compensated for Those Selections

HSWS does not utilize nor select third-party investment advisers.

B. Code of Ethics, Client Referrals, and Financial Information

Code of Ethics

HSWS 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. HSWS's Code of Ethics is available free upon request to any client or prospective client.

Recommendations Involving Material Financial Interests

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

Investing Personal Money in the Same Securities as Clients

From time to time, representatives of HSWS may buy or sell securities for themselves that they also recommend to clients. This may provide an opportunity for representatives of HSWS 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 create a conflict of interest. HSWS 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.

Trading Securities At/Around the Same Time as Clients' Securities

From time to time, representatives of HSWS may buy or sell securities for themselves at or around the same time as clients. This may provide an opportunity for representatives of HSWS 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 create a conflict of interest; however, HSWS will never engage in trading that operates to the client's disadvantage when similar securities are being bought or sold.

Frequency and Nature of Periodic Reviews and Who Makes Those Reviews

All client accounts for HSWS's advisory services provided on an ongoing basis are reviewed at least Annually by one of the Firm's IARs with regard to clients' respective investment policies and risk tolerance levels. All accounts are assigned to these reviewers

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).

Content and Frequency of Regular Reports Provided to Clients

Each client will receive a quarterly statement detailing the client's account, including assets held, asset value, and calculation of fees, which will come from the custodian. Some accounts may generate monthly statements, depending on the level of trading and transfer activity

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

HSWS does not receive any economic benefit, directly or indirectly from any third party for advice rendered to HSWS clients.

Compensation to Non – Advisory Personnel for Client Referrals

HSWS may compensate clients for referrals and will follow the guidance in SEC Rule 206(4) when doing so.

Balance Sheet

HSWS does not require nor solicit prepayment of more than \$1,200 in fees per client, six months or more in advance and therefore does not need to include a balance sheet with this brochure.

Financial Conditions Reasonably Likely to Impair Ability to Meet Contractual Commitments to Clients

Neither HSWS nor its management have any financial conditions that are likely to reasonably impair our ability to meet contractual commitments to clients.

Bankruptcy Petitions in Previous Ten Years

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