

# Wrap Fee Program Brochure

April 15, 2014

## Steel Peak Wealth Management Wrap Fee Program

Sponsored By



This brochure provides information about the qualifications and business practices of Steel Peak Wealth Management, LLC (hereinafter "Steel Peak" or the "Firm"). If you have any questions about the contents of this brochure, please contact Reza Zamani at (818) 835-8721. The information in this brochure has not been approved or verified by the U.S. Securities and Exchange Commission or by any state securities authority. Additional information about Steel Peak is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Steel Peak is an SEC registered investment adviser. Registration does not imply any level of skill or training.

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## Item 2. Material Changes

This Item discusses only the material changes that have occurred since Steel Peak's last annual update filed on February 4, 2013. As set forth in additional detail in Item 9, Steel Peak has the following material changes to report:

- Steel Peak is under common control with Steel Peak Estate & Insurance Agency, LLC, a duly licensed insurance agency.
- Steel Peak does not render real estate services to its investment advisory clients; however, Steel Peak or its Supervised Persons, may recommend and refer certain clients to various licensed real estate companies including, but not limited to RE/Max. For any clients that utilize a real estate company recommended by the Firm, the real estate company may pay the Firm a marketing fee of up to 10% based upon the real estate company's compensation. Clients retain absolute discretion over all decisions regarding acceptance of any recommendations and are under no obligation to act upon any of the recommendations made by Steel Peak or to engage the services of any such recommended professionals.

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## Item 4. Services, Fees and Compensation

The Steel Peak Wealth Management Wrap Fee Program (the “Program”) is an investment advisory program sponsored by Steel Peak, a registered investment adviser which began conducting advisory business in October 2012. It is owned by Reza Zamani, Ali Zamani, and Maziar Esmailbeigi.

This Brochure describes the business of Steel Peak as it relates to clients receiving services through the Program. Certain sections also describe the activities of the Firm’s *Supervised Persons*, which refer to any officers, partners, directors (or other person occupying a similar status or performing similar functions), employees, or other persons who provide investment advice on Steel Peak’s behalf and are subject to the Firm’s supervision.

In addition to the Program, the Firm also offers financial planning and consulting services under different arrangements than those described herein. Information about these services is contained in Steel Peak’s Disclosure Brochure, which appears as Part 2A of the Firm’s Form ADV.

### Description of the Program

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The Program is offered as a wrap fee program, which provides clients with the ability to trade in certain investment products without incurring separate brokerage commissions or transaction charges. A wrap fee program is considered any arrangement under which clients receive investment advisory services (which may include portfolio management or advice concerning the selection of other investment advisers) and the execution of client transactions for a specified fee or fees not based upon transactions in their accounts.

Prior to receiving services through the Program, clients are required to enter into a written agreement with Steel Peak setting forth the relevant terms and conditions of the advisory relationship (the “*Agreement*”). Clients must also open a new securities brokerage account and complete a new account agreement with Charles Schwab & Co., Inc. (“*Schwab*”), TD AMERITRADE Institutional, a division of TD AMERITRADE, Inc. (“*TD Ameritrade*”) or another broker-dealer Steel Peak approves under the Program (collectively “*Financial Institutions*”).

At the onset of the Program, clients complete an investor profile describing their individual investment objectives, liquidity and cash flow needs, time horizon and risk tolerance, as well as any other factors pertinent to their specific financial situations. After an analysis of the relevant information, Steel Peak assists its clients in developing an appropriate strategy for managing their assets. Clients’ investment portfolios are generally managed on a discretionary or non-discretionary basis by Steel Peak’s investment adviser representatives. Steel Peak generally allocates clients’ assets among the various investment products available under the Program, as described further in Item 6 (below).

## **Fees for Participation in the Program**

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Investment management services are offered through the Program on a fee basis, meaning that clients pay a single annualized fee based upon assets under management.

Steel Peak's asset based fee generally varies between 0.75% to 1.95% depending upon the amount of the assets being managed under the Program and the type of investment management services. This fee is prorated and billed quarterly in advance, based on the market value of the assets being managed by Steel Peak under Program on the last day of the previous quarter.

For the initial term of the Program, the fee is calculated on a *pro rata* basis. If assets in excess of \$10,000 are deposited into or withdrawn from an account after the inception of a billing period, the fee payable with respect to such assets is adjusted to reflect the change in portfolio value. In the event the *Agreement* is terminated, the fee for the final quarter is prorated through the effective date of the termination and the remaining balance is refunded to the client, as appropriate.

## **Fee Comparison**

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A portion of the fees paid to Steel Peak are used to cover the securities brokerage commissions and transactional costs attributed to the management of its clients' portfolios. The *Independent Managers* may charge a separate and additional fee.

Services provided through the Program may cost clients more or less than purchasing these services separately. The number of transactions made in clients' accounts, as well as the commissions charged for each transaction, determines the relative cost of the Program versus paying for execution on a per transaction basis and paying a separate fee for advisory services. Inasmuch as advisor will pay to *Financial Institutions* the transaction/executions costs associated with equities transaction a potential disincentive to trade securities may be presented.

Fees paid for the Program may also be higher or lower than fees charged by other sponsors of comparable investment advisory programs.

## **Fee Discretion**

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Steel Peak, in its sole discretion, may negotiate to charge a lesser fee based upon certain criteria, such as anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing client relationship, account retention and *pro bono* activities.

## **Fee Debit**

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The Firm's *Agreement* and the separate agreement with any *Financial Institutions* generally authorize Steel Peak to debit its clients' accounts for the amount of the Program fee and to directly remit that fee to Steel Peak. Any *Financial Institutions* recommended by Steel Peak have agreed to send statements to

clients not less than quarterly indicating all amounts disbursed from the account, including the amount of Program fees paid directly to Steel Peak. Alternatively, clients may elect to have Steel Peak send them an invoice for payment.

### **Account Additions and Withdrawals**

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Clients may make additions to and withdrawals from their account at any time, subject to Steel Peak's right to terminate an account. Additions may be in cash or securities provided that the Firm reserves the right to liquidate any transferred securities or decline to accept particular securities into a client's account. Clients may withdraw account assets on notice to Steel Peak, subject to the usual and customary securities settlement procedures. However, Steel Peak designs its portfolios as long-term investments and the withdrawal of assets may impair the achievement of a client's investment objectives. Steel Peak may consult with its clients about the options and implications of transferring securities. Clients are advised that when transferred securities are liquidated, they may be subject to transaction fees, fees assessed at the mutual fund level (i.e. contingent deferred sales charge) and/or tax ramifications.

### **Other Charges**

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Clients may incur certain charges imposed by third parties in addition to the Program fee. These additional charges may include charges imposed directly by a mutual fund or exchange-traded fund ("ETF") in the account, as disclosed in the fund's prospectus (e.g., fund management fees and other fund expenses), 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.

### **Compensation for Recommending the Program**

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Steel Peak has no internal arrangements in place whereby persons recommending the Program are entitled to receive additional compensation as a result of clients' participation.

## **Item 5. Account Requirements and Types of Clients**

### **Types of Clients**

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Services through the Program are offered to individuals, pension and profit sharing plans, trusts, estates, charitable organizations, corporations and business entities.

### **No Minimum Account Requirements**

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Steel Peak does not impose a stated minimum fee or minimum portfolio value for participation in the Program.

## Item 6. Portfolio Manager Selection and Evaluation

Steel Peak acts as the sponsor and sole portfolio manager under the Program.

### Portfolio Management

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Steel Peak manages its clients' investment portfolios on a discretionary or non-discretionary basis.

For accounts managed through the Program, Steel Peak primarily allocates assets among various mutual funds, ETFs, individual debt and equity securities in accordance with the investment objectives of its individual clients. The Firm also provides advice about any type of legacy position or investment otherwise held in its clients' portfolios.

Steel Peak tailors its advisory services to accommodate the needs of its individual clients and continuously seeks to ensure that its clients' portfolios are managed in a manner consistent with their specific investment profiles. Clients are advised to promptly notify Steel Peak if there are changes in their financial situation or if they wish to place any limitations on the management of their portfolios. Clients may impose reasonable restrictions or mandates on the management of their accounts if Steel Peak determines, in its sole discretion, the conditions will not materially impact the performance of a portfolio strategy or prove overly burdensome to the Firm's management efforts.

All assets are managed by the firm within the Program. In return for these services, Steel Peak receives a portion of the fees paid for participation in the Program, as described in Item 4.

### Performance-Based Fees and Side-By-Side Management

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Steel Peak does not provide any services for a performance-based fee (i.e., a fee based on a share of capital gains or capital appreciation of a client's assets).

### Methods of Analysis and Investment Strategies

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As part of its investment strategy, the firm meets with clients to prepare an initial financial plan, which forms the basis to determine an asset allocation strategy. Steel Peak primarily manages client assets through one of its model portfolios, which generally consist of mutual funds, ETFs, and individual debt and equity securities, and alternative investments (including structured products). The firm reviews its model portfolios on an ongoing basis and implements changes as necessary. In addition, Steel Peak reviews each client's financial plan on an ongoing basis and makes any necessary adjustments.

### Risks of Loss

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#### *Mutual Funds and Exchange Traded Funds (ETFs)*

An investment in a mutual fund or ETF involves risk, including the loss of principal. Mutual fund and ETF shareholders are necessarily subject to the risks stemming from the individual issuers of the fund's

underlying portfolio securities. Such shareholders are also liable for taxes on any fund-level capital gains, as mutual funds and ETFs are required by law to distribute capital gains in the event they sell securities for a profit that cannot be offset by a corresponding loss.

Shares of mutual funds are generally distributed and redeemed on an ongoing basis by the fund itself or a broker acting on its behalf. The trading price at which a share is transacted is equal to a fund's stated daily per share net asset value ("NAV"), plus any shareholders fees (e.g., sales loads, purchase fees, redemption fees). The per share NAV of a mutual fund is calculated at the end of each business day, although the actual NAV fluctuates with intraday changes to the market value of the fund's holdings. The trading prices of a mutual fund's shares may differ significantly from the NAV during periods of market volatility, which may, among other factors, lead to the mutual fund's shares trading at a premium or discount to NAV.

Shares of ETFs are listed on securities exchanges and transacted at negotiated prices in the secondary market. Generally, ETF shares trade at or near their most recent NAV, which is generally calculated at least once daily for indexed-based ETFs and more frequently for actively managed ETFs. However, certain inefficiencies may cause the shares to trade at a premium or discount to their pro rata NAV. There is also no guarantee that an active secondary market for such shares will develop or continue to exist. Generally, an ETF only redeems shares when aggregated as creation units (usually 50,000 shares or more). Therefore, if a liquid secondary market ceases to exist for shares of a particular ETF, a shareholder may have no way to dispose of such shares.

### *Market Risks*

The profitability of a significant portion of Steel Peak's recommendations may depend to a great extent upon correctly assessing the future course of price movements of stocks and bonds. There can be no assurance that Steel Peak will be able to predict those price movements accurately.

### *Management Through Similarly Managed Accounts*

Steel Peak manages portfolios by allocating portfolio assets among various securities on a discretionary basis using one or more of its proprietary investment strategies (collectively referred to as "*investment strategy*"). In so doing, Steel Peak buys, sells, exchanges and/or transfers securities based upon the *investment strategy*.

Steel Peak's management using the *investment strategy* complies with the requirements of Rule 3a-4 of the Investment Company Act of 1940, as amended. Rule 3a-4 provides similarly managed accounts, such as the *investment strategy*, with a safe harbor from the definition of an investment company.

Securities in the *investment strategy* are usually exchanged and/or transferred without regard to a client's individual tax ramifications. Certain investment opportunities that become available to Steel Peak's clients may be limited. As further discussed in response to Item 12B (below), Steel Peak allocates investment opportunities among its clients on a fair and equitable basis.



## *General Risk of Loss*

Investing in securities involves the risk of loss. Clients should be prepared to bear such loss.

## **Voting of Client Securities**

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Steel Peak does not accept the authority to vote clients' securities (i.e., proxies) on their behalves. Clients receive proxies directly from *Financial Institutions* and may contact the firm with any questions by calling the number on the cover of this brochure.

## **Item 7. Client Information Provided to Portfolio Managers**

In this Item, Steel Peak is required to describe the type and frequency of the information it communicates to the *Independent Managers*, if any, managing its clients' investment portfolios. Steel Peak acts as the sole portfolio manager under the Program and, as such, the Firm has no information to disclose in relation to this Item.

## **Item 8. Client Contact with Portfolio Managers**

In this Item, Steel Peak is required to describe any restrictions on clients' ability to contact and consult with the portfolio managers managing their investment portfolios. There are no restrictions on clients' ability to correspond with Steel Peak, which acts as the sole portfolio manager under the Program.

## **Item 9. Additional Information**

### **Disciplinary Information**

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Steel Peak has not been involved in any legal or disciplinary events that are material to a client's evaluation of its advisory business or the integrity of management.

### **Other Financial Industry Activities and Affiliations**

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#### *Registered Representatives of a Broker-Dealer*

Certain of the Firm's *Supervised Persons* are registered representatives of Purshe Kaplan Sterling Investments, Inc. ("PKS") and may provide clients with securities brokerage services under a separate commission-based arrangement. A conflict of interest exists to the extent that Steel Peak recommends the purchase of a security and its *Supervised Person* receives a portion of the commissions paid to PKS. Steel Peak has procedures in place to ensure that all recommendations are made in the best interests of clients regardless of any additional compensation earned. For accounts covered by ERISA (and such

others that Steel Peak, in its sole discretion, deems appropriate), the Firm provides investment advisory services on a fee offset basis. In this scenario, Steel Peak may offset its fees by an amount equal to the aggregate commissions and 12b-1 fees earned by the Firm's *Supervised Persons* in their capacities as registered representatives of *PKS*.

### *Receipt of Insurance Commission*

Steel Peak is under common control with Steel Peak Estate & Insurance Agency, LLC, a duly licensed insurance agency. Certain of Steel Peak's *Supervised Persons*, in their individual capacities, are also licensed insurance agents with Steel Peak Estate & Insurance Agency, LLC and various insurance companies, and in such capacity, may recommend, on a fully-disclosed commission basis, the purchase of certain insurance products. While Steel Peak does not sell such insurance products to its investment advisory clients, Steel Peak does permit its *Supervised Persons*, in their individual capacities as licensed insurance agents, to sell insurance products to its investment advisory clients. A conflict of interest exists to the extent that Steel Peak recommends the purchase of insurance products where Steel Peak's *Supervised Persons* receive insurance commissions or other additional compensation.

### *Mortgage Referrals*

Steel Peak does not sell mortgage products to its investment advisory clients; however, Steel Peak or its *Supervised Persons* may recommend and refer certain clients to various licensed mortgage brokers including, but not limited to Centek Capital Group. Steel Peak or its *Supervised Persons* will be entitled to receive a referral fee from the mortgage brokers based upon the mortgage brokers' compensation. Generally, the mortgage brokers will remit a 10% referral fee for commercial loans, and a 20% referral fee for residential loans.

### *Real Estate Referrals*

Steel Peak does not render real estate services to its investment advisory clients; however, Steel Peak or its *Supervised Persons*, may recommend and refer certain clients to various licensed real estate companies including, but not limited to RE/Max. For any clients that utilize a real estate company recommended by the Firm, the real estate company may pay the Firm a marketing fee of up to 10% based upon the real estate company's compensation. Clients retain absolute discretion over all decisions regarding acceptance of any recommendations and are under no obligation to act upon any of the recommendations made by Steel Peak or to engage the services of any such recommended professionals.

### **Code of Ethics**

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Steel Peak and its associated persons are permitted to buy or sell securities that it also recommends to clients consistent with Steel Peak's policies and procedures.

Steel Peak and persons associated with Steel Peak (“Associated Persons”) are permitted to buy or sell securities that it also recommends to clients consistent with Steel Peak’s policies and procedures.

Steel Peak has adopted a code of ethics that sets forth the standards of conduct expected of its associated persons and requires compliance with applicable securities laws (“*Code of Ethics*”). Steel Peak’s *Code of Ethics* contains written policies reasonably designed to prevent the unlawful use of material non-public information by Steel Peak or any of its associated persons. The *Code of Ethics* also requires that certain of Steel Peak’s personnel (called “*Access Persons*”) report their personal securities holdings and transactions and obtain pre-approval of certain investments such as initial public offerings and limited offerings.

When Steel Peak is engaging in or considering a transaction in any security on behalf of a client, no *Access Person* may effect for themselves or for their immediate family (i.e., spouse, minor children, and adults living in the same household as the *Access Person*) a transaction in that security unless:

- the transaction has been completed;
- the transaction for the *Access Person* is completed as part of a batch trade (as defined below in Item 12) with clients; or
- a decision has been made not to engage in the transaction for the client.

These requirements are not applicable to: (i) direct obligations of the Government of the United States; (ii) money market instruments, bankers’ acceptances, bank certificates of deposit, commercial paper, repurchase agreements and other high quality short-term debt instruments, including repurchase agreements; (iii) shares issued by mutual funds or money market funds; and (iv) shares issued by unit investment trusts that are invested exclusively in one or more mutual funds.

This *Code of Ethics* has been established recognizing that some securities trade in sufficiently broad markets to permit transactions by *Access Persons* to be completed without any appreciable impact on the markets of such securities. Therefore, under certain limited circumstances, exceptions may be made to the policies stated above.

Clients and prospective clients may contact Steel Peak to request a copy of its *Code of Ethics*.

### **Account Reviews**

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Steel Peak monitors its clients’ investment portfolios on a continuous and ongoing basis, and conducts regular account reviews at least quarterly. Such reviews are conducted by one of the Firm’s investment adviser representatives. All investment advisory clients are encouraged to discuss their needs, goals, and objectives with Steel Peak and to keep Steel Peak informed of any changes thereto. Steel Peak contacts ongoing investment advisory clients at least annually to review its previous services and recommendations, and to discuss the impact resulting from any changes in their financial situation and/or investment objectives.

## Account Statements and General Reports

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Clients are provided with transaction confirmation notices and regular summary account statements directly from the *Financial Institutions*. Clients in the Program also receive reports from Steel Peak that may include relevant account and/or market-related information, such as an inventory of account holdings and account performance on a quarterly basis. Clients should compare any supplemental reports they receive from Steel Peak with the account statements they receive from the *Financial Institutions*.

## Client Referrals

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Steel Peak does not compensate any unaffiliated third-party for referring clients to the Program.

## Receipt of Economic Benefit

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Steel Peak has arrangements in place whereby the Firm receives an economic benefit from a third-party for providing investment advice to clients participating in the Program. Specifically, *Schwab* and *TD Ameritrade* may provide the Firm with computer software and related systems support, which allow Steel Peak to better monitor client accounts maintained at those custodians. Steel Peak may receive the software and related support without cost because Steel Peak renders investment management services to clients that maintain assets at *Schwab* and *TD Ameritrade*. The software and support is not provided in connection with securities transactions of clients (i.e. not “soft dollars”). The software and related systems support may benefit Steel Peak, but not its clients directly. In fulfilling its duties to its clients, Steel Peak endeavors at all times to put the interests of its clients first. Clients should be aware, however, that Steel Peak’s receipt of economic benefits from a broker-dealer creates a conflict of interest since these benefits may influence Steel Peak’s choice of broker-dealer over another broker-dealer that does not furnish similar software, systems support, or services.

Steel Peak may receive the following benefits from *Schwab* through its Schwab Institutional division: receipt of duplicate client confirmations and bundled duplicate statements; access to a trading desk that exclusively services the Schwab Institutional participants; access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts; and access to an electronic communication network for client order entry and account information. The firm also receives a monetary allowance from Schwab that is used towards technology and website development.

Steel Peak participates in the institutional customer program offered by *TD Ameritrade*. There is no direct link between Steel Peak’s participation in *TD Ameritrade*’s institutional program and the investment advice it gives to its clients, although Steel Peak receives economic benefits through its participation in the program that are typically not available to *TD Ameritrade* retail investors. Additionally, Steel Peak may receive the following benefits from *TD Ameritrade* through its registered investment adviser division: receipt of duplicate client confirmations and bundled duplicate statements; access to a trading desk that exclusively services its Registered Investment Adviser participants; access to block trading which

provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts; and access to an electronic communication network for client order entry and account information.

These products or services may assist Steel Peak in managing and administering client accounts, including accounts not maintained at *TD Ameritrade*. Other services made available by *TD Ameritrade* are intended to help Steel Peak manage and further develop its business enterprise. The benefits received by Steel Peak's participation in the program do not depend on the amount of brokerage transactions directed to *TD Ameritrade*.

### **Financial Information**

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Steel Peak is not required to disclose any financial information pursuant to this Item due to the following:

- The Firm does not require or solicit the prepayment of more than \$1,200 in fees six months or more in advance;
- The Firm does not have a financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients; and
- The Firm has not been the subject of a bankruptcy petition at any time during the past ten years.



Prepared by:

