

# **Pacific Family Offices, LLC**

**735 State Street**

**Suite 434**

**Santa Barbara, CA 93101**

**(800) 710-3934**

**[www.pacificfamilyoffices.com](http://www.pacificfamilyoffices.com)**

**January 20, 2015**

This Brochure provides information about the qualifications and business practices of Pacific Family Offices, LLC. If you have any questions about the contents of this Brochure, please contact us at (800) 710-3934 or via email at [jcaballero@pacificfamilyoffices.com](mailto:jcaballero@pacificfamilyoffices.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority.

Pacific Family Offices, LLC ("PFO") is a Registered Investment Adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information that you may use to determine whether to hire or retain them.

Additional information about PFO is also available via the SEC's website [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by using a unique identifying number, known as a CRD number. The CRD number for PFO is 174828. The SEC's web site also provides information about any persons affiliated with PFO who are registered, or are required to be registered, as Investment Adviser Representatives of PFO.

## Item 2 – Material Changes

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This is a new Adviser.

This Brochure, dated January 20, 2015, is a new document that describes the Adviser's business.

In the future, this section of the Brochure will discuss only the specific material changes that were made to the Brochure and will provide you with a summary of all material changes that have occurred since the last filing of this Brochure. This section will also identify the date of our last annual Brochure update.

We will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business' fiscal year end which is December 31st. We will provide other ongoing disclosure information about material changes as they occur. We will also provide you with information on how to obtain the complete brochure. Currently, our Brochure may be requested at any time, without charge, by contacting Joseph Caballero at (800) 710-3934.

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## Item 4 – Advisory Business Introduction

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### Our Advisory Business

Pacific Family Offices, LLC “PFO” is a Registered Investment Adviser (“Adviser”) which offers investment advice regarding securities and other financial services. We are a registered investment adviser in the States of California, Hawaii, and South Dakota.

PFO was founded in 2015, by Joseph Caballero who serves as Chief Compliance Officer and Managing Member. PFO is wholly owned by Caballero Family Investments, LLC, a privately held holding company established by the Caballero family. We provide management services to high net worth, accredited individuals.

Private investors have faced many challenges in recent years, from rising costs to increased complexity and regulation. PFO proves effective in working with private clients looking for greater transparency, efficiency and scalable financial management solutions. PFO provides services customized to each family’s unique needs. By focusing on high-net-worth families, PFO understands the intricacies of multi-generational wealth. As a registered investment advisor, revenue is derived directly from clients. PFO has extensive experience in all aspects of the stewardship process – from tax-efficient investing to the appropriate family governance structure. PFO reduces the complexity of multi-generational wealth using streamlined planning, management, and execution. In working with existing professional relationships, PFO addresses additional client needs by matching specific needs with professional services through existing quality relationships.

### Services

We provide a full suite of integrated wealth planning, implementation, and management services with an emphasis on family office services as described in greater detail below.

We do not participate in wrap fee programs.

### Wealth Management

Wealth management is the professional management of securities (stocks, bonds and other securities) and assets (e.g., real estate) in order to meet your specified investment goals. With a Wealth Management Account, you engage us to assist you in developing a custom-tailored portfolio designed to meet your unique investment objectives.

We will meet with you to discuss your financial circumstances, investment goals and objectives, and to determine your risk tolerance. We will ask you to provide statements summarizing current investments, income and other earnings, recent tax returns, retirement plan information, other assets and liabilities, wills and trusts, insurance policies, and other pertinent information.

Based on the information you share with us, we will analyze your situation and recommend an appropriate investment management program. Once we help you choose an overall investment asset allocation target, we select the specific securities to fulfill the desired asset mix. We use separate account managers, separate investments in equities, mutual funds, exchange-traded funds, exchange-

traded notes, private partnerships, bonds, cash-equivalents, and other instruments. For certain client portfolios, we may also use private partnerships, usually limited partnership interests managed by third party managers.

We will:

- Review your present financial situation;
- Monitor and track assets under management;
- Provide portfolio statements, periodic rate of return reports, asset allocation statement, rebalanced statements as needed;
- Advise on asset selection;
- Determine market divisions through asset allocation models;
- Provide research and information on performance and fund management changes;
- Build a risk management profile for you;
- Assist you in setting and monitoring goals and objectives; and
- Provide personal consultations as necessary upon your request or as needed.

You shall have the ability to impose reasonable restrictions on the management of your account, including the ability to instruct us not to purchase certain mutual funds, stocks or other securities. These restrictions may be a specific company security, industry sector, asset class, or any other restriction you request.

We manage assets strictly on a non-discretionary basis. This means we cannot trade in your account without your express permission.

As we do not have trading discretion on client accounts, trading activity is generally limited to help minimize trading costs. Trading may be required to meet initial allocation targets, after substantial cash deposits that require investment allocation, and/or after a request for a withdrawal that requires liquidation of a position. Client accounts may be rebalanced or reallocated periodically in order to reestablish the targeted percentages of initial asset allocation. This rebalancing or reallocation will occur on the schedule we have determined. Our clients are responsible for any and all tax consequences resulting from any rebalancing or reallocation of the account. We are not tax professionals and do not give tax advice. However, we work with tax professionals when tax planning.

You are obligated to notify us promptly when your financial situation, goals, objectives, or needs change.

We are available during normal business hours either by telephone, fax, email, or in person by appointment to answer your questions.

### **Family Office Services**

We provide a multifaceted suite of family office services including Financial Management Services, Integrated Wealth Management Services, Investment Oversight Services, Alternative Investment Reporting, Personal CFO Services, Healthcare Services and Real Estate Services. PFO acts as the

central point of contact for the various financial entities that a family may use to carry out their objectives including investment managers, banks, auditors, attorneys, trustees, shareholders, custodians, officers of the business and vendors. Each of these entities has different requirements and expectations. The PFO team assists in performing these activities and may include duties that resemble a Personal CFO or Liaison between the clients and outside parties. Our goal is to provide independent and objective service to our private clients based on their specific needs and values.

### ***Financial Management Service***

Our Financial Management Services provides in-depth expense and cash flow oversight for your family's financial obligations. We provide cash flow projections, identify and coordinate monthly and annual payments, and create a record management and retention system for your family.

### ***Integrated Wealth Management***

PFO will view your financial and lifestyle requirements and work with you to establish wealth transfer and tax minimization plans to help assure family continuity and governance, address executive compensation and benefits issues, formulate a strategic financial plan, develop, and accomplish a variety of other complex wealth management strategies. Services include a comprehensive view of your tax planning and wealth preservation needs.

### ***Investment Oversight***

PFO will work with your current investment manager or external advisor to develop an Investment Policy Statement (IPS). In creating the IPS, we will analyze your family's objectives including return expectations, liquidity needs, risk tolerance, tax sensitivity, etc. This will help determine the appropriate asset allocation mix, develop guidelines for hiring and replacing money managers, and define benchmarks. In addition to creating the IPS, we will monitor the IPS to ensure investments are in-line with the IPS and support the family during their interview and selection process of money managers.

### ***Alternative Investment Reporting***

PFO provides reporting on alternative investments including hedge funds, private equities, master limited partnerships and other types of partnerships. Reports can be generated on a monthly, quarterly, or yearly basis, or as required.

### ***Personal CFO/Executive Services***

As your Personal CFO, we will develop analysis to facilitate a cash flow strategy for you, respond to requests from shareholders, investment advisers, auditors and such, and provide tax and accounting services such as supporting your tax and accounting professionals in their efforts to prepare annual tax returns and schedules.

### ***Tax and Accounting Services***

PFO will work with your tax and accounting professionals to assist with investment accounting, general accounting, financial reporting, partnership accounting, and LLC/partnership administration.

### ***Health Care Services***

We understand that your health and the health of your family can affect many aspects of your day-to-day life. While we can assist you with creating powers of attorney and special needs trust, PFO can also

assist you in coordinating the appropriate health care and medical professionals to provide office or in house services for you or your loved ones. Through our network of licensed health care professionals, we can work with you to navigate the complex health care system whether for your own wellness, your family's wellness, or for the care of a loved one with special needs.

### ***Real Estate Services***

PFO can assist with property management, investments and divestitures, and property development among other things as coordinated with you and your real estate professionals.

### **Assets Under Management**

As of January 2015, we do not have any assets under management nor do we have accounts for which we provide investment advisory or family office services. We are a new adviser in 2015.

## **Item 5 – Fees and Compensation**

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We provide wealth management and family office services for a fee.

Either party may terminate the relationship with a thirty (30) day written notice. Upon termination of any account, any prepaid fees that are in excess of the services performed will be promptly refunded to you. Any fees that are due, but have not been paid, will be billed to you and are due immediately.

### **Wealth Management Fee Schedule**

Our minimum account opening balance is \$1,000,000 which may be negotiable based upon certain circumstances. The fee charged is based upon the amount of money you invest. Multiple accounts of immediately-related family members, at the same mailing address, may be considered one consolidated account for billing purposes. Fees are charged quarterly, in arrears. Payments are due and will be assessed on the first day of each quarterly, based on the ending balance of the account(s) under management for the preceding quarter and will be calculated as follows:

Percentage	Portfolio Size (AUM)
1.00%	\$1,000,000 - \$4,999,999
0.80%	\$5,000,000 - \$9,999,999
0.60%	Over \$10,000,000

Our minimum annual fee is \$10,000. The fees shown above are annual fees. No increase in the annual fee shall be effective without prior written notification to you. We believe our advisory fee is reasonable considering the fees charged by other investment advisers offering similar services/programs.

In certain circumstances, advisory fees and account minimums may be negotiable based upon prior relationships as well as related account holdings. You may also pay additional advisory fees to a third

party money manager depending upon which manager you select. Our fees will not be based upon a share of capital gains or capital appreciation of the funds or any portion of your funds.

Your account at the custodian may also be charged for certain additional assets managed for you by us but not held by the custodian (i.e. variable annuities, mutual funds, 401(k)s).

The fees we charge can be deducted directly from your account at the custodian. We will instruct the custodian to deduct the fees from your account at the end of the quarter. This fee will show up as a deduction on your following quarterly account statement from the custodian.

## Family Office Services Fees

The fees to support these services will be billed quarterly in arrears. If we encounter circumstances during the performance of these services that warrant additional time or expense, we will discuss this with you in advance. The fees will typically be broken down as follows, based on a clients particular circumstances:

- |  |  |
|--|--|
| • Tax and Accounting Services                  | Negotiated                             |
| • Consolidated Reporting Services              | Included                               |
| • Investment Oversight Services                | Included                               |
| • Real Estate Services                         | Based on property holdings             |
| • Medical Oversight Services                   | Negotiated with licensed professionals |
| • <u>Integrated Wealth Management Services</u> | <u>Included</u>                        |

**TOTAL FEE = 0.50% per Annum of Assets under Advisement**  
*(sample fee is for illustration purposes only)*

## Third Party Fees

Our fees do not include brokerage commissions, transaction fees, and other related costs and expenses. You may incur certain charges imposed by custodians, third party investment companies and other third parties. These include fees charged by managers, custodial fees, 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. Certain strategies offered by us may involve investment in mutual funds and/or ETFs. Load and no load mutual funds may pay annual distribution charges, sometimes referred to as “12(b)(1) fees”. These 12(b)(1) fees come from fund assets, and thus indirectly from clients’ assets. Mutual funds, money market funds and exchange-traded funds (ETFs) also charge internal management fees. These fees may include, but are not limited to, a management fee, upfront sales charges, and other fund expenses. We do not receive any compensation from these fees. All of these fees are in addition to the management fee you pay us. You should review all fees charged to fully understand the total amount of fees you will pay. Services similar to those offered by us may be available elsewhere for more or less than the amounts we charge. Our brokerage practices are discussed in more detail under Item 12 – Brokerage Practices.

You could invest in a mutual fund/ exchange-traded funds directly, without our services. In that case, you would not receive the services provided by us which are designed, among other things, to assist you



in determining which mutual fund or funds are most appropriate to your financial condition and objectives. Our Advisory Agreement defines what fees are charged and their frequency.

## **Item 6 – Performance Based Fee and Side by Side Management**

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We do not charge any performance-based fees. These are fees based on a share of capital gains on or capital appreciation of the assets of a client.

## **Item 7 – Types of Client(s)**

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We provide investment advice, wealth advisory, and family office services to high net worth, accredited individuals. This describes someone who individually or jointly has more than \$1,000,000 managed by us or a net worth of \$2,000,000 excluding the value of their primary residence. Our clients are corporate executives, business owners, high-net-worth families, trusts, charitable foundations, and endowments. We typically provide investment advisory services to clients with assets more than \$5,000,000.

Our minimum account opening balance to establish an advisory account is \$1,000,000. This account minimum may be negotiable based upon certain circumstances.

## **Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss**

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

We offer comprehensive wealth management services, which integrate financial, tax, and estate planning with investment management. We work closely with clients to clarify and fully understand their current financial situation and goals. We then suggest an investment management plan customized to their needs and ability to endure market changes.

We work closely with our clients to develop an investment plan by:

1. Creating global capital market expectations with a long-term outlook which guides us in developing portfolio strategies and recommendations; and
2. Selecting an optimal asset allocation which is customized based on circumstances.

Our investment advice is based on the expected long-term market returns and risks of various types of investment asset classes including: global fixed income (publicly traded); global equities of large to small capitalized companies (publicly traded); global real estate; private equity (investments in non-publicly traded companies); natural resources and commodities; and opportunistic strategies which are usually investment strategies implemented by hedge fund managers. We believe exposure to global multi-asset class investments may provide durable portfolio growth, with reduced volatility, over time. We expect a portfolio's returns to compare favorably to the return produced by a portfolio's relevant benchmarks.

Each investment's benchmark will be the return of a recognized investment index such as the S&P 500. The comparison to benchmarks is also known as relative performance. We do not expect a large part of a portfolio's return to come from the outperformance of individual investment managers compared to the relevant benchmark.

Our portfolio design considers how various asset classes are expected to perform relative to each other, their correlations, as well as how a particular asset class risk relates to another.

Portfolios that target the lowest risk are weighted more towards fixed income, or fixed income alternatives, while portfolios that target higher risk/return profile will focus on equities or other asset classes which are expected to have a high return.

Within each asset class, the allocations and implementation are generally the same for portfolios with different risk and return targets; it is the overall asset allocations that differ.

We use tools developed by Morningstar which facilitates the comparison of investment performance of mutual funds, exchange traded funds and individual securities to standard market benchmarks. This facilitates asset allocation by computing the risk and return characteristics of portfolios of securities or indexes, given our assumptions about the risk and return of those portfolio elements. We also use numerous sources of information both public and private, including but not limited to Bloomberg, Google Finance, the Wall Street Journal and other financial news sources.

We divide our investment program into three steps:

1. Allocation across global multi-asset classes (for example, both domestic and international fixed income and equities; large to small capitalized companies, real estate, commodities, etc.);
2. Strategy and manager selection within each asset class; and
3. Executing the program.

We actively review the investments to make sure performance and investment objectives are met. The majority of our investments are made using third party sub-advisors, including exchange traded funds, mutual funds, hedge funds, separate account managers, and other private investment partnerships.

We periodically rebalance our clients' portfolios because studies and research have previously demonstrated that this can increase returns and lower risk over the long-term. Rebalancing involves trading securities, both buying some and selling others, in order to bring a portfolio back to its targeted asset allocation. Rebalancing is necessary because the distribution of a portfolio may become out of alignment with its investment goals due to the fact that some investments grow faster than others over time. Additional transaction costs usually arise from rebalancing a portfolio. Portfolios may suffer lower returns if the assets sold have higher returns in the future than those purchased.

## **Risk of Loss**

We cannot guarantee our analysis methods will yield a return. In fact, a loss of principal is always a risk. Investing in securities involves a risk of loss that you should be prepared to bear. You need to understand that investment decisions made for your account by us are subject to various market,

currency, economic, political and business risks. The investment decisions we make for you will not always be profitable nor can we guarantee any level of performance.

A list of all risks associated with the strategies, products and methodology we offer are listed below:

### ***Overall Risks***

Clients need to remember that past performance is no guarantee of future results. All funds carry some level of risk. You may lose some or all of the money you invest, including your principal, because the securities held by a fund goes up and down in value. Dividend or interest payments may also fluctuate, or stop completely, as market conditions change.

Before you invest, be sure to read a fund's prospectus and shareholder reports to learn about its investment strategy and the potential risks. Funds with higher rates of return may take risks that are beyond your comfort level and are inconsistent with your financial goals.

While past performance does not necessarily predict future returns, it can tell you how volatile (or stable) a fund has been over a period of time. Generally, the more volatile a fund, the higher the investment risk. If you'll need your money to meet a financial goal in the near-term, you probably can't afford the risk of investing in a fund with a volatile history because you will not have enough time to ride out any declines in the stock market.

### ***Alternative Investment Risk***

Investing in alternative investments is speculative, not suitable for all clients, and intended for experienced and sophisticated investors who are willing to bear the high economic risks of the investment, which can include:

- Loss of all or a substantial portion of the investment due to leveraging, short-selling or other speculative investment practices
- Lack of liquidity in that there may be no secondary market for the fund and none expected to develop
- Volatility of returns
- Absence of information regarding valuations and pricing
- Delays in tax reporting
- Less regulation and higher fees than mutual funds.

### ***Mutual Funds Risk***

The following is a list of some general risks associated with investing in mutual funds.

- Country Risk - The possibility that political events (a war, national elections), financial problems (rising inflation, government default), or natural disasters (an earthquake, a poor harvest) will weaken a country's economy and cause investments in that country to decline.
- Currency Risk -The possibility that returns could be reduced for Americans investing in foreign securities because of a rise in the value of the U.S. dollar against foreign currencies. Also called exchange-rate risk.

- **Income Risk** - The possibility that a fixed-income fund's dividends will decline as a result of falling overall interest rates.
- **Industry Risk** - The possibility that a group of stocks in a single industry will decline in price due to developments in that industry.
- **Inflation Risk** - The possibility that increases in the cost of living will reduce or eliminate a fund's real inflation-adjusted returns.
- **Manager Risk** -The possibility that an actively managed mutual fund's investment adviser will fail to execute the fund's investment strategy effectively resulting in the failure of stated objectives.
- **Market Risk** -The possibility that stock fund or bond fund prices overall will decline over short or even extended periods. Stock and bond markets tend to move in cycles, with periods when prices rise and other periods when prices fall.
- **Principal Risk** -The possibility that an investment will go down in value, or "lose money," from the original or invested amount.

### ***Private Investment Funds Risk***

Private investment funds generally involve various risk factors and liquidity constraints, a complete discussion of which is set forth in each fund's offering documents, which will be provided for review and consideration. Investing in private investment funds is intended for experienced and sophisticated investors who are willing to bear the high economic risks of the investment. An investor should carefully review and consider potential risks before investing in private funds. Certain of these risks may include loss of all or a substantial portion of the investment due to leveraging, short-selling, or other speculative practices, lack of liquidity because of redemption terms and conditions and that there may not and will not be a secondary market for the fund, volatility of returns, restrictions on transferring interests in the fund, a potential lack of diversification, higher fees than mutual funds, lack of information regarding valuations and pricing, and manager risk. An investor is required to complete a subscription agreement with the private investment fund itself, pursuant to which it is established that they are qualified to invest in the fund, and acknowledge and accept the various risk factors that are associated with such an investment. Private investment funds have liquidity risk and investors may not be able to redeem their investment per the offering document's disclosures.

### ***Private Equity and Private Real Estate Funds Risk***

There are particular risks associated with investing in private equity and private real estate funds that generally do not hold publicly traded securities. These risks include: suitability as long-term investments only; difficulty in valuation; illiquidity; consequences on capital call default; and use of leverage.

### ***Stock Fund Risk***

Overall "market risk" poses the greatest potential danger for investors in stocks funds. Stock prices can fluctuate for a broad range of reasons, such as the overall strength of the economy or demand for particular products or services.

## **Item 9 – Disciplinary Information**

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Registered Investment Advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of us or the integrity of our management. We do not have any information to disclose concerning PFO or any of our investment advisors. We adhere to high ethical standards for all advisors and associates.

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

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Neither PFO nor any of its management persons are registered as a broker-dealer or registered as a representative of a broker-dealer, nor does it have any pending application to register. In addition, neither PFO nor its management persons are affiliated with any broker-dealer.

PFO and its management persons are not registering as a commodity pool operator, futures commission merchant, or commodity trading advisor.

### **Other Financial Industry Affiliations**

Joseph Caballero, our managing member and CCO, owns 33% of Fiduciary Investment Council, Inc. ("FIC"), a SEC-registered investment adviser. As of the date of this brochure, Mr. Caballero is a registered investment adviser representative of FIC. FIC is affiliated with two other SEC-registered investment advisers, Daniel Investment Associates, LLC ("DIA"), and Kobo Wealth Conservancy, LLC ("KWC"). PFO, FIC, DIA, and KWC are affiliated companies by virtue of the fact that principals of PFO, FIC, DIA, and KWC participate in the management of FIC and its parent company Fiduciary Council Holdings. FIC, DIA, and KWC share resources and personnel and may jointly provide advisory or management services to clients. Pursuant to this relationship, certain representatives of DIA and KWC may perform advisory functions on behalf of FIC, and under certain circumstances, FIC representatives may recommend that all or a portion of the assets of certain client accounts be managed by DIA or KWC. A conflict of interest may exist when recommending the services of DIA or KWC, because the persons making such recommendations may receive remuneration from their roles and/or ownership interests in FIC. However, this will not result in an additional charge to the client, and such recommendations are only made if they are reasonably believed to be in the best interests of the client.

### **Selection of Other Advisers**

PFO will select other investment advisers to act as sub-managers for all asset management accounts. PFO does not receive any compensation from these sub-managers as doing so would create a conflict of interest for PFO. We specifically avoid compensation-based relationships because of the inherent conflicts of interest.

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

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### **General Information**

We have adopted a Code of Ethics for all supervised persons of the firm describing its high standards of business conduct, and fiduciary duty to you, our client. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition of rumor mongering, restrictions on the acceptance of significant gifts, the reporting of certain gifts and business entertainment items, and personal securities trading procedures. All of our supervised persons must acknowledge the terms of the Code of Ethics annually, or as amended.

### **Participation or Interest in Client Accounts**

Our Compliance policies and procedures prohibit anyone associated with PFO from having an interest in a client account or participating in the profits of a client's account without the approval of the CCO.

The following acts are prohibited:

- Employing any device, scheme or artifice to defraud
- Making any untrue statement of a material fact
- Omitting to state a material fact necessary in order to make a statement, in light of the circumstances under which it is made, not misleading
- Engaging in any fraudulent or deceitful act, practice or course of business
- Engaging in any manipulative practices

Clients and prospective clients may request a copy of the firm's Code of Ethics by contacting Joseph Caballero.

### **Personal Trading**

We may recommend securities to you that we will purchase for our own accounts. We may trade securities in our account that we have recommended to you as long as we place our orders after your orders. This policy is meant to prevent us from benefiting as a result of transactions placed on behalf of advisory accounts.

Certain affiliated accounts may trade in the same securities with your accounts on an aggregated basis when consistent with our obligation of best execution. When trades are aggregated, all parties will share the costs in proportion to their investment. We will retain records of the trade Order (specifying each participating account) and its allocation. Completed Orders will be allocated as specified in the initial trade order. Partially filled Orders will be allocated on a pro rata basis. Any exceptions will be explained on the Order.

PFO has a personal securities transaction policy in place to monitor the personal securities transactions and securities holdings of "Access Persons". The policy requires that an Access Person of the firm provide the Chief Compliance Officer or his/her designee with a written report of their current securities

holdings within ten (10) days after becoming an Access Person. Additionally, each Access Person must provide the Chief Compliance Officer or his/her designee with a written report of the Access Person's current securities holdings at least once each twelve (12) month period thereafter on a date the Adviser selects; provided, however that at any time that the Adviser has only one Access Person, he or she shall not be required to submit any securities report described above.

We have established the following restrictions in order to ensure our fiduciary responsibilities regarding insider trading are met:

- No securities for our personal portfolio(s) shall be bought or sold where this decision is substantially derived, in whole or in part, from the role of Investment Advisory Representative(s) of PFO, unless the information is also available to the investing public on reasonable inquiry. In no case, shall we put our own interests ahead of yours.

## **Privacy Statement**

We are committed to safeguarding your confidential information and hold all personal information provided to us in the strictest confidence. These records include all personal information that we collect from you or receive from other firms in connection with any of the financial services they provide. We also require other firms with whom we deal with to restrict the use of your information. Our Privacy Policy is available upon request.

## **Conflicts of Interest**

PFO's advisors may employ the same strategy for their personal investment accounts as it does for its clients. However, advisors may not place their orders in a way to benefit from the purchase or sale of a security.

We act in a fiduciary capacity. If a conflict of interest arises between us and you, we shall make every effort to resolve the conflict in your favor. Conflicts of interest may also arise in the allocation of investment opportunities among the accounts that we advise. We will seek to allocate investment opportunities according to what we believe is appropriate for each account. We strive to do what is equitable and in the best interests of all the accounts we advise.

## **Item 12 – Brokerage Practices**

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### **Factors Used to Select Custodians**

We recommend clients use a specific custodian based on our perception of the breadth of services offered and quality of execution. In selecting a broker or dealer, we will not necessarily direct transactions to the broker or dealer offering the lowest commissions. We may also consider the broker or dealer's execution capabilities, reputation and access to the markets for the securities being traded, as well as other services provided by the broker or dealer including custody. However, the client may pay commissions or fees that are higher or lower than those that may be obtained from elsewhere for similar services. Clients are advised that they are under no obligation to act on our custodial recommendations.

## **Soft Dollars**

We do not receive any soft dollars from broker-dealers, custodians or third party money managers.

## **Brokerage for Client Referrals**

We do not receive any compensation or incentive for referring you to broker-dealers for brokerage trades.

## **Directed Brokerage**

Clients may choose the custodian or broker/dealer of their choosing. Not all advisory firms require or permit you to direct brokerage. We have an obligation to seek best execution for you. In seeking best execution, the determinative factor is not the lowest possible commission cost but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including the value of research provided, execution capability, commission rates, and responsiveness. Therefore, we will seek competitive commission rates, but we may not obtain the lowest possible commission rates for account transactions.

By directing brokerage, you may pay higher fees or transaction costs than those obtainable by other broker-dealers or custodians. In most cases, we believe you are paying a discounted and reasonable rate.

If you elect to select your own broker-dealer or custodian and direct us to use them, you may pay higher or lower fees than what is available through our relationships. Generally, we will not negotiate lower rates below the rates established by the executing broker-dealer or custodian for this type of directed brokerage account, unless we believe that such rate is unfair or unreasonable for the size and type of transaction.

## **Trading**

Transactions for each client account generally will be effected independently, unless we decide to purchase or sell the same securities for several clients at approximately the same time. We may (but are not obligated to) combine or "batch" such Orders to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among our clients' differences in prices and commission or other transaction costs. Under this procedure, transactions will be price-averaged and allocated among our clients in proportion to the purchase and sale orders placed for each client account on any given day.

Transactions placed in an asset management account by a third party manager will be executed through their broker-dealer or custodian. In determining best execution for these transactions, the third party manager is looking at whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including the value of research provided, execution capability, commission rates, and responsiveness. While they look for competitive commission rates, they may not obtain the lowest possible commission rates for account transactions. The aggregation and allocation practices of mutual funds and third party managers that we recommend to you are disclosed in the respective mutual fund prospectuses and third party manager disclosure documents which will be provided to you.



## **Item 13 – Review of Accounts**

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### **Reviews**

Reviews are conducted at least quarterly or as agreed to by us. Reviews will be conducted by our Chief Compliance Officer and Managing Member, Joseph Caballero. You may request more frequent reviews and may set thresholds for triggering events that would cause a review to take place. Generally, we will monitor for changes and shifts in the economy, changes to the management and structure of a mutual fund or company in which client assets are invested, and market shifts and corrections.

### **Reports**

We do not provide any other statements except the one provided by your custodian, along with an invoice copy.

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

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We do not receive any compensation for referring clients to another advisor nor do we pay any compensation to another advisor if they refer clients to us.

## **Item 15 – Custody**

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We do not have physical custody of any accounts or assets. However, we may be deemed to have custody of your account(s) if we have the ability to deduct your advisory fees from the custodian. We use [Custodian] as the custodian and/or broker-dealer for all your accounts. You should receive at least quarterly statements from the broker-dealer or custodian that holds and maintains your investment assets. We do not debit the client fees directly from your advisory account. We send information to your custodian to debit your fees and to pay them to us. You authorized the custodian to pay us directly at the onset of the relationship.

## **Item 16 – Investment Discretion**

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We do not receive discretionary authority from you to select the type of securities and amount of securities to be bought or sold.

## **Item 17 – Voting Client Securities**

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As a matter of firm policy and practice, we do not have any authority to and do not vote proxies on behalf of advisory clients. You retain the responsibility for receiving and voting proxies for any and all securities maintained in your portfolios. We may provide advice to you regarding your voting of proxies. The custodian will forward you copies of all proxies and shareholder communications relating to your account assets.

## **Item 18 – Financial Information**

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We are required to provide you with certain financial information or disclosures about our financial condition. We have no financial commitment that would impair our ability to meet any contractual and fiduciary commitments to you, our client. We have not been the subject of any bankruptcy proceedings. In no event shall we charge advisory fees that are both in excess of five hundred dollars and more than six months in advance of advisory services rendered.

## **ADV Part 2B Brochure Supplement – Joseph H. Caballero**

### **Item 1 – Cover Page**

**Joseph H. Caballero**

**CRD # 2587867**

**Pacific Family Offices, LLC  
735 State Street  
Suite 434  
Santa Barbara, CA 93101  
[www.pacificfamilyoffices.com](http://www.pacificfamilyoffices.com)  
(800) 710-3934**

This Brochure supplement provides information about Joseph Caballero and supplements the PFO (“PFO”) Brochure. You should have received a copy of that Brochure. Please contact Joseph Caballero if you did not receive the Brochure or if you have any questions about the contents of this supplement.

Additional information about Joseph Caballero, CRD# 2587867 is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Item 2 – Educational Background and Business Experience

Full Legal Name: Joseph Heriberto Caballero

Year of Birth: 1966

### Education

Bachelor of Arts

University of California at Santa Barbara

Mr. Caballero also completed graduate units in the Ph.D program Political Science at the University of California at Santa Barbara.

### Business History

January 2015 – Present	CCO and Managing Member at PFO
April 2012 – Present	Fiduciary Investment Council, LLC, Chief Operating Officer
April 2004 – July 2011	Perigon Wealth Management LLC, Co-Founder, Managing Director, and Chief Operating Officer
February 2002 – April 2004	Bishop Street Capital Management, Senior Vice President (Division of First Hawaiian Bank-BNP Paribas)
October 1997 – February 2002	JP Morgan Private Bank, Vice President (JP Morgan Securities)
October 1996 – October 1997	Northern Trust Bank, Investment Associate
June 1995 –October 1996	Santa Barbara Bank & Trust, Portfolio Analyst
February 1995 – June 1995	SunAmerica Securities, Sales Associate
April 1992 – December 1994	University of California, Teacher and Researcher

## Item 3 – Disciplinary History

Neither PFO nor Joseph Caballero has any disciplinary history to disclose.

## Item 4 – Other Business Activities

Joseph Caballero, our managing member and CCO, owns 33% of Fiduciary Investment Council, Inc. (“FIC”), a SEC-registered investment adviser. As of the date of this brochure, Mr. Caballero is a registered investment adviser representative of FIC. FIC is affiliated with two other SEC-registered investment advisers, Daniel Investment Associates, LLC (“DIA”), and Kobo Wealth Conservancy, LLC (“KWC”). PFO, FIC, DIA, and KWC are affiliated companies by virtue of the fact that principals of PFO, FIC, DIA, and KWC participate in the management of FIC and its parent company Fiduciary Council Holdings. FIC, DIA, and KWC share resources and personnel and may jointly provide advisory or management services to clients. Pursuant to this relationship, certain representatives of DIA and KWC may perform advisory functions on behalf of FIC, and under certain circumstances, FIC representatives may recommend that all or a portion of the assets of certain client accounts be managed by DIA or KWC. A conflict of interest may exist when recommending the services of DIA or KWC, because the persons making such recommendations may receive remuneration from their roles and/or ownership interests

in FIC. However, this will not result in an additional charge to the client, and such recommendations are only made if they are reasonably believed to be in the best interests of the client.

### **Item 5 – Additional Compensation**

Joseph Caballero does not receive any other compensation.

### **Item 6 – Supervision**

Joseph Caballero is the CCO and performs all supervisory duties for his firm.

### **Item 7 – Requirements for State-Registered Advisers**

Joseph Caballero has no reportable events to disclose here.