

# **Gerber Kawasaki, Inc.**

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## **FORM ADV PART 2 BROCHURE**

This Brochure provides information about the qualifications and business practices of Gerber Kawasaki, Inc. If you have any questions about the contents of this Brochure, please contact us at 310.399.6397. 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 Gerber Kawasaki, Inc. is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable IARD/CRD number for Gerber Kawasaki, Inc. is 153649.

Gerber Kawasaki, Inc. is a registered investment adviser. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

## Item 2 Summary of Material Changes

Form ADV Part 2 requires registered investment advisers to amend their brochure when information becomes materially inaccurate. If there are any material changes to an adviser's disclosure brochure, the adviser is required to notify you and provide you with a description of the material changes.

Since our last annual updating amended dated February 10, 2014, we amended this disclosure brochure to reflect the following:

- Our firm transitioned from a state registered investment adviser to an investment adviser registered with the Securities and Exchange Commission as a result of our firm's assets under management exceeding \$100 million; and,
- Our firm now offers management services where you may grant our firm investment discretion over the management of your account. For more information on investment discretion, please review Item 16 of this disclosure brochure.

If you have any questions regarding our firm's transition to registration with the SEC or our firm's ability to manage investment accounts on a discretionary basis, please contact us at (310) 399-6397.

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## Item 4 Advisory Business

### Description of Services and Fees

Gerber Kawasaki, Inc. is a registered investment adviser based in Santa Monica, California. We are organized as a corporation under the laws of the State of California. We have been providing investment advisory services since 2010. Ross M. Gerber and Danilo Kawasaki are our principal owners. Currently, we offer the following investment advisory services, which are personalized to each individual client:

- Portfolio Management Services
- Financial Planning
- Selection of Other Advisers

The following paragraphs describe our services and fees. Please refer to the description of each investment advisory service listed below for information on how we tailor our advisory services to your individual needs. As used in this Brochure, the words "we", "our" and "us" refer to Gerber Kawasaki, Inc. and the words "you", "your" and "client" refer to you as either a client or prospective client of our firm. Also, you may see the term Associated Person throughout this Brochure. As used in this Brochure, our Associated Persons are our firm's officers, employees, and all individuals providing investment advice on behalf of our firm.

### Portfolio Management Services

We provide discretionary and non-discretionary continuous asset management and investment advisory services. Our investment advice is tailored to meet our clients' needs and investment objectives. If you retain our firm for portfolio management services, we will meet with you to determine your investment objectives, risk tolerance, and other relevant information (the "suitability information") at the beginning of our advisory relationship. We will use the suitability information we gather to develop a strategy that enables our firm to give you continuous and focused investment advice and/or to make investments on your behalf. Once we construct an investment portfolio for you, we will monitor your portfolio's performance on an ongoing basis, and will recommend portfolio rebalancing as required by changes in market conditions and in your financial circumstances.

If you participate in our discretionary management services, we require you to grant our firm discretionary authority to manage your account. Discretionary authorization will allow us to determine the specific securities, and the amount of securities, to be purchased or sold for your account without your approval prior to each transaction. Discretionary authority is typically granted by the investment advisory agreement you sign with our firm and the appropriate trading authorization forms. In our sole discretion, we may allow you to limit our discretionary authority (for example, limiting the types of securities that can be purchased for your account) by providing our firm with your restrictions and guidelines in writing. If you enter into non-discretionary arrangements with our firm, we must obtain your approval prior to executing any transactions on behalf of your account.

Associated Persons of our firm will conduct an initial interview with you during which a data-gathering questionnaire will be undertaken to determine your financial situation and investment objectives. This questionnaire will lead to the design of a model appropriate for your financial needs, time horizon, risk tolerance and investment objectives. Recommendations will be made to invest in a portfolio of securities, generally no load mutual funds or load mutual funds available at NAV, stocks, bonds, and other appropriate investments. Reviews will be at least annually.

## **Financial Planning Services**

We offer broad-based, modular, and consultative financial planning services. Financial planning will typically involve providing a variety of advisory services to clients regarding the management of their financial resources based upon an analysis of their individual needs. If you retain our firm for financial planning services, we will meet with you to gather information about your financial circumstances and objectives. Once we review and analyze the information you provide to our firm, we may deliver a written plan to you, designed to help you achieve your stated financial goals and objectives.

Financial plans are based on your financial situation at the time we present the plan to you, and on the financial information you provide to our firm. You must promptly notify our firm if your financial situation, goals, objectives, or needs change.

Pursuant to California Code of Regulations, 10 CCR Section 260.235.2, Gerber Kawasaki, Inc. hereby makes the following statement: a conflict exists between the interest of Gerber Kawasaki, Inc. and the interests of the client. Further, the client is under no obligation to act upon Gerber Kawasaki, Inc.'s recommendations, and if the client elects to act on any of the recommendations, the client is under no obligation to effect the transactions through Gerber Kawasaki, Inc.

You are under no obligation to act on our financial planning recommendations. Should you choose to act on any of our recommendations, you are not obligated to implement the financial plan through any of our other investment advisory services. Moreover, you may act on our recommendations by placing securities transactions with any brokerage firm.

## **Selection of Other Advisers**

As part of our investment advisory services, we may recommend that you use the services of a third party money manager ("MM") to manage all, or a portion of, your investment portfolio. After gathering information about your financial situation and objectives, we will recommend that you engage a specific MM or investment program. Factors that we take into consideration when making our recommendation(s) include, but are not limited to, the following: the MM's performance, methods of analysis, fees, your financial needs, investment goals, risk tolerance, and investment objectives. We will periodically monitor the MM(s)' performance to ensure its management and investment style remains aligned with your investment goals and objectives.

## **Types of Investments**

We recommend all types of securities and we do not necessarily recommend one particular type of security over another since each client has different needs and different tolerance for risk. Additionally, we may advise you on any type of investment that we deem appropriate based on your stated goals and objectives. We may also provide advice on any type of investment held in your portfolio at the inception of our advisory relationship. We may allow you to request that we refrain from investing in particular securities or certain types of securities. You must provide these restrictions to our firm in writing.

## **Assets Under Management**

As of December 31, 2014, we provide continuous management services for \$86,383,082 in client assets on a discretionary basis, and \$128,556,664 in client assets on a non-discretionary basis.

## **Item 5 Fees and Compensation**

### **Portfolio Management Services**

Our fee for portfolio management services is based on a percentage of your assets we manage and is set forth in the following fee schedule evidencing our maximum fees subject to negotiation:

<u>Assets Under Management</u>	<u>Annual Fee</u>
First \$250,000	1.50%
Next \$250,000	1.00%
Next \$500,000	1.00%
Over \$1,000,000	1.00%

Our fee will be payable quarterly in advance. The first payment is due payable upon the execution of the Portfolio Management Agreement, and will be assessed pro-rata in the event the agreement is executed other than the first day of the new calendar quarter. Subsequent payments are due and will be assessed on the first day of each calendar quarter based on the value of the portfolio as of the last day of the previous calendar quarter.

At our discretion, we may combine the account values of family members living in the same household to determine the applicable advisory fee. For example, we may combine account values for you and your minor children, joint accounts with your spouse, and other types of related accounts. Combining account values may increase the asset total, which may result in you r paying a reduced advisory fee based on the available breakpoints in our fee schedule stated above.

We will deduct our fee directly from your account through the qualified custodian holding your funds and securities. We will deduct our advisory fee only when the following requirements are met:

- You provide our firm with written authorization permitting the fees to be paid directly from your account held by the qualified custodian.
- We send you an invoice showing the amount of the fee, the value of the assets on which the fee is based, and the specific manner in which the fee was calculated.
- The qualified custodian agrees to send you a statement, at least quarterly, indicating all amounts dispersed from your account including the amount of the advisory fee paid directly to our firm.

Either party may terminate the management agreement within five days of the date of acceptance without penalty to you. After the five-day period, either party may terminate the management agreement upon 30 days written notice to the other. The management fee will be pro-rated for the quarter in which the cancellation notice was given and any unearned fees will be returned to you.

### **Financial Planning Services**

We charge a flat fee based on our hourly rate of \$250 for financial planning services, which generally ranges between \$250 and \$2,500. The fee is negotiable depending upon the complexity and scope of the plan, your financial situation, and your objectives. An estimate of the total time/cost will be determined at the start of the advisory relationship. Our fixed fee services include, but are not limited to, the following:

- Comprehensive Financial Planning (10 hours);
- 401(k) review (2 hours)
- Portfolio Makeover (2 hours)
- Education Planning (2 hours)
- Insurance Analysis (2 hours)
- Small Business Planning (2 hours)
- Financial Check-up (2 hours)
- Financial Education Seminars and Workshops (1 hour)

Fees are due at the inception of the advisory relationship. In certain circumstances, we may require that you pay 50% of the fee in advance and the remaining portion upon the completion of the services rendered. In either circumstance, we will not require prepayment of a fee more than six months in advance and in excess of \$500.

You may terminate the financial planning agreement by providing written notice to our firm. You will incur a pro rata charge for services rendered prior to the termination of the agreement. If you have pre-paid advisory fees that we have not yet earned, you will receive a prorated refund of those fees.

### **Selection of Other Advisers**

We do not charge you a separate fee for the selection of other advisers. We will share in the advisory fee you pay directly to the MM. The advisory fee you pay to the MM is established and payable in accordance with the brochure provided by each MM to whom you are referred. These fees may or may not be negotiable. Our compensation may differ depending upon the individual agreement we have with each MM. As such, a conflict of interest exists where our firm or persons associated with our firm has an incentive to recommend one MM over another MM with whom we have more favorable compensation arrangements or other advisory programs offered by MMs with whom we have less or no compensation arrangements.

You will be required to sign an agreement directly with the recommended MM(s). You may terminate your advisory relationship with the MM according to the terms of your agreement with the MM. You should review each MM's brochure for specific information on how you may terminate your advisory relationship with the MM and how you may receive a refund, if applicable. You should contact the MM directly for questions regarding your advisory agreement with the MM.

### **Additional Fees and Expenses**

As part of our investment advisory services to you, we may invest, or recommend that you invest, in mutual funds and exchange traded funds. The fees that you pay to our firm for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds or exchange traded funds (described in each fund's prospectus) to their shareholders. These fees will generally include a management fee and other fund expenses. You will also incur transaction charges and/or brokerage fees when purchasing or selling securities. These charges and fees are typically imposed by the broker-dealer or custodian through which your account transactions are executed. We do not share in any portion of the brokerage fees/transaction charges imposed by the broker-dealer or custodian. To fully understand the total cost you will incur, you should review all the fees charged by mutual funds, exchange traded funds, our firm, and others. For information on our brokerage practices, please refer to the "Brokerage Practices" section of this Disclosure Brochure.

Any material conflicts of interest between you and our firm, or our employees are disclosed in this Disclosure Brochure. If at any time, additional material conflicts of interest develop, we will provide you with written notification of the material conflicts of interest or an updated Disclosure Brochure.

### **Compensation for the Sale of Securities or Other Investment Products**

Persons providing investment advice on behalf of our firm are registered representatives with LPL Financial LLC ("LPL"). In their capacity as registered representatives, these persons will receive commission-based compensation in connection with the purchase and sale of securities, including 12b-1 fees for the sale of investment company products.

These persons are also licensed as independent insurance agents and will earn commission-based compensation for selling insurance products.

Compensation earned by these persons in their capacities as registered representatives and/or insurance agents is separate and in addition to our advisory fees. These practices present a conflict of interest because persons providing investment advice on behalf of our firm who are registered representatives and/or insurance agents may have an incentive to effect securities transactions or recommend insurance products for the purpose of generating commissions. You are under no obligation, contractually or otherwise, to purchase securities products or insurance products through any person affiliated with our firm.

## Item 6 Performance-Based Fees and Side-By-Side Management

We do not accept performance-based fees or participate in side-by-side management. Performance-based fees are fees that are based on a share of capital gains or capital appreciation of a client's account. Side-by-side management refers to the practice of managing accounts that are charged performance-based fees while at the same time managing accounts that are not charged performance-based fees. Our fees are calculated as described in the *Advisory Business* section above, and are not charged on the basis of a share of capital gains upon, or capital appreciation of, the funds in your advisory account.

## Item 7 Types of Clients

We offer investment advisory services to individuals, pension and profit sharing plans, trusts, estates, charitable organizations, corporations, and other business entities.

In general, we do not require a minimum dollar amount to open and maintain an advisory account; however, we have the right to terminate your Account if it falls below a minimum size which, in our sole opinion, is too small to effectively manage.

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

### Our Methods of Analysis and Investment Strategies

We may use one or more of the following methods of analysis or investment strategies when providing investment advice to you:

**Fundamental Analysis** - involves analyzing individual companies and their industry groups, such as a company's financial statements, details regarding the company's product line, the experience and expertise of the company's management, and the outlook for the company and its industry. The resulting data is used to measure the true value of the company's stock compared to the current market value.

**Risk:** The risk of fundamental analysis is that information obtained may be incorrect and the analysis may not provide an accurate estimate of earnings, which may be the basis for a stock's value. If securities prices adjust rapidly to new information, utilizing fundamental analysis may not result in favorable performance.

**Technical Analysis** - involves studying past price patterns, trends, and interrelationships in the financial markets to assess risk-adjusted performance and predict the direction of both the overall market and specific securities.



**Risk:** The risk of market timing based on technical analysis is that our analysis may not accurately detect anomalies or predict future price movements. Current prices of securities may reflect all information known about the security and day-to-day changes in market prices of securities may follow random patterns and may not be predictable with any reliable degree of accuracy.

**Long-Term Purchases** - securities purchased with the expectation that the value of those securities will grow over a relatively long period of time, generally greater than one year.

**Risk:** Using a long-term purchase strategy generally assumes the financial markets will go up in the long-term which may not be the case. There is also the risk that the segment of the market that you are invested in or perhaps just your particular investment will go down over time even if the overall financial markets advance. Purchasing investments long-term may create an opportunity cost - "locking-up" assets that may be better utilized in the short-term in other investments.

**Short-Term Purchases** - securities purchased with the expectation that they will be sold within a relatively short period of time, generally less than one year, to take advantage of the securities' short-term price fluctuations.

**Risk:** Using a short-term purchase strategy generally assumes that we can predict how financial markets will perform in the short-term which may be very difficult and will incur a disproportionately higher amount of transaction costs compared to long-term trading. There are many factors that can affect financial market performance in the short-term (such as short-term interest rate changes, cyclical earnings announcements, etc.) but may have a smaller impact over longer periods of times.

Our investment strategies and advice may vary depending upon each client's specific financial situation. As such, we determine investments and allocations based upon your predefined objectives, risk tolerance, time horizon, financial horizon, financial information, liquidity needs, and other various suitability factors. Your restrictions and guidelines may affect the composition of your portfolio.

### **Tax Considerations**

Our strategies and investments may have unique and significant tax implications. However, unless we specifically agree otherwise, and in writing, tax efficiency is not our primary consideration in the management of your assets. Regardless of your account size or any other factors, we strongly recommend that you consult with a tax professional prior to and throughout the investing of your assets.

Moreover, as a result of revised IRS regulations, custodians and broker-dealers will begin reporting the cost basis of equities acquired in client accounts on or after January 1, 2011. Your custodian will default to the FIFO (First-In First-Out) accounting method for calculating the cost basis of your investments. You are responsible for contacting your tax advisor to determine if this accounting method is the right choice for you. If your tax advisor believes another accounting method is more advantageous, please provide written notice to our firm immediately and we will alert your account custodian of your individually selected accounting method. Please note that decisions about cost basis accounting methods will need to be made before trades settle, as the cost basis method cannot be changed after settlement.

### **Risk of Loss**

Investing in securities involves risk of loss that you should be prepared to bear. We do not represent or guarantee that our services or methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to market corrections or declines. We cannot offer any guarantees or promises that your financial goals and objectives will be met. Past performance is in no way an indication of future performance.

### **Recommendation of Particular Types of Securities**

As disclosed under the "Advisory Business" section in this Brochure, we may recommend various types of investments as appropriate for you since each client has different needs and different tolerance for risk. Each type of security has its own unique set of risks associated with it and it would not be possible to list here all of the specific risks of every type of investment. Even within the same type of investment, risks can vary widely. However, in very general terms, the higher the anticipated return of an investment, the higher the risk of loss associated with it.

### **Item 9 Disciplinary Information**

Gerber Kawasaki, Inc. has been registered and providing investment advisory services since 2010. Neither our firm nor any of our management persons has any reportable disciplinary information.

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

#### **Registrations with Broker Dealer**

Persons providing investment advice on behalf of our firm may be separately licensed as registered representatives of LPL. These persons are also independent insurance agents. As such, these persons, in their separate capacity as either a registered representative and/or insurance agent, will be able to effect securities transactions and/or purchase insurance and insurance-related investment products (insurance) for your account, for which they will receive separate and customary compensation. While these persons endeavor at all times to put the interest of her clients first as part of our firm's fiduciary duty, you should be aware that the receipt of additional compensation itself creates a conflict of interest, and may affect their judgment when making recommendations.

#### **Insurance Agency**

Gerber Kawasaki, Inc. is a insurance agency licensed with the State of California. As such, Associated Persons of our firm may be licensed to sell insurance products through our firm. In this capacity as an insurance agent, such individuals may sell insurance products to advisory clients. These individuals will receive normal and customary commissions as a result of selling insurance as well as advisory fees for providing investment advice through our firm. Clients are hereby advised that such commissions and advisory fees are separate and apart from the fees charged by us. You are under no obligation, contractually or otherwise, to purchase insurance products or receive investment advice through these associated persons in their separate capacities as insurance agents and/or Associated Persons of our firm.

These arrangements present a conflict of interest because we may have a financial incentive to recommend our insurance services. While we believe that compensation charged are competitive, such compensation may be higher than fees charged by other firms providing the same or similar services. You are under no obligation to use our insurance services and may obtain comparable services and/or lower fees through other firms.

#### **Recommendation of Other Advisers**

We may recommend that you use a third party adviser ("MM") based on your needs and suitability. We may receive compensation from the MM for recommending that you use their services. These compensation arrangements present a conflict of interest because we have a financial incentive to recommend the services of the third party adviser. You are not obligated, contractually or otherwise, to use the services of any MM we recommend.

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

### **Description of Our Code of Ethics**

We strive to comply with applicable laws and regulations governing our practices. Therefore, our Code of Ethics includes guidelines for professional standards of conduct for our Associated Persons. Our goal is to protect your interests at all times and to demonstrate our commitment to our fiduciary duties of honesty, good faith, and fair dealing with you. All of our Associated Persons are expected to adhere strictly to these guidelines. Persons associated with our firm are also required to report any violations of our Code of Ethics. Additionally, we maintain and enforce written policies reasonably designed to prevent the misuse or dissemination of material, non-public information about you or your account holdings by persons associated with our firm.

Our Code of Ethics is available to you upon request. You may obtain a copy of our Code of Ethics by contacting us at 310.399.6397.

### **Participation or Interest in Client Transactions**

Neither our firm nor any of our Associated Persons has any material financial interest in client transactions beyond the provision of investment advisory services as disclosed in this Brochure.

### **Personal Trading Practices**

Our firm or persons associated with our firm may buy or sell the same securities that we recommend to you or securities in which you are already invested. A conflict of interest exists in such cases because we have the ability to trade ahead of you and potentially receive more favorable prices than you will receive. To eliminate this conflict of interest, it is our policy that neither our Associated Persons nor we shall have priority over your account in the purchase or sale of securities.

## **Item 12 Brokerage Practices**

We consider the quality of the brokerage services provided by the brokerage firm that we recommend to you, including the value of the firm's reputation, execution capabilities, commission rates, and responsiveness to our clients and our firm. Price is not the sole factor we consider in evaluating best execution.

We recommend the brokerage and custodial services of LPL, a securities broker-dealer and a member of the Financial Industry Regulatory Authority and the Securities Investor Protection Corporation. We believe that LPL provides quality execution services for you at competitive prices. In recognition of the value of the services LPL provides, you may pay higher commissions and/or trading costs than those that may be available elsewhere.

### **Research and Other Soft Dollar Benefits**

We do not receive additional brokerage products and services that considered to have been paid for with "soft dollars."

### **Brokerage for Client Referrals**

We do not receive client referrals from broker-dealers in exchange for cash or other compensation, such as brokerage services or research.

### **Directed Brokerage**

Persons providing investment advice on behalf of our firm who are registered representatives of LPL will recommend LPL to you for brokerage services. These individuals are subject to applicable rules that restrict them from conducting securities transactions away from LPL unless LPL provides the representative with written authorization to do so. Therefore, these individuals are generally limited to conducting securities transactions through LPL. It may be the case that LPL charges higher transactions costs and/or custodial fees than another broker charges for the same types of services. If transactions are executed through LPL, these individuals (in their separate capacities as registered representatives of LPL) may earn commission-based compensation as result of placing the recommended securities transactions through LPL. This practice presents a conflict of interest because these registered representatives have an incentive to effect securities transactions for the purpose of generating commissions. You may utilize the broker-dealer of your choice and have no obligation to purchase or sell securities through such broker as we recommend. However, if you do not use LPL, we may not be able to accept your account. Please see the *Fees and Compensation* section in this brochure for more information on the compensation received by registered representatives who are affiliated with our firm.

### **Block Trades**

We do not combine multiple orders for shares of the same securities purchased for advisory accounts we manage (the practice of combining multiple orders for shares of the same securities is commonly referred to as "block trading"). Accordingly, you may pay different prices for the same securities transactions than other clients pay. Furthermore, we may not be able to buy and sell the same quantities of securities for you and you may pay higher commissions, fees, and/or transaction costs than other clients.

## **Item 13 Review of Accounts**

For investment management services, your account is reviewed at least quarterly. Additionally, the Associated Person servicing your account will attempt to conduct a formal review with you at least annually.

Additional reviews may be conducted based on various circumstances, including, but not limited to:

- contributions and withdrawals,
- year-end tax planning,
- market moving events,
- security specific events, and/or,
- changes in your risk/return objectives.

We will not provide you with additional or regular written reports in conjunction with account reviews. You will receive trade confirmations and monthly or quarterly statements from your account custodian(s).

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

We do not receive any compensation from any third party in connection with providing investment advice to you nor do we compensate any individual or firm for client referrals.

Please refer to the *Brokerage Practices* section above for disclosures on research and other benefits we may receive resulting from our relationship with LPL.

As disclosed under the "Fees and Compensation" section in this Brochure, persons providing investment advice on behalf of our firm are licensed insurance agents, and are registered representatives with LPL, a securities broker-dealer. For information on the conflicts of interest this presents, and how we address these conflicts, please refer to the "Fees and Compensation" section.

## **Item 15 Custody**

We directly debit your account(s) for the payment of our advisory fees. This ability to deduct our advisory fees from your accounts causes our firm to exercise limited custody over your funds or securities. We do not have physical custody of any of your funds and/or securities. Your funds and securities will be held with a bank, broker-dealer, or other independent, qualified custodian. You will receive account statements from the independent, qualified custodian(s) holding your funds and securities at least quarterly. The account statements from your custodian(s) will indicate the amount of our advisory fees deducted from your account(s) each billing period. You should carefully review account statements for accuracy. If you have a question regarding your account statement or if you did not receive a statement from your custodian, please contact us at 310.399.6397.

## **Item 16 Investment Discretion**

You may grant our firm discretion over the selection and amount of securities to be purchased or sold for your account(s) without obtaining your consent or approval prior to each transaction. In our sole discretion, we may allow you to limit our discretionary authority (for example, limiting the types of securities that can be purchased for your account) by providing our firm with your restrictions and guidelines in writing. Please refer to the *Advisory Business* section in this brochure for more information on our discretionary management services.

If you enter into non-discretionary arrangements with our firm, we will obtain your approval prior to the execution of any transactions for your account(s). You have an unrestricted right to decline to implement any advice provided by our firm on a non-discretionary basis.

## **Item 17 Voting Client Securities**

### **Proxy Voting**

We will not vote proxies on behalf of your advisory accounts. At your request, we may offer you advice regarding corporate actions and the exercise of your proxy voting rights. If you own shares of common stock or mutual funds, you are responsible for exercising your right to vote as a shareholder.

In most cases, you will receive proxy materials directly from the account custodian. However, in the event we were to receive any written or electronic proxy materials, we would forward them directly to you by mail, unless you have authorized our firm to contact you by electronic mail, in which case, we would forward any electronic solicitation to vote proxies.

## **Item 18 Financial Information**

We are not required to provide financial information to our clients because we do not:

- require the prepayment of more than \$1,200 in fees and six or more months in advance, or
- take custody of client funds or securities, or
- have a financial condition that is reasonably likely to impair our ability to meet our commitments to you.

## **Item 19 Requirements for State Registered Advisers**

Our firm is registered with the SEC; therefore, no response is required for this item.

## **Item 20 Additional Information**

### **Your Privacy**

We view protecting your private information as a top priority. Pursuant to applicable privacy requirements, we have instituted policies and procedures to ensure that we keep your personal information private and secure.

We do not disclose any nonpublic personal information about you to any non affiliated third parties, except as permitted by law. In the course of servicing your account, we may share some information with our service providers, such as transfer agents, custodians, broker-dealers, accountants, consultants, and attorneys.

We restrict internal access to nonpublic personal information about you to employees, who need that information in order to provide products or services to you. We maintain physical and procedural safeguards that comply with regulatory standards to guard your nonpublic personal information and to ensure our integrity and confidentiality. We will never sell information about you or your accounts to anyone. We do not share your information unless it is required to process a transaction, at your request, or required by law.

You will receive a copy of our privacy notice prior to or at the time you sign an advisory agreement with our firm. Thereafter, we will deliver a copy of the current privacy policy notice to you on an annual basis. Please contact us at 310.399.6397, if you have any questions regarding this policy.

### **Trade Errors**

In the event a trading error occurs in your account, our policy is to restore your account to the position it should have been in had the trading error not occurred. Depending on the circumstances, corrective actions may include canceling the trade, adjusting an allocation, and/or reimbursing the account.