



*a Registered Investment Adviser*

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This brochure provides information about the qualifications and business practices of Encore Financial Advisors, LLC (hereinafter “Encore” or the “Firm”). If you have any questions about the contents of this brochure, please contact the Firm at this telephone number listed above. 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. Additional information about the Firm is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The Firm is a registered investment adviser. Registration does not imply any level of skill or training.

## **Item 2. Material Changes**

In this Item, Encore is required to discuss any material changes that have been made to the brochure since the last annual amendment dated January 16, 2015. Encore has the following material changes to disclose: Item 4; Item 5; Item 6; Item 7; Item 8; Item 15; Item 16; and Item 19.

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## Item 4. Advisory Business

Encore is a registered investment adviser focused on a range of real estate investment strategies. Encore has been registered as an investment adviser since January 2015 and is principally owned by Encore Enterprises, Inc (“Encore Enterprises”).

Encore provides investment management services to Encore US Opportunity Fund I, LP (“the Fund”). While the Fund is generally Encore’s client, the term “client(s)” in this brochure sometimes refers to the investors in the Fund. All relevant information about the Fund including its investment strategies as well as the compensation received by Encore or an affiliate is set forth in the Confidential Private Offering Memorandum (the “Memorandum”), Limited Partnership Agreement (the “Agreement”), and/or Subscription Agreement (together, the “Offering Documents”) which each investor is required to receive and/or execute prior to being accepted as an investor in the Fund.

As of the date of this filing, Encore does not have any assets under management.

Encore will provide services to the Fund until terminated by either party pursuant to the terms of the Agreement. Neither Encore nor the client may assign the Agreement without the consent of the other party. A transaction that does not result in a change of actual control or management of Encore is not considered an assignment.

While this brochure generally describes the business of Encore, certain sections also discuss the activities of its Supervised Persons, which refer to the Firm’s officers, partners, directors (or other persons occupying a similar status or performing similar functions), employees or any other person who provides investment advice on Encore’s behalf and is subject to the Firm’s supervision or control.

### **Management of Collective Investment Vehicle**

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Encore’s affiliate serves as the general partner to the Fund. Interests in the Fund are privately offered pursuant to Regulation D under the Securities Act of 1933, as amended. The Private Fund currently relies on an exemption from registration under section 3(c)(1) of the Investment Company Act of 1940, as amended. Participation as an investor in the Private Fund is restricted to investors that are qualified clients pursuant to the requirements under Rule 205-3 under the Advisers Act, as well as are “accredited investors” as defined under Rule 501 of the Securities Act of 1933, as amended and “qualified purchasers” as defined under the Investment Company Act of 1940, as amended. The Fund seeks to invest on a discretionary basis in diversified real estate assets selected by the Firm. Encore will devote its best efforts with respect to its management of both the Fund.

## Item 5. Fees and Compensation

Encore offers its services as a fee based upon a percentage of invested capital (“Base Fee”), in addition to property-level fees (“Property-Level Fees”).

### Property-Level Fees

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Encore may also offer investment management services to certain qualified clients for property-level fees in accordance with applicable laws, rules and regulations. Under this arrangement, the Firm may charge a fee for services provided by Encore or its affiliates.

#### *Acquisition Fees*

Encore may charge an acquisition fee of up to 0.5% of the gross purchase price of each investment.

#### *Development/Renovation Fees*

Encore may charge a development/renovation fee of up to 5% of the total hard costs and site costs for the development/renovation of an investment.

#### *Property Management Fees*

Encore may charge an annual property management fee of up to 4% of the monthly gross cash receipts from operations of each investment.

#### *General Contractor Management*

Encore may charge a general contractor management fee of up to 2% of the total hard costs for the construction or renovation of an investment.

## Item 6. Performance-Based Fees and Side-by-Side Management

As stated in Item 4, Encore may provide advisory services to qualified clients for property-level fees. Although Encore believes that this fee arrangement best aligns the interests of the Firm and its clients, it may raises conflicts of interest. The property-level fee may be an incentive to favor investments with greater property-level fees. Encore has procedures in place to ensure that any decisions are made are in the best interest of clients regardless of the applicable fee structure.

## Item 7. Types of Clients

Encore provides services to the Fund and may in certain circumstances provide services to other individuals, investment companies, investment limited partnerships and other pooled investment vehicles, pension and profit sharing plans, trusts, estates, charitable organizations, corporations and business entities.

### Minimum Investment

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The Fund generally imposes a minimum investment. Encore, in its sole discretion, may accept smaller investments. A description of the minimum investment of the Fund and Encore's ability to waive such minimum is stated in the Offering Documents.

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

### Investment Strategies

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Encore seeks to identify, underwrite, and purchase qualifying real estate investments for the Fund on a discretionary basis. Investments typically fall into four categories: Core, Clore Plus, Value-Added, and Opportunistic.

#### *Core*

This is a low to unleveraged, lower-risk/lower-potential return strategy with relatively predictable cash flows. Current income comprises a large share of total return. A core fund will generally invest in stable, fully (or near-fully) leased, multi-tenant properties within strong, diversified, lower volatility metropolitan areas. Tenant credit is usually strong. Core strategies generally entail a longer holding period compared to alternative strategies. Expected returns resemble those of investment grade corporate bonds.

#### *Core Plus*

This is a moderate-risk/moderate-return strategy. A core-plus fund will generally invest in core properties; however, many of these properties will require some form of enhancement or value-added element. Core-plus strategies may include properties with relatively minor vacancy. Returns are similar to lower quality investment grade bonds. Current return as a percentage of total return is still significant but not as great or as predictable as pure core strategies. Leverage is somewhat higher than would be typical of a core strategy.

*Value Added*

This is a medium-to-higher-risk/medium-to-higher-return strategy. It typically involves buying a property, improving it in some way, and selling it at an opportune time for gain. A value-added strategy emphasizes more capital appreciation than a core or core-plus strategy. However, in most cases, value-added strategies still offer some current income. Investment horizons are generally shorter and leverage is greater than found core strategies. Properties are considered value added when they exhibit management or operational problems, require physical improvement or significant lease-up, and/or suffer from capital constraints. Value-added strategies, which emphasize growth, generally require active management. Returns are similar to those of high yield bonds and stock equity.

*Opportunistic*

This is a higher-risk/higher-return strategy. The properties will require a high degree of enhancement usually entailing ground-up development or significant redevelopment of existing properties. This strategy may also involve investments in raw land (with the pursuit of entitlements), discounted mortgage notes, and niche property sectors. Investments require significant active management. Returns are similar to those of growth stocks.

**Risk of Loss**

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The Fund's investment program entails substantial risks, and there can be no assurance that their investment objectives will be achieved.

The risks applicable to each Fund are discussed in detail in the Offering Documents.

**Item 9. Disciplinary Information**

Encore 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 its management.

**Item 10. Other Financial Industry Activities and Affiliations****Relationship with Encore Enterprises, Inc.**

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The Firm is principally owned by Encore Enterprises. Encore Enterprises is a privately owned, actively managed, real estate operating company. Encore Enterprises generally develops and acquires mixed-use

complexes, limited and full service hotels, multi-family apartment communities, retail shopping centers and commercial office buildings. Encore Enterprises has several other affiliated entities that were created to support its operations, as well as several private offerings.

As previously stated, all relevant information, terms and conditions relative to the private offerings, including the compensation received by Encore or its affiliate as general partner, suitability, risk factors, and potential conflicts of interest, are set forth in the Offering Documents, which each investor is required to receive and/or execute prior to being accepted as an investor in the offering.

## Item 11. Code of Ethics

Encore has adopted a code of ethics in compliance with applicable securities laws (“Code of Ethics”) that sets forth the standards of conduct expected of its Supervised Persons. Encore’s Code of Ethics contains written policies reasonably designed to prevent certain unlawful practices such as the use of material non-public information by the Firm or any of its Supervised Persons and the trading by the same of securities ahead of clients in order to take advantage of pending orders.

The Code of Ethics also requires certain of Encore’s personnel to report their personal securities holdings and transactions and obtain pre-approval of certain investments (*e.g.*, initial public offerings, limited offerings). However, the Firm’s Supervised Persons are permitted to buy or sell securities that it also recommends to clients if done in a fair and equitable manner that is consistent with the Firm’s policies and procedures. This Code of Ethics has been established recognizing that some securities trade in sufficiently broad markets to permit transactions by certain personnel to be completed without any appreciable impact on the markets of such securities. Therefore, under limited circumstances, exceptions may be made to the policies stated below.

When the Firm is engaging in or considering a transaction in any security on behalf of a client, no Supervised Person will access to this information may knowingly effect for themselves or for their immediate family (*i.e.*, spouse, minor children and adults living in the same household) a transaction in that security unless:

- the transaction has been completed;
- the transaction for the Supervised Person is completed as part of a batch trade with clients (as described below); 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; (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.

Clients and prospective clients may contact Encore to request a copy of its Code of Ethics.

## Item 12. Brokerage Practices

### Recommendation of Broker/Dealers for Client Transactions

The Firm is custodian agnostic and may recommend various Financial Institutions to clients for custodial and brokerage services based on the specific needs of the client.

Factors which Encore considers in recommending Financial Institutions to clients include their respective financial strength, reputation, execution, pricing, research and service. These firms may enable Encore to obtain many mutual funds without transaction charges and other securities at nominal transaction charges. The commissions and/or transaction fees charged by the Financial Institutions chosen by the Firm may be higher or lower than those charged by other Financial Institutions.

The commissions paid by Encore's clients to a custodian or broker-dealer comply with the Firm's duty to obtain "best execution." Clients may pay commissions that are higher than another qualified Financial Institution might charge to effect the same transaction where Encore determines that the commissions are reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a Financial Institution's services, including among others, the value of research provided, execution capability, commission rates and responsiveness. Encore seeks competitive rates but may not necessarily obtain the lowest possible commission rates for client transactions.

Consistent with obtaining best execution, brokerage transactions may be directed to certain broker/dealers in return for investment research products and/or services which assist the Firm in its investment decision-making process. Such research generally will be used to service all of the Firm's clients, but brokerage commissions paid by one client may be used to pay for research that is not used in managing that client's portfolio. The receipt of investment research products and/or services as well as the allocation of the benefit of such investment research products and/or services poses a conflict of interest because Encore does not have to produce or pay for the products or services.

Encore periodically and systematically reviews its policies and procedures regarding its recommendation of Financial Institutions in light of its duty to obtain best execution.

**Software and Support Provided by Financial Institutions**

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Encore may receive without cost from Financial Institutions computer software and related systems support, which allow the Firm to better monitor client accounts maintained at these firms. Encore may receive the software and related support without cost because the Firm renders investment management services to clients that maintain assets at these Financial Institutions. 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 Encore, but not its clients directly. In fulfilling its duties to its clients, Encore endeavors at all times to put the interests of its clients first. Clients should be aware, however, that Encore’s receipt of economic benefits from a broker/dealer creates a conflict of interest since these benefits may influence the Firm’s choice of broker/dealer over another that does not furnish similar software, systems support or services.

Specifically, Encore may receive the following benefits from Financial Institutions:

- Receipt of duplicate client confirmations and bundled duplicate statements;
- Access to a trading desk that exclusively services its institutional traders;
- 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.

**Brokerage for Client Referrals**

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Encore does not consider, in selecting or recommending broker/dealers, whether the Firm receives client referrals from the Financial Institutions or other third party.

**Directed Brokerage**

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The client may direct Encore in writing to use a particular Financial Institution to execute some or all transactions for the client. In that case, the client will negotiate terms and arrangements for the account with that Financial Institution and the Firm will not seek better execution services or prices from other Financial Institutions or be able to batch client transactions for execution through other Financial Institutions with orders for other accounts managed by Encore. As a result, the client may pay higher commissions or other transaction costs, greater spreads or may receive less favorable net prices, on transactions for the account than would otherwise be the case. Subject to its duty of best execution, Encore may decline a client’s request to direct brokerage if, in the Firm’s sole discretion, such directed brokerage arrangements would result in additional operational difficulties.

**Trade Aggregation**

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Transactions for each client generally will be effected independently, unless Encore decides to purchase or sell the same securities for several clients at approximately the same time. Encore may (but is not obligated to) combine or batch such orders to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among the Firm's clients differences in prices and commissions or other transaction costs that might not have been obtained had such orders been placed independently. Under this procedure, transactions will generally be averaged as to price and allocated among Encore's clients pro rata to the purchase and sale orders placed for each client on any given day. To the extent that the Firm determines to aggregate client orders for the purchase or sale of securities, including securities in which Encore's Supervised Persons may invest, the Firm generally does so in accordance with applicable rules promulgated under the Advisers Act and no-action guidance provided by the staff of the U.S. Securities and Exchange Commission. Encore does not receive any additional compensation or remuneration as a result of the aggregation.

In the event that the Firm determines that a prorated allocation is not appropriate under the particular circumstances, the allocation will be made based upon other relevant factors, which may include: (i) when only a small percentage of the order is executed, shares may be allocated to the account with the smallest order or the smallest position or to an account that is out of line with respect to security or sector weightings relative to other portfolios, with similar mandates; (ii) allocations may be given to one account when one account has limitations in its investment guidelines which prohibit it from purchasing other securities which are expected to produce similar investment results and can be purchased by other accounts; (iii) if an account reaches an investment guideline limit and cannot participate in an allocation, shares may be reallocated to other accounts (this may be due to unforeseen changes in an account's assets after an order is placed); (iv) with respect to sale allocations, allocations may be given to accounts low in cash; (v) in cases when a pro rata allocation of a potential execution would result in a de minimis allocation in one or more accounts, the Firm may exclude the account(s) from the allocation and the transactions may be executed on a pro rata basis among the remaining accounts; or (vi) in cases where a small proportion of an order is executed in all accounts, shares may be allocated to one or more accounts on a random basis.

**Item 13. Review of Accounts**

Encore monitors client portfolios as part of an ongoing proprietary process. Investors in the Fund will receive a report from Encore that may include such relevant account and/or market-related information such as the Fund's performance and capital account value on an at least quarterly basis.

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

### **Client Referrals**

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In the event a client is introduced to Encore by either an unaffiliated or an affiliated solicitor, the Firm may pay that solicitor a referral fee in accordance with applicable state securities laws. Unless otherwise disclosed, any such referral fee is paid solely from Encore's investment management fee and does not result in any additional charge to the client. If the client is introduced to the Firm by an unaffiliated solicitor, the solicitor is required to provide the client with Encore's written brochure(s) and a copy of a solicitor's disclosure statement containing the terms and conditions of the solicitation arrangement. Any affiliated solicitor of Encore is required to disclose the nature of his or her relationship to prospective clients at the time of the solicitation and will provide all prospective clients with a copy of the Firm's written brochure(s) at the time of the solicitation.

## **Item 15. Custody**

The Agreement authorizes Encore to the Fund's accounts for payment of the Firm's fees and to directly remit that those funds to the Firm in accordance with applicable custody rules. Where required, Encore also sends to clients a written invoice itemizing the fee, including the formula used to calculate the fee, the time period covered by the fee and the amount of assets under management on which the fee was based.

In addition, as discussed in Item 13, Encore may also send periodic supplemental reports to clients. Clients should carefully review the statements sent directly by the Financial Institutions and compare them to those received from Encore.

### **Private Fund**

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Encore acts as investment adviser to the Fund and due to Encore's affiliation with the general partner of the Fund, the Firm is deemed to have custody of client assets. As such, Encore engages an independent public accountant registered with, and subject to regulatory inspection by, the Public Accounting Oversight Board (PCAOB) to conduct an annual audit of the Fund. The Firm distributes the audited financials to each investor within 180 days of the Fund's fiscal year-end. Encore does not have direct access to client funds.

**Surprise Independent Examination**

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As Encore is deemed to have custody over clients' cash, bank accounts or securities (for reasons other than those discussed above), the Firm is required to engage an independent accounting Firm to perform a surprise annual examination of those assets and accounts over which it maintains custody. Any related opinions issued by an independent accounting Firm are filed with the SEC and are publicly available on the SEC's Investment Adviser Public Disclosure website. Encore does not have direct access to client funds as they are maintained with an independent qualified custodian.

**Item 16. Investment Discretion**

Encore has the authority to exercise discretion on behalf of the Fund. Encore is considered to exercise investment discretion over a client's account if it can effect and/or direct transactions in client accounts without first seeking their consent. Encore is given this authority through the Agreement. Encore takes discretion over the following activities:

- The investments purchased or sold;
- The price of investments purchased or sold; and
- When transactions are made.

**Item 17. Voting Client Securities****Declination of Proxy Voting Authority**

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Encore generally does not accept the authority to vote a client's securities (i.e., proxies) on their behalf. Clients receive proxies directly from the Financial Institutions where their assets are custodied, and may contact the Firm at the contact information on the cover of this brochure with questions about any such issuer solicitations.

**Item 18. Financial Information**

Encore is not required to disclose any financial information due to the following:

- The Firm does not require or solicit the prepayment of more than \$500 in fees six months or more in advance of services rendered;
- 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.

## **Item 19. Requirement for State Registered Advisers**

### **Principal Executive Officers and Management Persons**

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#### **MARK AVIS**

Born 1967

#### **Post-Secondary Education**

DePaul University | MBA, Finance and Real Estate | 1995

University of Michigan | BA, Business Administration and Finance | 1989

#### **Recent Business Background**

Encore Financial Advisors, LLC | Senior Director | June 2015 – Present

Encore Enterprises Inc. | Senior VP of Operations | January 2015 - Present

#### **JULIANNE JOHNSON MAERSCHEL**

Born 1974

#### **Post-Secondary Education**

Louisiana State University | JD | 1998

Texas A&M University | BA, English | 1995

#### **Recent Business Background**

Encore Financial Advisors, LLC | Chief Compliance Officer | June 2015 – Present

Encore Equities Management LLC | Administrative Director | July 2014 – Present

Encore Enterprises, Inc. | Staff Attorney | July 2009 – Present

### **Additional Information**

Neither the Firm nor its Supervised Persons are compensated for advisory services with performance-based fees. Neither the Firm nor its Supervised Persons have been the subject of the type of disciplinary event that warrants disclosure pursuant to this Item. Neither the Firm nor its Supervised Persons have a material relationship or arrangement with any issuers of securities.