



Form ADV Part 2A – Disclosure Brochure

March 31, 2017

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## Section 1: Purpose

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This brochure provides information about the qualifications and business practices of Cypress Point Wealth Management, LLC. If you have any questions about the contents of this brochure, please contact us at (214) 736-8887 or email at [jkull@cypress-wealth.com](mailto:jkull@cypress-wealth.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.

Although Cypress Point Wealth Management may use the term “registered investment advisor” or the term “registered” throughout this Form ADV Part 2A, the use of these terms is not intended to imply a certain level of skill or training.

Additional information about Cypress Point Wealth Management, LLC is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC’s website also provides information about persons affiliated with Cypress Point who are registered as investment advisor representatives of the firm.

## Section 2: Material Changes

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This section informs you of any substantive changes to our policies, practices or potential conflicts of interest to allow you to more easily determine whether you should review the entire brochure or contact us with questions regarding those changes.

There have been no material changes to our policies, practices, or potential conflicts of interest since our last ADV filing dated July 21, 2016.

## Section 3: Table of Contents

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Section 1: Purpose	1
Section 2: Material Changes	2
Section 4: Advisory Business	4
Firm History	4
Types of Advisory Services	4
Family Office Services	4
Financial Planning	5
Investment Management	6
Other Services	7
Current Client Assets	7
Section 5: Fees and Compensation	7
Family Office Services Fees	7
Investment Management Fees	8
Termination of Advisory Relationship and Refund of Prepaid Fees	9
Compensation for the Sale of Securities	9
Wrap Fee Programs	9
Section 6: Performance-Based Fees and Side-By-Side Management	9
Section 7: Types of Clients	10
Account Minimums	10
Section 8: Methods of Analysis, Investment Strategies, and Risk of Loss	10
General Risk of Loss Statement	10
Philosophy of Investing	10
Frequently Used Investments	11
Types of Mutual Funds	12
Alternative Investments	13
Other Types of Investments We Have Recommended	13
Section 9: Disciplinary Information	15
Section 10: Other Financial Industry Activities and Affiliations	15
Section 11: Code of Ethics, Participation or Interest in Client Transactions, and Personal Trading	15
Section 12: Brokerage Practices	16
The Custodian and Brokers We Use	16
How We Recommend Brokers/Custodians	16
Your Brokerage and Custody Costs	17
Agency Cross Transactions	17
Principal Trading	17
Section 13: Review of Accounts	18
Section 14: Client Referrals and Other Compensation	18
Soft Dollars	18
Solicitor Arrangements	18
Section 15: Custody	18
Deemed Custody – Deduction of Fees from Your Brokerage Account	18
Other Types of Custody Subject to Outside Audit	19
Section 16: Investment Discretion	19
Section 17: Voting Client Securities	20
Section 18: Financial Information	20
Section 19: Requirements for State-Registered Advisors	20

## Section 4: Advisory Business

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### Firm History

Jimmy Kull and William Taylor co-founded Cypress Point Wealth Management (f/k/a Cypress Wealth Management, LLC and referred to in this document as “Cypress Point”) in 2007. Messrs. Kull & Taylor retain majority ownership today, and an existing client owns the remaining minority interest, which is less than a 20% ownership stake. Our passion is creating solutions for our clients’ financial problems, and we love “simplifying the chaos of life.”™ We care about what keeps our clients up at night, and that focus feeds directly into our firm’s mission, which is to empower clients to live lives of meaning.

### Types of Advisory Services

Our process begins with a free consultation to determine your current financial situation and the areas where our professional experience may be appropriate. Cypress Point offers a broad range of services to its clients including family office services, financial planning and investment management.

### Family Office Services

Ultra-high net worth families face complex issues that require multiple areas of expertise. This complexity is compounded by the same concerns shared by our investment advisory clients: who can we trust, and is the advice we receive truly objective?

For a select group of families referred to us by other clients, attorneys, or accountants, we provide a “concierge-level” of service. Each of these families considers us to be their primary trusted advisor. Together with other professionals, we help clients create, implement, and monitor strategies and reporting related to estate planning, income taxes, investments, philanthropy, generational wealth transfer and cash management.

These services are typically available to families with a minimum net worth of \$50 million. Because we carefully limit the number of these special relationships, we are able to provide a very high level of personal service to a few while maintaining a high overall standard of service to our traditional investment advisory clients.

Our Family Office Services are offered under a separate special services contract. Services are tailored to the family and include one or more of the following.

- Personal financial outsourcing
  - Personal financial statement preparation
  - Document management and recordkeeping
  - Coordinating bill pay services
  - Debt management
  - Asset purchasing
  - Cash management

- Investment Strategy Consulting
  - Reviewing private investments outside of our management
  - Comprehensive performance reporting
  - Investment manager selection and monitoring
  - Portfolio management
- Risk Management & Asset Protection Consulting
  - Life insurance analysis
  - Debt structure and analysis – Bank financing
- Integrating Overall Financial Picture
  - Estate planning
  - Philanthropic planning
  - Entity administration (FLPs, CLTs, CRTs, Installment Sales, etc.)
  - Tax effective strategies
  - Retirement planning
- Proactive management of client affairs
  - Family meetings and educating future generations
  - Coordinating sale or purchase of homes

### Financial Planning

We provide sensible and objective financial planning solutions in the following areas:

- Personal budgeting and cash flow
- Retirement needs analysis
- Educational funding needs analysis
- Insurance needs analysis
- Investment planning recommendations
- Estate planning and wealth transfer recommendations
- Tax planning recommendations
- Income and asset protection recommendations

The above fee-only services can be undertaken either on a comprehensive or modular basis. All services and fees are outlined in a written financial planning agreement.

After the free consultation to determine the scope of the financial planning required and to gather initial documents and after we review the information, we determine the cost to provide the requested service(s), communicate the proposed fee to you, and finalize a financial planning agreement.

Once an agreement is in place, we provide you with a list of the financial documents we will require. This information typically includes everything necessary to create a personal balance sheet and income statement and may include tax returns, bank and credit card statements, mortgage statements, insurance policies, employee benefit plans, brokerage statements, and any trust or estate documents.

The next step in our financial planning process is to evaluate your current financial situation with the aid of financial planning software and other research tools. We run various scenarios to determine alternatives for achieving your financial objectives and to determine potential problem areas requiring further discussion. After the preliminary evaluation is complete, we generally discuss the preliminary findings with you to further refine recommendations and prioritize your goals before presenting you with the final plan.

We believe that a plan is only as good as the implementation and consistent monitoring. Therefore, we frequently coordinate our services with those of your other advisors (accountant, attorney, insurance agent, business manager, agent, etc.) to ensure that all aspects of your financial situation work together efficiently to achieve your long-term personal and financial goals.

#### Investment Management

Our investment advisory agreement allows us to execute trades for your accounts without requiring your prior approval. This is known as discretion. Your investment advisory agreement will detail the accounts for which we provide investment advice and the accounts on which we will charge a fee.

Our investment philosophy is primarily that of a long-term, low-turnover strategy in a balanced, well-diversified portfolio. We believe we can achieve diversification and meet client objectives through the appropriate allocation of mutual funds, exchange traded funds and alternative investments. Our seven core investing principles are as follows:

1. **Asset Allocation is Critical.** *Long-term success or failure is largely dependent upon the appropriate mix of equities, fixed income, and alternatives.*
2. **Maintain Broad Diversification.** *Minimize risk to smooth investment returns over time.*
3. **Tax Efficiency Matters.** *Employ multiple strategies to minimize the tax impact on portfolios.*
4. **Eliminate Excessive Costs.** *Even the smallest expense can have a large impact over time.*
5. **Systematically Rebalance.** *Portfolio discipline in maintaining an appropriate asset allocation helps reduce risk and capture better long-term returns.*
6. **Tilt portfolios towards “value” companies.** *Historical data validates that a “value” tilt results in better long-term performance.*
7. **Investor behavior is of paramount importance.** *Discipline and patience are necessary to invest successfully.*

We carefully evaluate the risk and reward of every investment decision. The purchasing of investments may be implemented over an appropriate period in order to take advantage of market fluctuations.

Cypress Point provides ongoing investment advisory services including the following:

- Developing an asset allocation strategy that takes into consideration your risk tolerance, time horizon and financial objectives
- Recommending specific investments
- Placing trades for your account with your custodian
- Assisting with custodian paperwork and following up on requested service issues
- Monitoring your portfolio

#### Other Services

Cypress Point provides custom services and solutions to its clients on a case-by-case basis as negotiated by the client. These include administrative services, bookkeeping, professional services coordination, and communications.

**NOTE:** *Cypress Point does not provide tax preparation, tax advice, or legal counsel. We encourage you to consult your accountant or attorney on all tax and legal matters, respectively.*

#### Current Client Assets

As of December 31, 2016, Cypress Point had approximately \$493 million in discretionary assets under management and \$68 million in non-discretionary assets under management for a total of \$561 million under management. The non-discretionary assets include private equity, hedge funds, and real estate for which there are not readily available market values. We reflect the value of those assets at their cost basis unless we receive and updated value from an independent third party administrator or we are otherwise instructed by the client. Additional assets for which we give occasional advice but do not have ongoing supervision are not included in these amounts.

### **Section 5: Fees and Compensation**

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**NOTE:** *Cypress Point neither requires, nor accepts, pre-payments for fees over \$1,200 six months or more in advance.*

#### Family Office Services Fees

The scope of services to be provided is outlined in a Special Services Agreement or Family Office Agreement. The fee for these services is charged on a quarterly basis in advance, at a negotiated rate based on the estimated time and complexity of services. These fees are negotiable.

#### Financial Planning Fees



Because each client's requirements for a financial plan vary in terms of complexity of issues and current financial position, plan fees vary significantly. Plan fees are determined by Cypress Point after an initial client meeting and are based on the estimated time to complete the plan as required. Fees are due with one-half of the fee due at the onset of the planning process and the remainder due upon presentation of the final plan recommendations. This fee is in addition to investment management fees. The scope of financial planning services to be completed along with the total fee is outlined in the Financial Planning Services Agreement or the Special Services Agreement, as applicable.

#### Investment Management Fees

Cypress Point establishes all new client relationships' investment management fees at an annual rate based on the amount of the client's total assets under management (see table below).

<u>Portfolio Value</u>	<u>Annual Rate</u>
First \$1,000,000	0.90%
Next \$1,000,000	0.80%
Next \$3,000,000	0.70%
Next \$5,000,000	0.60%
Over \$10,000,000	0.50%

Your investment management fee schedule is determined prior to any investment management fees being incurred and is outlined on Exhibit B of your signed Investment Advisory Agreement. Any changes to your fee schedule must be amended in writing on an updated Exhibit B. Fees are based on the complexity of your individual situation and are negotiable.

Fees are calculated on a cumulative basis, so that a client with \$3,600,000 under management would pay an annualized rate of 0.90% on \$1,000,000, 0.80% on \$1,000,000 and 0.70% on \$1,600,000. Fees are calculated based on the portfolio valuation of your billable accounts as determined by the account custodian or third party administrator at the close of market on the last business day of each quarter.

Portfolios generally are aggregated by lineal family relationships. Fees for the initial quarter are paid in full upon the funding of each billable account. If we begin our relationship mid-quarter, our fees will be prorated for the remaining time in that quarter. If we terminate our services mid-quarter, we will refund any unearned fees previously collected. Otherwise, fees are billed quarterly in advance at the rate of one fourth of the annual fee shown above.

Our investment management fee is separate from any transaction, exchange, wire transfer, margin interest or account fee charged by your qualified custodian. Some custodians may charge a transaction fee on certain mutual funds so that you may be paying more to purchase or sell these funds than if we went directly to these fund families on your behalf.

To the extent that your assets are invested in mutual funds (including money markets) and exchange traded funds (also known as ETFs), our fee for monitoring those assets is in addition to the fees charged by those fund companies. Even a “no load” or “load waived” mutual fund charges an internal fee to compensate the manager of the fund and to pay for the fund company’s administrative expenses. Please refer to each fund’s prospectus for a detailed discussion of the fees and expenses charged by the fund company. Your custodian provides prospectuses to you free of charge and will mail or email those to you at the physical or email address provided.

#### Termination of Advisory Relationship and Refund of Prepaid Fees

The Investment Advisory Agreement, Financial Planning Services Agreement, and Special Services Agreement are effective until terminated by either party. These agreements allow for the client to terminate the agreements immediately upon delivery to the firm of written notice to such effect, and the firm to terminate the agreements with 30 days prior written notice to the client. The Family Office Agreement allows either the client or Cypress Point to terminate the agreement with 10 days prior written notice to the other party.

The client may terminate all agreements without incurring fees or penalty within five (5) business days after entering into any agreement. Otherwise, at the date of termination, any prepaid and unearned fees will be refunded to the client on a pro rata basis upon request. Upon request, we will provide an accounting on a year-to-date basis in the event of termination of investment advisory services during a quarter. If the client fails to provide written notice, they forfeit any prepaid and unearned fees.

#### Compensation for the Sale of Securities

We do not receive commissions on the sale or purchase of any securities. For further information, please refer to Section 12: Brokerage Practices.

#### Wrap Fee Programs

Some firms bundle investment management, research, brokerage and custodial services and charge a single fee known as a wrap fee. Cypress Point does not participate in wrap fee programs as a sponsor or as an advisor/sub-advisor.

### **Section 6: Performance-Based Fees and Side-By-Side Management**

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Cypress Point does not use a performance-based fee structure. Our investment management fees are based on assets under management or included as part of a retainer fee arrangement under a Special Services Agreement or Family Office Agreement.

Side-by-side management occurs when an advisor manages multiple accounts with many different structures (example: registered fund, hedge funds, institutional accounts, etc.). Cypress Point does not engage in any side-by-side management in its course of business.

## Section 7: Types of Clients

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We provide portfolio management services primarily to high net worth individuals and families, including trusts and corporate entities related to those individuals and families. These client relationships vary in scope and length of service.

### Account Minimums

Our current minimum account size is \$3,000,000 per household or roughly \$25,000 in annual fees. We have the discretion to waive the account minimums, and we have done so in the past primarily to accommodate referrals from existing clients, individuals with long-term growth potential and younger clients who demonstrate a savings discipline.

## Section 8: Methods of Analysis, Investment Strategies, and Risk of Loss

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### General Risk of Loss Statement

Prior to entering into any investment, you should carefully consider the following:

1. Investing in securities involves risk of loss, which you should be prepared to bear.
2. Securities markets experience varying degrees of volatility.
3. Over time, the value of your assets may fluctuate and at any time be worth more or less than the amount you originally invested.
4. You should invest only those assets that you believe you will not need for current purposes and that can be invested on a long-term basis, usually a minimum of seven years.
5. Mutual funds and ETFs are not guaranteed or insured by the FDIC or any other government agency.
6. Past performance is not a reliable indicator of future performance, although it may help you assess a fund's volatility over time.
7. All mutual funds and ETFs have costs that lower your investment returns.

### Philosophy of Investing

In big-picture terms, we manage risk by determining an appropriate asset allocation based on your goals, objectives, time horizon and risk tolerance, and then we diversify the holdings in your portfolio based on that allocation. By asset allocation, we mean the balance between stocks, bonds, cash and alternative investments. We achieve diversification mostly through a variety of mutual funds and ETFs. We may include some investments that are volatile because they have the potential to increase dramatically in value and outpace inflation. This is intended to preserve the purchasing power of your portfolio. Volatile investments are offset by other more stable investments. The concept of minimizing risk by combining volatile and price-stable investments in a single portfolio is called Modern Portfolio Theory.

It should be noted that we place significant weight on a funds' annual expense ratios when deciding whether to buy it or a comparable security within its respective peer groups. Other selection criteria

include style, consistency of adherence to style, management tenure, historical performance, and consistency of historical performance.

For further information on the basics of investing and risk, we urge you to visit these investor education websites: <http://www.sec.gov/investor> and <http://www.finra.org/Investors/index.htm>.

### **Frequently Used Investments**

#### **Mutual Funds**

A mutual fund is an investment company that pools money from many investors to invest in stocks, bonds, short-term money market instruments, other securities or assets, or some combination of these underlying investments. Each mutual fund share represents an investor's proportionate ownership of the fund's holdings and the income generated by those holdings. The price that investors pay for mutual fund shares is based on the fund's net asset value (NAV) at the end of the trading day plus any shareholder fees that the fund imposes at the time of purchase (such as sales loads).

Most mutual funds fall into one of three main categories—money market funds, bond (fixed income) funds, and stock (equity) funds. Each has different strategies, features, risks and rewards. As with any investment, the higher the potential return, generally the higher the risk of loss.

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

An ETF is another type of Investment Company whose primary objective is to achieve the same return as a particular market index. An ETF is similar to an index fund as both invest primarily in securities of companies of a selected market index. Unlike traditional mutual funds, which can only be redeemed at the end of a trading day, ETFs trade throughout the day on an exchange. Like stock mutual funds, ETF prices may be affected by the prices of the underlying securities and the overall market. ETF prices that track a particular sector may be affected by factors affecting that particular industry segment.

### **Note: Tax Consequences of Funds**

When investors buy and hold an individual stock or bond, the investor must pay income tax each year on the dividends or interest the investor receives. However, the investor will not have to pay any capital gains tax until the investor actually sells and unless the investor makes a profit. Mutual funds are different. When an investor buys and holds mutual fund shares, the investor will owe income tax on any ordinary dividends in the year the investor receives or reinvests them. In addition to owing taxes on any personal capital gains when the investor sells shares, the investor may also have to pay taxes each year on the fund's capital gains. That is because the law requires mutual funds to distribute capital gains to shareholders if they sell securities for a profit that cannot be offset by a loss.

## Types of Mutual Funds

### Money Market Funds

Money market funds have relatively low risks compared to other mutual funds (and most other investments). By law, they can invest in only certain high quality, short term investments such as those issued by the U.S. Government, U.S. corporations, and state and local governments. Money market funds try to keep their net asset value at a stable \$1.00 per share. However, the NAV may fall below \$1.00 if the fund's investments perform poorly. Investor losses have been rare, but they are possible. Money market funds pay dividends that generally reflect short-term interest rates. Historically, the returns for money market funds have been lower than returns on bond or stock funds.

**Inflation risk** – Inflation may outpace the return on your investment. If that happens, the value of your money in terms of what you can purchase with it will be less than your initial investment.

### Bond Funds

Bond funds generally have higher risks than money market funds, largely because they typically pursue strategies aimed at producing higher yields. Unlike money market funds, the SEC's rules do not restrict bond funds to high quality or short-term investments. Because there are many different types of bonds, bond funds can vary dramatically in their risks and rewards. Some of the risks associated with bond funds include the following:

**Credit risk** – A bond is essentially a loan. As with any loan, there is a risk that the borrower will be unable to repay the loan. For corporate bonds, the "borrower" is the corporation. For municipal bonds, the "borrower" is typically the city, county or state government.

**Interest rate risk** – Current interest rates can affect the current price of your bond investments because interest rates and bond prices have an inverse relationship. When interest rates rise, bond prices fall and vice versa.

**Prepayment or reinvestment risk** – Bonds are often referred to as "fixed income" because most of them pay you a fixed interest rate for the entire term of the loan regardless of current interest rates. Some bonds are callable; meaning that the principal can be repaid early. This usually happens when current interest rates are much lower than the interest rate on the bond. If your principal is repaid when interest rates are low, you will not be able to reinvest that money at the same rate as your old bond.

### Stock Funds

Although a stock fund's value can rise and fall quickly (and dramatically) over the short term, historically stocks have performed better over the long term than other types of investments— including corporate bonds, government bonds, and treasury securities. 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. Even interest rates can affect stock prices. In general, when stock prices are up, bonds are down. When bond prices are up, stocks are down. Analysts call this relationship "negative correlation".

## Alternative Investments

An alternative investment is an investment product other than traditional stocks, bonds and cash. Many investment professionals use the term loosely, so you need to ask questions until you fully understand what they mean by the term. In general, alternative investments can include tangible assets (things you can touch like art, wine, antiques, coins, or stamps). It can also include certain financial assets like commodities, private equities, hedge funds, venture capital, and financial derivatives.

Many of these investments carry a high degree of risk. They may be relatively illiquid and require extensive analysis before purchasing. So how do these seemingly very risky investments fit into Cypress Point's underlying philosophy of preserving your wealth and purchasing power? Quite simply – they have a low correlation to traditional stocks and bonds. In other words, as stocks and bonds fluctuate like opposing ends of a teeter-totter, with the bond end relatively stable and the stock end moving farther and faster, alternative investments “do their own thing”. When used in moderation, we believe alternative investments may lower the overall risk of your portfolio.

### Managed Futures Funds (A Type of Alternative Investment)

A managed futures fund invests in strategies that trade derivative instruments including options, futures, forwards, or spot contracts, each of which may be tied to commodities, financial indices and instruments, foreign currencies, or equity indices. Managed futures funds are subject to specific risks, depending on the nature of the fund. These risks could include liquidity risk, sector risk, and foreign currency risk, as well as risks associated with fixed income securities, commodities, and other derivatives. The strategy of investing in underlying funds could affect the timing, amount and character of distributions to you, and, therefore, may increase the amount of taxes you pay.

## Other Types of Investments We Have Recommended

### Variable Universal Life

The firm may recommend variable universal life insurance policies such as those sold by TIAACREF, which offers advisor class shares. The client authorizes Cypress Point to act as the investment advisor on the TIAA-CREF policy, and the client agrees to pay an advisory fee directly to Cypress Point as described in the investment advisory agreement.

### Hedge Funds

Cypress Point may recommend that certain qualified and accredited clients participate in hedge fund products. In addition, some of our family office clients participate in other hedge funds that are not suitable to our investment advisory clients and/or whose minimum investments are too high for our investment advisory clients to consider.

## Private Equity, Venture Capital Funds and Limited Partnerships

Our family office clients frequently invest in private equity and private equity funds. Private equity is an asset class consisting of equity and debt in operating companies that are not publicly traded on a stock exchange. Our family office clients also frequently invest in venture capital or venture capital funds. This includes what is commonly referred to as “angel investing”. Companies raising money through this method begin with a seed round (usually convertible debt) and progress through a series of equity rounds of fund raising. The ultimate goal of this type of investment is for the company to sell successfully to another company or to take their shares public in an initial public offering.

Historically, our clients have largely sourced illiquid investment opportunities on their own. However, a client who is himself a minority owner in Cypress Point launched a venture capital fund in 2015. This same individual had previously created numerous special purpose vehicles over the past several years to make direct investments into individual companies, and in many instances a handful of our clients who knew the individual participated in those single, one-off investments. We were not paid a solicitor’s fee; nor did we choose to fee our clients on these two illiquid investments.

With the exception of our minority owner’s venture capital fund, these types of opportunities are usually brought to Cypress Point by our clients. Our role is to coordinate documents and assist the client with wiring instructions. In certain instances, we may be asked to “sit at the table” with the client during the due diligence process or even take the initial meeting as part of a screening process. Although the clients who bring these opportunities to our attention are capable of evaluating this high-risk class of investments without our assistance, they often request our participation in their investment process.

**Risk Disclosure:** Alternative investment products, including real estate investments, hedge funds and venture capital, involve a high degree of risk, often engage in leveraging and other speculative investment practices that may increase the risk of investment loss, can be highly illiquid, may not be required to provide periodic pricing or valuation information to investors, may involve complex tax structures and delays in distributing important tax information, are not subject to the same regulatory requirements as mutual funds, often charge high fees that which may offset any trading profits, and in many cases the underlying investments are not transparent and are known only to the investment manager.

Alternative investment performance can be volatile. An investor could lose all or a substantial amount of his or her investment. Often, alternative investment fund managers have total trading authority over their funds or accounts; the use of a single manager could mean lack of diversification and, consequently, higher risk.

There is often no secondary market for an investor’s interest in alternative investments and there is little prospect for one to develop. There may be restrictions on transferring interests in any alternative investment. Some alternative investment products execute a substantial portion of their trades on non-U.S. exchanges. Investing in foreign markets may entail risks that differ from those associated with investments in U.S. markets. Additionally, alternative investments can entail commodity trading, which involves a substantial risk of loss.

## **Section 9: Disciplinary Information**

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Neither Cypress Point nor any of our employees has had any civil or criminal actions brought against them for professional services provided, and neither Cypress Point nor its employees have had any proceedings before the SEC or any other federal, state or foreign financial regulatory agencies or authorities. In addition, neither Cypress Point, nor any of its employees, has been involved in any proceedings before a self-regulatory organization.

## **Section 10: Other Financial Industry Activities and Affiliations**

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We previously offered insurance products as an accommodation to our clients for which we received a commission. This presented a potential conflict of interest to the extent that it gave us an incentive to recommend investment products based on the compensation received, rather than on a client's needs. We decided to discontinue that practice, and we no longer receive fees or commissions from any companies. The only fees we receive are those paid directly from our clients.

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

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Cypress Point adopted a Code of Ethics for all employees, and it is available to any client or prospective client upon request. Our Code of Ethics describes our standard of business conduct and fiduciary duty to our clients. This Code includes provisions relating to the confidentiality of client information, a prohibition on insider trading, restrictions on the acceptance of significant gifts, and personal securities trading procedures among other things. All employees must acknowledge the terms of the Code of Ethics annually.

Cypress Point employees may buy, sell, or hold the same securities in their personal accounts that we recommend to, and purchase for, our clients. The Code is designed to assure that our employees' personal securities transactions will not interfere with our responsibility to make decisions in the best interest of our advisory clients. It also guides how we implement those investment decisions, while also allowing employees to invest for their own personal portfolios.

Our Code of Ethics requires pre-clearance of certain transactions, such as private placements and initial public offerings. Nonetheless, because in some circumstances our Code would permit employees to invest in the same securities as clients, there is a possibility that employees might benefit from a client's market activity where the employee holds the same security as a client. This creates a potential conflict of interest. Employee trading is monitored to prevent conflicts of interest between Cypress Point and our clients.



## Section 12: Brokerage Practices

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### The Custodian and Brokers We Use

We do not maintain custody of your assets that we manage; although we may be deemed to have custody of your assets if you give us authority to withdraw assets from your account (see Section 15 – Custody, below). Your assets must be maintained in an account at a “qualified custodian,” generally a broker-dealer or bank.

Our clients grant Cypress Point discretion for directing their brokerage transactions to a particular broker-dealer, broker, or custodian. However, Cypress Point does not establish the accounts; instead, our clients will open accounts at the particular broker-dealer, broker, or custodian determined by Cypress Point. We currently recommend that our clients use Charles Schwab, TD Ameritrade, or Fidelity (“your custodian”), registered broker-dealers, members SIPC, as their qualified custodian. This qualified custodian will hold your assets in a brokerage account, and they will buy and sell securities when we instruct them to do so.

When opening your account with our choice of custodian, you will still enter into an account agreement directly with them. We do not open the account for you, although we may assist you in preparing the necessary paperwork. Even though your account is maintained at your custodian, we can still use other brokers to execute trades for your account as described below (see “Your Brokerage and Custody Costs” below).

### How We Recommend Brokers/Custodians

Cypress Point has a duty to provide best execution to each of its clients. As part of this duty, Cypress Point seeks to recommend a custodian/broker who will hold your assets and execute transactions on terms that are, overall, most advantageous when compared to other available providers and their services. We consider a wide range of factors, including, among others:

- Combination of transaction execution services and asset custody services (generally without a separate fee for custody)
- Capability to execute, clear, and settle trades (buy and sell securities for your account)
- Capability to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.)
- Breadth of available investment products (stocks, bonds, mutual funds, ETFs, etc.)
- Availability of investment research and tools that assist us in making investment decisions
- Quality of services
- Competitiveness of the price of those services (commission rates, margin interest rates, other fees) and willingness to negotiate the prices
- Reputation, financial strength, and stability
- Prior service to us and our other clients

### Your Brokerage and Custody Costs

Schwab, TD Ameritrade, American Funds, or Fidelity generally do not charge you separately for custody services. Instead, they are compensated by charging you commissions or other fees on trades that they execute or that settle into your brokerage account.

Their commission rates applicable to our clients' accounts were negotiated based on the condition that our clients collectively maintain a total of at least \$10 million of their assets in accounts at Schwab. TD Ameritrade has currently waived any collective minimum asset level, although this may change in the future. Likewise, Fidelity does not require a minimum level of client assets. We believe our collective buying power with these three custodians' benefits you because the overall commission rates and asset-based fees you pay are likely lower than they would be otherwise. Although we have the ability to buy or sell securities at a different broker-dealer and have one of our preferred brokers settle that trade (known as a "prime broker" or "trade away" transaction), we do not currently use this arrangement.

### Client Directed Brokerage Transactions

While you grant Cypress Point discretion for directing your brokerage transactions, you (or a person other than Cypress Point who is acting on your behalf) may choose to direct brokerage. If a client chooses to direct brokerage, the client must provide Cypress Point with written instructions that includes language providing that Cypress Point will not have any responsibility for negotiating commissions for any client directed brokerage; Cypress Point may not obtain volume discounts or aggregate directed transactions; commission charges will vary among clients; and best execution may not be obtained. Cypress Point reserves the right to decline the acceptance of any client account for which client directs the use of a particular broker, broker-dealer, or custodian if Cypress Point believes that a client's choice would hinder Cypress Point's fiduciary duty to client and/or its ability to service any account.

### Agency Cross Transactions

Cypress Point does not engage in any agency cross transactions. Agency cross transactions are defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, acts as the broker for both the advisory client and for another person on the other side of the transaction.

### Principal Trading

Cypress Point does not engage in any principal trading or transactions, defined as transactions where an adviser, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to any advisory client. Cypress Point is prohibited from engaging in these transactions unless (i) we disclose our principal capacity in writing to the client in the transaction and (ii) obtain the client's consent to each principal transaction before the settlement of the transaction

## Section 13: Review of Accounts

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In his role as Chief Compliance Officer, Jimmy Kull conducts sample reviews of managed accounts periodically. In addition, William Taylor, Jerry Mallonee, Brandon Ratzlaff and William Litton, in their capacity as client relationship managers, have direct responsibility for client service. All clients are encouraged to meet with the firm at least annually. Additional reviews may be triggered by events such as a client meeting, change in a client's risk tolerance, financial position or investment objective, change in a company or fund's management, unusual market or economic circumstances, or other unforeseen events.

You are encouraged to keep us informed about any changes in your financial situation so that we may take appropriate action.

For financial planning services, at least one of the principals review all financial planning client analyses and recommendations. Reviews are based on a confirmation of clients' objectives and the appropriateness of recommendations to the achievement of those objectives. Periodic subsequent reviews are conducted on an "as needed" basis.

## Section 14: Client Referrals and Other Compensation

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We receive an economic benefit from Schwab, TD Ameritrade and Fidelity in the form of the support products and services they make available to us and other independent investment advisors whose clients maintain their accounts at these brokerage firms. However, the availability to us of these products and services is not based on our giving particular investment advice, such as buying particular securities for our clients.

### Soft Dollars

Cypress Point does not engage in any soft dollar practices involving the receipt of research or other brokerage service in relation to commissions custodians receive upon the purchase or sale of securities, nor do we receive any research or other products in connection with client transactions. We do not receive any commissions upon the purchase or sale of securities.

### Solicitor Arrangements

Cypress Point does not engage in solicitor arrangements or compensate any persons or entities for the referral of advisory clients to the firm.

## Section 15: Custody

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### Deemed Custody – Deduction of Fees from Your Brokerage Account

Even though your qualified custodian maintains physical custody of your assets, Cypress Point is deemed to have custody of your assets if, for example, you authorize us to instruct your brokerage firm to

deduct our advisory fees directly from your brokerage account. For assets that we directly manage, Schwab, TD Ameritrade, or Fidelity is your custodian for general investments, and American Funds, Fidelity, or Vanguard is your custodian for your children's 529 college savings accounts. You will receive account statements directly from your custodian at least quarterly. They will be sent to the email or postal mailing address you provided to your custodian. You should carefully review those statements promptly when you receive them. We also urge you to compare your brokerage account statements to the periodic portfolio reports you may receive from us.

#### **Other Types of Custody Subject to Outside Audit**

Many of our clients ask us to consult on assets we do not directly manage. This is often done through a special services agreement. For these assets, some clients provide us their website account login credentials, which allows us to effect those assets or accounts. Examples of this may include login credentials to your checking, savings, and credit card accounts so that we can download and analyze your spending, or login credentials to your employer's 401(k) website so that we can adjust the asset allocation on the portfolio we manage to include your outside retirement assets.

To the extent that those financial institution websites allow us to transfer funds, change addresses, or change beneficiary designations, we are deemed to have custody of those assets. At times, this information is provided at our request. Sometimes, however, it is provided without our prior consent. In these days of identity theft, we urge you to safeguard your information and not email it to anyone, including Cypress Point. We also ask you not to send your login information to anyone at Cypress Point without our prior approval.

We would not normally agree to act as a trustee or power of attorney for a client because we do not have expertise in this area; however, we have agreed to be named in that capacity in certain instances.

In compliance with SEC rules and regulations, we are required to hire an independent audit firm to conduct an annual surprise inspection of all custody assets. Currently, our ability to deduct our fee directly from your brokerage account is exempt from this audit so long as we follow certain guidelines.

#### **Section 16: Investment Discretion**

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Our investment advisory agreement provides that you grant complete investment discretion to Cypress Point. This limited power of attorney allows us to determine both the securities purchased and sold and the amounts of those purchases and sales. You may limit or restrict our discretion in writing. Typical restrictions a client may place on us may be to hold a stock or fund they have historically held and do not want to sell either because of tax implications or emotional attachment to the investment or the circumstance under which they acquired the investment (e.g. Inheritance).

## **Section 17: Voting Client Securities**

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In accordance with our policies and procedures, Cypress Point does not have any authority to, and does 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 portfolio. If you do not understand what you are being asked to vote on, we will discuss the issues with you at your request and to allow you to make an informed investment decision.

## **Section 18: Financial Information**

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No financial conditions exist that are reasonably likely to impair our ability to meet contractual commitments to clients. Since we do not require our clients to prepay their management fees six months or more in advance, we are not required to provide audited financial statements.

## **Section 19: Requirements for State-Registered Advisors**

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Not applicable.