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This brochure provides information about the qualifications and business practices of HW Capital LLC ("HW Capital"). If you have any questions about the contents of this brochure, please contact us at 818.489.3073 and/or info@hwcptl.com. 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 HW Capital also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

As used in this brochure, the words "we", "our" and "us" refer to HW Capital LLC and the words "you", "your" and "client" refer to you as either a client or prospective client of our firm.

## **Item 2 – Material Changes**

This Brochure serves as an annual update to the Adviser's brochure dated September 21, 2018 (prior brochure). This brochure contains routine updates to the prior brochure.

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#### **Item 4 – Advisory Business**

HW Capital LLC is dedicated to providing wealth management services primarily to ultra high-net worth individuals and their families.

Our firm is a limited liability company and was founded in 2018 and has been in the business as an investment adviser since that time. Our firm is wholly-owned by Paul Haaga III and Brian Weissert.

HW Capital provides fully integrated investment management and wealth planning services to its clients. HW Capital advises clients over diversified asset classes, including alternative investments in third-party managed private funds, third-party managed separately managed accounts, and direct private placements.

HW Capital's services are based on the individual needs of its clients and it tailors its investment recommendations to each client's goals. Clients may impose reasonable restrictions in the written investment management agreement with HW Capital or at any time by providing written instructions to HW Capital. These investment management agreements also include information about HW Capital's management fee, termination rights and proxy voting authorities.

HW Capital does not participate in wrap fee programs.

As of December 31, 2018, HW Capital had total regulatory assets under management of \$290,364,056 managed on a non-discretionary basis.

#### **Item 5 – Fees and Compensation**

HW Capital receives a flat management fee which is negotiated with clients upon entering into the investment management agreement. Management fees will vary depending on the nature and extent of the services provided to each client. In addition, clients, in their sole discretion, may pay HW Capital a discretionary bonus after the end of a fiscal year. HW Capital will only advise "qualified purchasers" as defined in section 2(a)(51)(A) of the Investment Company Act of 1940.

HW Capital charges management fees on a quarterly basis. Clients are invoiced and pay these fees in advance. To the extent a client terminates the advisory relationship during a quarter, the client will receive a refund of its pro-rata amount of fees rendered to the point of termination.

Fees paid by the Clients are not based on valuations of underlying investments. However, among other non-performance criteria, Clients may take into account valuations of underlying investments as reported by third-party managers, private funds and/or other sponsors, for determining (if any) any discretionary bonus. HW Capital may rely upon values provided by the third-party manager and/or sponsor for valuations, which may include fair valuation determinations in accordance with the terms and conditions of the respective governing agreements. HW Capital may consider factors such as fund specific redemption restrictions, related sales transactions, events that occurred during the quarter or interim period since last valuation, and current market conditions which may affect the value of specific investments. Absent such adjustments, HW Capital may roll-forward certain fair valuations for Client reporting purposes.

Pursuant to Clients' investment management agreements, Clients may be invoiced to reimburse HW Capital for certain expenses relating to the identification, selection, and acquisition (whether or not

consummated) of investments, including, without limitation, attorney's fees, due diligence and similar costs, travel (which may include non-commercial travel) and other expenses of other investment related service providers. Any expense reimbursements will be allocated in a fair and equitable fashion based on anticipated participation or other appropriate methodology.

Clients may incur operational and transaction fees, costs and expenses imposed by custodians, brokers, prime brokers and other third-parties. Clients invested in third-party managed pooled investment vehicles which include mutual funds, ETFs, private investment funds such as private equity or venture capital funds, and other similar pooled investments or third-party separately managed accounts will also incur fees and expenses associated with an investment in the vehicle or account which may include organizational fees, management fees, performance allocations and other costs and expenses to third party managers. Last, clients may also incur wire transfer fees and trustee fees.

Neither HW Capital nor its supervised persons accept compensation for the sale of securities or other investment products.

### **Item 6 – Performance Based Fees**

HW Capital does not charge performance-based fees. However, as noted above in Item 5, clients may in their sole discretion pay HW Capital an annual discretionary bonus for services provided during the prior fiscal year. HW Capital does not calculate or suggest an amount of this potential bonus to its clients.

### **Item 7 – Types of Clients**

HW Capital provides wealth management services primarily to ultra high-net worth individuals and their families, including related entities such as family limited partnerships and limited liability companies, trusts and foundations. HW Capital does not have a stated minimum to open an account, however clients typically will have at least \$25 million of investable assets under our management.

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

HW Capital takes a holistic and diversified approach to managing client portfolios and considers a given client's assets, income, liquidity requirements, risk tolerance, and investment horizon. Investment strategies are tailored over time based on clients' changing needs and appetite for risk.

HW Capital's asset allocation and security selection are based on our fundamental analysis of securities and investment products as well our view on macro-economic trends. In addition, clients may be invested in third-party investment managers, pooled investment vehicles, or direct investments. HW Capital conducts independent review of, and relies upon, the investment materials and other reports produced by those third-party investment manager or sponsors. Investment and operational due diligence is performed initially and periodically thereafter to evaluate third-party managers and sponsored investments.

Investing in securities involves the risk of loss that clients should be prepared to bear.

There is no guarantee or representation made that our investment program will be successful, that a client will achieve targeted returns or that there will be any return of capital invested. Investment results may vary substantially over time. HW Capital's methods of attempting to minimize such risks may not accurately predict future risk exposures. Risk management techniques are based in part on the observation of historical market behavior, which may not predict market divergences that are larger than historical indicators. Also, information used to manage risks may not be accurate, complete or current, and such information may be misinterpreted.

Investing and trading activities risk the loss of capital. This Brochure is not intended to address every potential risk and certain risks described below may only apply to certain clients depending on a client's goals and objectives. Some of these risks may include, but are not limited to:

- *Investment and Trading Risks.* Clients may be invested in securities and other financial instruments using strategies and investment techniques with significant risk characteristics. These include risks arising from the volatility of financial markets. The performance of any investment may depend on a number of factors, including conditions in regional and local economies, conditions in the securities markets generally, performance of companies in particular industries or regions and political and technological developments.
- *Investment Selection.* In making its investment recommendations, HW Capital often relies on information and data provided and prepared by third parties. Although we intend to evaluate the accuracy and importance of such information and data, we will not always be in a position to confirm the completeness, genuineness, or accuracy of such information and data.
- *General Economic and Market Conditions.* A client's performance may be affected by general economic and market conditions and factors that impact the investments, such as interest or currency rates, availability of credit, inflation rates, real or perceived adverse economic conditions, economic uncertainty, changes in laws, and national, and international political developments. These fluctuations may be temporary or may last for extended periods. Unexpected volatility or illiquidity could impair a portfolio's profitability or result in losses.
- *Equity Markets and Stock Price Volatility.* U.S. and foreign equities markets have experienced tumultuous times in the past reflected in highly volatile market prices for listed securities. Certain factors may have a significant impact on the market price of securities and, consequently, may adversely affect a client's portfolio, such as general economic data, interest and currency rate fluctuations, announcements of technological innovations, developments in patent or other proprietary rights, public concern or perception of issues relating to the safety of products developed by a company, announcements of collaborative partners, issues relating to government regulation, loss or gain of key employees in research and/or operations, fluctuations in companies' operating results, future sales of common stock, analysts' comments, including changes in recommendations, and general market conditions. HW Capital may invest clients in securities which may be more volatile and carry more risk than some other forms of investment. Security prices in general may decline over short or even extended periods of time and such declines may be significant.
- *Limited or No Liquidity.* HW Capital may invest client assets in privately-offered pooled investment vehicles with limited liability such as private equity and venture capital funds. Interests in these vehicles are not freely transferable and generally have limited, or no, withdrawal rights. HW Capital may also invest client assets in illiquid assets such as real estate that could be difficult to sell or transfer in certain market environments.

- *Additional Fees and Expenses.* When investing in pooled investment vehicles such as mutual funds, ETFs, private equity and venture capital funds, clients will bear additional expenses including management fees and in certain cases, performance allocations or carried interest charged by the vehicle's investment adviser. The risk of owning pooled investment vehicles generally reflects the risks of owning the underlying securities or other instruments in the pooled investment vehicle.

HW Capital does not primarily recommend any particular type of security.

### **Item 9 – Disciplinary Action**

To the best of our knowledge, there are no legal or disciplinary events that HW Capital or its management have been involved in.

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

HW Capital is required to disclose any relationship or arrangement that is material to its advisory business or to its clients with certain related persons who have financial industry activities and/or affiliations. HW Capital does not have any financial affiliations, however we currently operate out of a locked office within a shared office space with a real estate development and asset management firm, Mass Equities. Mass Equities provides development and asset management services to select client real estate investments. This office sharing arrangement could create various conflicts of interest and information sharing risks. HW Capital seeks to mitigate these conflicts due to the non-discretionary nature of investment recommendations (e.g., Clients will approve selection/recommendation of Mass Equities for any future contracts) and implementation of information safeguards and controls within its policies and procedures.

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

HW Capital has adopted a code of ethics (the "Code") pursuant to Rule 204A-1 of the Investment Advisers Act of 1940, as amended (the "Advisers Act"). The Code applies to all HW Capital directors, officers, employees and any other person who provides services on behalf of HW Capital and is subject to its supervision and control. The Code requires that HW Capital's business be conducted in accordance with the highest ethical and legal standards and focuses on the misuse of confidential information, personal securities trading and outside business activities. HW Capital will provide a copy of its code of ethics to any client or prospective client upon request.

HW Capital and related persons may purchase the same securities/investments for personal accounts that HW Capital recommends to clients. To mitigate this potential conflict of interest involving personal transactions, HW Capital has adopted policies and procedures for personal transactions and insider trading policies. More specifically, for alternative investment recommendations, HW Capital's policies and procedures require personal transactions alongside client investments to be disclosed to each client as part of the investment approval process. For personal trades in public securities, its related persons will only make such purchases at the same

terms as clients (e.g., included in the aggregated trade) or after client orders for the same securities have been completed. HW Capital also monitors the prices of these securities to ensure that HW Capital and its related persons do not benefit from trading after its clients in the same securities.

## **Item 12 – Brokerage Practices**

Clients typically direct that we use a particular broker. These directed brokerage clients should be advised that such a direction of brokerage may result in their receiving less favorable execution in certain transactions, or in paying higher transaction costs. Although it is the Adviser's policy to always seek best execution for client trades, in such a directed brokerage arrangement, the Adviser may not be free to seek the best price and execution by placing transactions with other brokers. Accordingly, Clients should consider whether a directed brokerage arrangement may result in disadvantages to the Client that are not outweighed by the value of custodial and other services provided by that broker.

HW Capital does not maintain a formal soft dollar arrangement with any broker-dealers. However, certain brokers do provide HW Capital with access to institutional services, including research, not typically available to retail customers. HW Capital does not feel that this creates a material conflict of interest but does periodically evaluate its clients' brokerage relationships for potential preferential treatment or other improprieties. For avoidance of doubt, HW Capital does not consider the receipt of institutional research in selecting or recommending (if applicable) broker-dealers whether it or a related person receives client referrals from a broker-dealer or third-party.

Clients' accounts receive individualized advice and non-discretionary accounts ultimately decide their investments and timing of transactions. Nonetheless, when appropriate, HW Capital may but is not obligated to seek to aggregate multiple sale and purchase orders for shares of the same securities purchased for our clients' portfolios if, in HW Capital's reasonable judgment, such aggregation will result in an overall economic benefit to the clients. HW Capital will consider when making such determination whether the clients are benefited by relatively better purchase or sales prices, lower commission or other transaction expenses and beneficial timing of transactions or a combination of these and other factors. When aggregate sale and purchase orders occur, HW Capital will seek to allocate the executions among the participating client accounts in a manner believed by HW Capital to be fair and equitable for all accounts involved.

With regards to allocating direct private investment opportunities or other investments that may have limited capacity, HW Capital maintains allocation procedures to allocate opportunities among clients in the fairest way, taking into account the clients' best interests. Because clients' accounts are non-discretionary, it is then up to such Clients to decide whether to proceed with such an investment, and if so, how much capital to allocate to such an investment. Due to the finite nature of most private equity investment opportunities, it is possible that Client demand will either exceed or fail to meet the proposed supply of any given investment opportunity. This could present investment allocation challenges, which HW Capital attempts to resolve in an equitable fashion. This may take into consideration one or more of the following factors: (i) whether any Client helped identify or brought the opportunity to HW Capital's attention and any conditions/restrictions such Client may impose upon HW Capital's ability to offer the opportunity to other Clients; (ii) the ability of a Client to commit to invest in a short period of time, in light of the timing constraints applicable to such investment; (iii) the ability of a Client to commit to a significant portion of such opportunity; (iv) the size of a Client's capital available for deployment (v) whether and to what extent a Client has accepted prior



direct private equity opportunities offered to it; or (vii) such other factors as HW Capital deems relevant.

Employees have power of attorney that grants trading discretion for certain familial client accounts that are otherwise managed on a non-discretionary basis. This presents the potential conflict of interest that trades for such accounts will be placed ahead of other non-discretionary clients. HW Capital believes that this risk is mitigated due to the long-term nature of client holdings and the market capitalization of typical investments. HW Capital seeks to mitigate this conflict by adhering to its trading procedures and periodic reviews of performance dispersion.

### **Item 13 – Review of Accounts**

Paul Haaga III and Brian Weissert, the Managing Partners, formally review client accounts no less than on a quarterly basis; provided that HW Capital may review client accounts more frequently, particularly if there are major market or economic events, a life event for a client or upon client request. HW Capital provides quarterly reporting, in an aggregated format, to its clients. Clients should review their client reporting to custodial and third-party statements carefully.

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

HW Capital does not pay or receive payment or economic benefit from anyone other than clients for providing investment advice. HW Capital and its related persons do not directly or indirectly compensate any person who is not a supervised person for client referrals.

### **Item 15 – Custody**

HW Capital does not have custody of client assets. With the exception of certain assets, which are defined as “privately offered securities” under Rule 206(4)-2 of the Advisers Act (known as the “Custody Rule”), all assets are held by “qualified custodians.” Whether or not HW Capital has custody over client assets, clients should carefully review all statements and reports provided to them in connection with their accounts whether they are provided by HW Capital or custodians. Statements from HW Capital may vary from custodial statements based on accounting procedures, reporting dates or valuation methodologies for certain securities.

### **Item 16 – Investment Discretion**

HW Capital does not have discretionary authority to manage securities accounts on behalf of clients. While HW Capital makes investment recommendations to clients, the client makes the ultimate investment decision.

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

Clients' specifically retains proxy voting authority in the investment management agreements. Upon request, Client's may consult on shareholder matters prior to voting proxies. Clients may request a copy of HW Capital's proxy voting policies and procedures by contacting the Adviser.

### **Item 18 – Financial Information**

HW Capital is not required to provide financial information in this Brochure because we do not (i) require or solicit prepayment of more than \$1200 in fees per client, six months or more in advance; (ii) we are not aware of any financial condition that is reasonably likely to impair our ability to meet contractual commitments to clients; and (iii) we have not been the subject of a bankruptcy petition.