

# ***CRESTMONT PRIVATE WEALTH LLC***

## ***Form ADV Part 2A Brochure***

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This Disclosure Brochure provides information about the qualifications and business practices of Crestmont Private Wealth LLC (“Crestmont Private Wealth”). If you have any questions about the contents of this Disclosure Brochure, please contact us at (832) 619-1643, (512) 851-1101 or by email at [info@crestmontpw.com](mailto:info@crestmontpw.com)

Crestmont Private Wealth is an Investment Advisor registered with the Securities and Exchange Commission (“SEC”). The information in this Disclosure Brochure has not been approved or verified by the (“SEC”) or by any state securities authority. Registration of an investment advisor does not imply any specific level of skill or training. This Disclosure Brochure provides information about Crestmont Private Wealth to assist you in determining whether to hire or retain Crestmont Private Wealth as your advisor.

Crestmont Private Wealth’s IARD/CRD number is 304170. Additional information about Crestmont Private Wealth and its advisory persons are available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## ITEM 2: MATERIAL CHANGES

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Form ADV Part 2A (the “Disclosure Brochure”) provides information about a variety of topics relating to an Advisor’s business practices and conflicts of interest. Crestmont Private Wealth believes that communication and transparency are the foundation of our relationship and continually strive to provide our Clients with the complete and accurate information at all times. We encourage all current and prospective Clients to read this Disclosure Brochure and discuss any questions you may have with us and of course, we always welcome your feedback.

### Material Changes

The firm is registered with the Securities and Exchange Commission (SEC)

### Future Changes

From time to time, we may amend this Disclosure Brochure to reflect changes in our business practices, changes in regulations and routine annual updates as required by the securities regulators. This complete Disclosure Brochure or a Summary of Material Changes shall be provided to each Client annually and if a material change occurs in the business practices of Crestmont Private Wealth, free of charge.

At any time, you may view the current Disclosure Brochure on-line at the SEC’s Investment Adviser Public Disclosure website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You may also request a copy of this Disclosure Brochure at any time free of charge, by contacting us at (512) 851-1101, or (832) 619-1943 or by email at [info@crestmontpw.com](mailto:info@crestmontpw.com)

*Please retain a copy of this Disclosure Brochure for your records.*

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## ITEM 4: ADVISORY BUSINESS

### INTRODUCTION

**Crestmont Private Wealth, LLC** (hereafter “Crestmont Private Wealth”), is a fee-based investment adviser that offers the following types of advisory services: *Financial Planning and Portfolio Management Services and 401K Plan Services*.

Crestmont Private Wealth was incorporated in 2019. Crestmont was approved as a registered investment advisor in May of 2019. The experience, education, and background of its principals and investment adviser representatives (hereafter “IA Reps”) can be found in the accompanying Brochure Supplement document.

Crestmont Private Wealth’s is owned by **Samuel Sean McGee, CEO, CIO and CCO** (hereafter “McGee”).

### INITIAL CONSULTATION

Crestmont Private Wealth will typically begin by providing the Client a free initial consultation. Crestmont Private Wealth uses the initial consultation to:

- Introduce the Client to Crestmont Private Wealth and its services;
- Gather information about the Client’s investment and financial objectives, financial condition, and risk tolerance, which Crestmont Private Wealth uses in forming its investment advice; and
- Deliver Company Brochure (ADV2) and Privacy Policy

The consultation must be completed before Crestmont Private Wealth will make any specific recommendations about the Client’s asset allocation or securities to buy or sell.

Prior to establishing a Client’s account, the Client will sign Crestmont Private Wealth’s *Financial Planning and Portfolio Management Agreement*, which serves as the contract between the Client and Crestmont Private Wealth, specifying the precise nature of services to be rendered by Crestmont Private Wealth and fees to be paid by the Client.

### FINANCIAL PLANNING AND PORTFOLIO MANAGEMENT SERVICES

The core of every client relationship is *Financial Planning*. Crestmont Private Wealth makes available ad hoc *Financial Planning* consultations by phone, video conference, and in person for client households. In addition, Crestmont Private Wealth currently provides access to eMoney, web-based *Financial Planning* software and Riskalyze, a risk alignment platform, for each client household. The *Financial Planning* consultations can include but are not limited to: overall asset allocation, securities recommendations, insurance needs, mortgage planning, retirement planning, college planning, trust & estate planning, savings, budgeting, and tax planning. It is recommended that each client consult their CPA or estate planning attorney as Crestmont Private Wealth is not a CPA firm or law firm.

Crestmont Private Wealth primarily manages Client accounts on a discretionary basis. For discretionary accounts, Crestmont Private Wealth will evaluate the Client’s financial condition and risk tolerance in order to tailor its securities recommendations to meet the Client’s investment objectives and individual needs. On rare occasions, Crestmont Private Wealth will allow the Client to impose restrictions or parameters on investing in certain securities or types of securities. For discretionary accounts, Crestmont Private Wealth will manage them inside of one of seven models, unless otherwise agreed. The seven models are Conservative, Moderate, Balanced, Moderate Growth, Growth, Aggressive, and Ultra

Aggressive. Each model has a qualified and non-qualified version, depending on the registration of the accounts. As well, Crestmont Private Wealth manages condensed versions of the seven models for accounts opened under \$50,000 in value. If any of these accounts grow over the \$50,000 threshold through deposits or market movement, Crestmont Private Wealth will transition the accounts to the standard models on a discretionary basis.

Crestmont Private Wealth will manage money actively and dynamically utilizing primarily: mutual funds, exchange-traded funds (ETFs), and exchange listed stocks. However, in rare instances, Crestmont Private Wealth may invest in individual bonds, common stocks, closed-end funds, stock options, Fidelity Personal Retirement Annuities, or private placements. Given that the market will affect the value of these securities, Crestmont Private Wealth will provide ongoing monitoring of client accounts.

Crestmont Private Wealth offers a “Non-Mutual Fund” version of each model portfolio to all clients. This option is for non-US citizens or US citizens living abroad due to the restraints placed by the Custodian on investing in US based mutual funds.

Crestmont Private Wealth does not provide any “wrap programs” (programs that bundle brokerage and advisory services under a single comprehensive fee). All securities recommended by Crestmont Private Wealth include additional transaction charges by the Client’s broker-dealer/custodian separate and in addition to from Crestmont Private Wealth’s advisory fees.

### ***DISCRETIONARY PORTFOLIO MANAGEMENT***

For discretionary accounts, the Client will grant Crestmont Private Wealth limited trading authority (discretionary authority) in the Client’s brokerage account by executing the appropriate documents with the Client’s broker-dealer/custodian. The discretionary authority will allow Crestmont Private Wealth to enter securities transactions on the Client’s behalf, determining which securities and the amount of securities to buy or sell. Clients will be notified of all transactions by trade confirmations from their broker-dealer/custodian and through communication with Crestmont Private Wealth.

Clients will provide written authorization to allow Crestmont Private Wealth to automatically deduct its advisory fee from the Client’s account (discussed at greater length in the “FEES AND COMPENSATION” section of this Disclosure Brochure) by signing Crestmont Private Wealth’s *Financial Planning and Portfolio Management Agreement*; however, Crestmont Private Wealth will not have the authority to make any other withdrawals from the Client’s account(s) under management.

As of July 31, 2019, Crestmont Private Wealth had \$117,539,366 in discretionary and \$11,644,414 in non-discretionary assets for a total of \$129,183,780 under management.

Crestmont Private Wealth recommends the Client grant discretionary authority to Crestmont Private Wealth so that it may execute recommendations in a timely fashion, but Clients should always review their brokerage account statements to verify the trading activity and withdrawals that occur in their account(s).

### ***NON-DISCRETIONARY PORTFOLIO MANAGEMENT***

For certain relationships, Crestmont Private Wealth may have non-discretionary accounts whereby Crestmont Private Wealth will have no discretion. For non-discretionary accounts, Crestmont Private Wealth can take instructions directly from a Client in writing so that the Client may make investment decisions at their own discretion. However, Crestmont Private Wealth will encourage self-directed accounts for these situations. Since Crestmont Private Wealth will recommend all Clients grant it

discretionary authority where active money management is advised, Crestmont Private Wealth anticipates very little of its Portfolio Management Services to be rendered on a non-discretionary basis.

### ***401K PLAN SERVICES***

Crestmont Private Wealth offers services to 401K plan sponsors on a discretionary basis, and in accordance with the objectives specified, and in accordance with the Investment Policy Statement of the Plan (“IPS”), if one exists at the firm sponsor level. Additionally, Crestmont Private Wealth shall make recommendations to the employer or plan sponsor, consistent with the IPS or plan sponsor, as to the diversified menu of investment funds to be offered to Plan Participants covered by the Plan.

Crestmont Private Wealth will memorialize the services provided and scope of compensation with an *Agreement* between Crestmont Private Wealth as advisor to the plan sponsor/employer, in which plan sponsor/employer pays the fee.

The custodian is Matrix Trust Company, which is used by Vestwell Holdings Inc, the 401k service provider currently used by Crestmont Private Wealth.

Services include: Plan design and implementation with a custodian, on-going plan review and analysis, research and evaluation of plan investment choices, annual qualitative and quantitative analysis of investment choices, asset allocation strategies or models that could be life cycle or age-based funds.

These services may be modified or revised from time to time, based on the approval of both parties.

If Plan Participant(s) wish to engage in a discretionary portfolio management relationship with Crestmont Private Wealth, separate from the 401k plan or through “Brokerage Link” in the 401k plan, a separate *Financial Planning and Portfolio Management Agreement* will be entered into on an individual basis.

## **ITEM 5: FEES AND COMPENSATION**

### ***MANAGEMENT FEES FOR FINANCIAL PLANNING AND PORTFOLIO MANAGEMENT SERVICES***

If engaged, Crestmont Private Wealth shall charge an annual fee based upon a percentage of the market value of the assets being managed by Crestmont Private Wealth. There is not a separate charge for Financial Planning. Financial Planning is included in the assets under management fee. The specific manner in which fees are charged is established in the Client’s *Agreement* with Crestmont Private Wealth.

As described in further detail below, Crestmont Private Wealth’s annual fee is exclusive of, and in addition to transaction fees and other related expenses by third parties, which shall be incurred by the Client. Note that Crestmont Private Wealth shall not receive any portion of these charges or fees.

**Investment Portfolio Fees:**

Crestmont Private Wealth's annual fee shall be prorated and charged quarterly, in advance, based upon the market value of the assets on the last day of the previous quarter. The annual fee shall vary (between 0.30% and 1.50%) depending upon the market value of the assets under management and the type of *Financial Planning and Portfolio Management Services* to be rendered, as follows:

**Investment Portfolio  
PORTFOLIO VALUE ANNUAL FEE SCHEDULE**

First \$500,000	1.50%
Next \$1,000,000	1.25%
Next \$3,500,000	1.00%
Next \$5,000,000	0.65%
Above \$10,000,000	0.30%

Annual fees will be deducted from the Client Account by the Custodian. The amount due is calculated by applying the quarterly rate (annual rate divided by 4) to the total assets under management with Crestmont Private Wealth at the end of each quarter. Clients will be provided with a statement, at least quarterly, from the Custodian reflecting deduction of the Investment Advisory Fee. Clients provide written authorization permitting Crestmont Private Wealth to be paid directly from their accounts held by the Custodian as part of the *Financial Planning and Portfolio Management Agreement* and separate account forms provided by the Custodian.

For the initial quarter of Financial Planning and Portfolio Management Services, the first quarter's fees shall be calculated on a pro rata basis. The Agreement between Crestmont Private Wealth and the Client will continue in effect until terminated by either party pursuant to the terms of the Agreement. Crestmont Private Wealth's annual fee shall be prorated through the date of termination and any remaining balance shall be refunded to the Client, as appropriate, in a timely manner.

Fee schedules are all negotiable and, in some circumstances, may be offered to be aggregated on a family basis.

**401K Plan Services Fees:**

Crestmont Private Wealth's annual fee shall be prorated and charged quarterly, in arrears, based upon the market value of the assets on the last day of the previous quarter. The annual fee shall vary (between 0.30% and 0.8%) depending upon the market value of the assets under management and the scope of services to be rendered, as follows:

**401K Plan Services  
PORTFOLIO VALUE ANNUAL FEE SCHEDULE  
(based on plan assets on billing date)**

\$0 to \$500,000	0.80%
\$500,001 to \$2,000,000	0.60%
\$2,000,001 to \$5,000,000	0.40%
Above \$5,000,000	0.30%

Annual fees will be billed to the plan sponsor/employer on a quarterly basis in arrears and is due upon receipt of the invoice. The amount due is calculated by applying the quarterly rate (annual rate divided by 4) to the total assets under management with Crestmont Private Wealth at the end of each quarter.

Notwithstanding the above, all fees are negotiable and certain clients may be charged less, depending upon a number of factors, including portfolio size, employment and relationship to Crestmont Private Wealth at the discretion of Crestmont Private Wealth's principals.

***ASSET ADDITIONS AND WITHDRAWALS***

The Client may make additions to and withdrawals from the account at any time. For additions greater than \$100,000 deposited into an account after the inception of a quarter, the fee payable with respect to such assets will be prorated based on the number of days remaining in the quarter. Additions may be in cash or securities provided that Crestmont Private Wealth reserves the right to liquidate any transferred securities or decline to accept particular securities into a Client's account. Crestmont Private Wealth consults with its Clients about the options and ramifications of transferring securities. However, Clients are advised that when transferred securities are liquidated, they are subject to transaction fees, fees assessed at the mutual fund level (i.e. contingent deferred sales charge) and/or tax ramifications.

Clients may withdraw account assets, subject to the usual and customary securities settlement procedures and reasonable notice to Crestmont Private Wealth. For partial withdrawals over \$100,000 within a billing period, we shall calculate the fee paid with respect to such assets, prorated based on the number of days remaining in the quarter. These calculated unearned fees will be credited towards the next quarter's fee. However, Crestmont Private Wealth designs its portfolios as long-term investments and asset withdrawals may impair the achievement of a Client's investment objectives.

For partial withdrawals purposed for the purchase of commissionable products through our broker/dealer or General Insurance Agent, within a billing period, regardless of the amount of the withdrawal, we shall calculate the fee paid with respect to such assets, prorated based on the number of days remaining in the quarter. These calculated unearned fees will be credited towards the next quarter's fee.

***TERMINATION PROVISIONS, REFUNDS AND ASSIGNMENT***

Prior to engaging Crestmont Private Wealth, the Client will be required to enter into a written *Agreement* with Crestmont Private Wealth setting forth the terms and conditions of the engagement and describing the scope of the services to be provided and the portion of the fee that is due from the Client prior to Crestmont Private Wealth commencing services. Either party may terminate the *Agreement* by written notice to the other. In the event Crestmont Private Wealth or the Client terminates the *Agreement*, the balance of Crestmont Private Wealth's unearned fees (if any) shall be refunded to the Client.



Assignment of Crestmont Private Wealth's *Financial Planning and Portfolio Management Agreement* is prohibited without the written consent of the Client. In the event of a merger or acquisition, consent is implied if Crestmont Private Wealth sends notice of such merger or acquisition to client, and Client does not object in writing to the merger or acquisition within the period specified in the notice.

### ***ADDITIONAL FEES***

Clients will incur certain charges imposed by the Financial Institution(s) and other third parties such as custodial fees, charges imposed directly by a mutual fund or exchange traded fund in the account, which shall be disclosed in the fund's prospectus (e.g., fund management fees and other fund expenses), deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Clients will incur transaction fees. Such charges and fees are exclusive of and in addition to Crestmont Private Wealth's fee.

Item 12 further describes the factors that Crestmont Private Wealth considers in selecting or recommending broker-dealers for Client transactions and determining the reasonableness of their compensation.

### ***OTHER COMPENSATION***

In addition to the *Financial Planning and Portfolio Management* fees described above, individual IA Reps of Crestmont Private Wealth are licensed as insurance agents and/or registered representatives to originate insurance and/or investment products through general agents and broker/dealers. The Reps receive insurance and/or brokerage commissions for the sale of those insurance and/or investment products.

This creates a conflict of interest and may offer IA Reps an incentive to recommend insurance and/or investment products that produce insurance and/or brokerage commissions for the IA Rep. When any such recommendations are made, IA Reps will disclose they are receiving commissions prior to completing any transaction and will obtain specific consent from the Client before purchasing any insurance and/or investment product. Additionally, Clients always have the option to purchase insurance and/or investment products through other agents and/or representatives not affiliated with Crestmont Private Wealth.

Any insurance and/or commissions will be charged separately through the insurance company or agency and/or broker/dealer and remitted to the IA Rep in their capacity as an insurance agent and/or registered representative. Crestmont Private Wealth will not receive any insurance or brokerage commissions paid to its IA Reps.

## **ITEM 6: PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

Crestmont Private Wealth does not charge performance-based fees for its investment advisory services or engage in side-by-side management. The fees charged by Crestmont Private Wealth are as described in Item 5 – Fees and Compensation above and are not based upon the capital appreciation of the funds or securities held by any Client.

## ITEM 7: TYPES OF CLIENTS

Crestmont Private Wealth will provide advisory services to various types of Clients, including:

- **Individuals:** Crestmont Private Wealth provides *Financial Planning and Portfolio Management Services*. This may include trust accounts and family partnerships.
- **High Net Worth Individuals:** Crestmont Private Wealth provides *Financial Planning and Portfolio Management Services*. This may include trust accounts and family partnerships.
- **Businesses and Non-Profits:** Occasionally, Crestmont Private Wealth will provide advisory services to businesses and non-profits seeking *Financial Planning and Portfolio Management Services* for their organization's interests.
- **Pension and Profit-Sharing Plans (but not Plan Participants):** On occasion, Crestmont Private Wealth offers investment advisory services to employee benefit plan sponsors of small-to medium-sized companies based upon an analysis of the needs of the plan. In general, these services may include an existing plan review, asset allocation advice, *Portfolio Management Services*, *Investment Performance Monitoring*, and/or ongoing consulting. In this line of business, the employer or plan sponsor is our Client and our direct interaction is with the plan sponsor. Crestmont Private Wealth does not offer personalized advice to Plan Participants concerning investment strategies or investment choices unless the Plan Participant is a client of Crestmont Private Wealth under a signed Financial Planning and Portfolio Management Agreement. We may have agreements with third-party administrators ("TPA's") to provide some of these services as part of the TPA's agreement with the plan. Our firm and the TPA may share in fees charged to the plan for their respective services rendered to the plan. 401K services provided by Crestmont Private Wealth under a Discretionary agreement with the plan sponsor include choosing the investment options available, as well as the configuration of each model portfolio, Crestmont Private Wealth serves as an ERISA 3(38) advisor for each 401K plan unless otherwise arranged. Crestmont Private Wealth does not provide other investment advisory services beyond this to our 401K plan clients.

### **ERISA CLIENTS**

With regards to retirement plans that are subject to the Employee Retirement Income Security Act of 1974 ("ERISA"), Crestmont Private Wealth generally assumes the role of a fiduciary with respect to such ERISA plans. Additionally, the Responsible Plan Fiduciary for ERISA plans will be provided with and ERISA Fee and Services Disclosure pursuant to Section 408(b)(2) of ERISA, prior to the ERISA Plan engaging Crestmont Private Wealth for advisory services.

### **PORTFOLIO MINIMUMS**

There is a suggested portfolio minimum of \$500,000 for the standard service offering at Crestmont Private Wealth, though Crestmont Private Wealth management can waive this minimum in certain circumstances.

## ITEM 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

*Financial Planning Services* are a core offering to all client households. Crestmont Private Wealth analyzes the Client's financial goals and objectives, income and spending, savings and investments, risks and insurance needs, asset allocation, and tax implications. This analysis seeks to ensure that the Client's

needs are addressed while making progress toward their financial goals and objectives. *Financial Planning* is customized to each client relationship and their specific needs. Thus, ad hoc planning can consist of but is not limited to: overall asset allocation, securities recommendations, insurance needs, mortgage planning, retirement planning, college planning, trust and estate planning, savings, budgeting, and tax planning. Crestmont Private Wealth currently offers eMoney, *Financial Planning* software, to all clients, which includes individualized client portals, Monte Carlo simulations, cash flow analysis and document storage.

With regards to portfolio management, Crestmont Private Wealth's core offering is an asset allocation, top-down management process with an emphasis on risk management and placement into the right risk spectrum for each client's time horizon, risk tolerance willingness and ability, liquidity, and goals. In certain instances, clients may opt for a "Non-mutual Fund" model. In addition, clients may opt to have alternative investments in their portfolios. They will be custodied at either Fidelity or PKS. These investments generally are only available to clients who meet certain legal requirements. Crestmont Private Wealth performs research and due diligence on alternative investments, and they are approved by the Investment Committee before implementation. Research and due diligence including, among other things, a review of relevant documents, calls and meetings with the subject investment's team, and an analysis of investment performance. The Crestmont Private Wealth Management Investment Committee typically meets monthly, or more often as needed, to evaluate macro-economic indicators, sub-asset class valuations, and a review of individual security selections.

Crestmont Private Wealth monitors the macro-economic environment utilizing a wide range of economic indicators, including but not limited to: Employment, Economic Growth (GDP), Economic Policy, Asset Valuation, and Inflation. By analyzing various economic data, the Investment Committee develops an acute understanding of global markets and makes sound investment decisions accordingly. Despite the macro-economic analysis performed by Crestmont Private Wealth, any investment in securities carries market risk and investors may lose their principal investment. Currently Crestmont Private Wealth utilizes Factset software and various public databases and periodicals as the primary source of data and research. On occasion, Crestmont Private Wealth seeks third party research via conferences or written materials from other financial institutions with permission.

In its sub-asset class analysis, Crestmont Private Wealth seeks to determine appropriate entry and exit points to numerous unique asset classes. This is done by analyzing various valuation metrics, including but not limited to price to earnings ratios, and credit spreads, duration risk, of certain fixed income indexes. The committee attempts to determine an appropriate diversified mix of individual assets to attempt to control risk in a prudent fashion based on the model objective. Despite the sub-asset class valuations performed by Crestmont Private Wealth, any investment in securities carries market risk and investors may lose their principal investment.

In its individual security analysis, Crestmont Private Wealth utilizes various qualitative and quantitative measures. This includes selection, monitoring, and investment action. Crestmont Private Wealth monitors all model securities on their investment platform. This is done by tracking performance on a historical basis. Crestmont Private Wealth utilizes a number of factors in considering an investment merit for inclusion in portfolios. Investment risk factors include but are not limited to metrics such as beta to S&P, interest rate sensitivity, expenses or transaction costs, track record, size (market cap), historical liquidity, and opportunity for total return prospects. Depending on the investment type, a wide range of factors will be considered that differ from others. A prudent analysis is undertaken and documented. Despite the security analysis performed by Crestmont Private Wealth, any investment in securities carries market risk and investors may lose their principal investment.

Crestmont Private Wealth utilizes Black Diamond performance reporting to monitor ongoing historical performance of investments since entry point, and to keep ongoing discussion regarding the merit of those investments forward. Black Diamond is also used to run cash balance reports, and drift reports, for rebalancing decisions. Crestmont Private Wealth also will utilize FactSet or other software, periodicals, or publicly available information to monitor investments in the portfolio on a fluid basis. Crestmont Private Wealth uses this information to determine current fit, reduction, increase, or sale of said securities on an ongoing basis.

For discretionary accounts, Crestmont Private Wealth will manage them inside of one of seven models, unless otherwise agreed. The seven models are Conservative, Moderate, Balanced, Moderate Growth, Growth, Aggressive, and Ultra Aggressive.

The investment strategies recommended to Clients will vary depending on the Client's financial goals and risk tolerance and could vary by account. Crestmont Private Wealth will manage discretionary accounts inside of one of six models, unless otherwise agreed. Each model has a qualified and non-qualified version, depending on the registration of the accounts. As well, Crestmont Private Wealth manages condensed versions of the five models for accounts opened under \$50,000 in value. If any of these accounts grow over the \$50,000 threshold through deposits or market movement, Crestmont Private Wealth will transition the accounts to the standard models on a discretionary basis. Crestmont Private Wealth may manage non-model accounts for a variety of reasons such as tax-loss harvesting, concentrated positions, and/or municipal bonds. Clients in non-model accounts are advised that the trades placed in these accounts may not receive the same execution price/trade date as clients whose accounts are managed in Crestmont Private Wealth's models. In certain circumstances, Crestmont Private Wealth offers a "Non-mutual Fund" model, or non-model accounts. All of the above options are discussed in depth with each client.

Crestmont Private Wealth will manage money actively and dynamically utilizing primarily: mutual funds, exchange-traded funds (ETFs), and exchange listed stocks. However, in rare instances, Crestmont Private Wealth invests in individual bonds, common stocks, closed-end funds, stock options, Fidelity Personal Retirement Annuities, alternative investments, private placements, or separately managed accounts on the Fidelity SAM platform. Given that the market will affect the value of these securities, Crestmont Private Wealth will provide ongoing monitoring of client accounts.

Our models utilize the following benchmarks as of 5/2019:

<b>Benchmarks</b>							
Index	Conservative	Moderate	Balanced	Moderate Growth	Growth	Aggressive	Ultra-Aggressive
Indexed Investment to S&P 500	20%	28%	35%	42%	50%	60%	65%
Indexed Investment to FTSE - All World ex US Index	10%	12%	15%	18%	20%	30%	33%
Indexed Investment to Barclays Aggregate Bond Index*	68%	58%	48%	38%	28%	8%	0%
90 Day Treasury Bill	2%	2%	2%	2%	2%	2%	2%

\*For non-qualified benchmarks Barclays Muni Bond Index will replace Barclays Aggregate Bond index

Our models utilize the following ranges as of 5/2019:

Asset Allocation Ranges							
	Conservative	Moderate	Balanced	Moderate Growth	Growth	Aggressive	Ultra-Aggressive
Equity Range	25-35%	35-45%	45-55%	55-65%	65-75%	85-95%	95-99%
Bonds Range	63-75%	53-65%	43-55%	33-45%	23-35%	3-15%	0%
Cash Range	0.5-5%	0.5-5%	0.5-5%	0.5-5%	0.5-5%	0.5-5%	0.5-5%

### ***GENERAL RISKS***

Accounts may maintain significant cash positions from time to time and the client will pay the Investment Management Fee based on the net asset value of the Account, including cash and cash equivalents. In addition, when necessary, Crestmont Private Wealth may place trades to generate cash to be deducted for management fees. Furthermore, the Account may forego investment opportunities to hold cash positions if we consider it in the best interests of the Accounts.

At a client's request, Crestmont Private Wealth can use leverage in investing. Such leverage can be obtained through various means. The use of margin borrowings may result in certain additional risks to Accounts. For example, should the securities pledged to a broker to secure a margin account decline in value, a "margin call" may be issued pursuant to which additional accounts would be required to be deposited with the broker or the broker would effect a mandatory liquidation of the pledged securities to compensate for the decline in value. Crestmont Private Wealth might not be able to liquidate assets quickly enough to pay off the margin debt and the Accounts can suffer additional significant losses as a result of such default. Although borrowing money increases returns if returns on the incremental investments purchased with the borrowed accounts exceed the borrowing costs for such accounts, the use of leverage decreases returns if returns earned on such incremental investments are less than the costs of such borrowings.

The prices of securities in which Crestmont Private Wealth invests can be sensitive to interest rate fluctuations and unexpected fluctuations in interest rates could cause the corresponding prices of the long and short portions of a position to move in directions which were not initially anticipated. In addition, interest rate increases generally will increase the interest carrying costs of borrowed securities and leveraged investments.

There are risks involved in trading securities. Market movements are difficult to predict and are influenced by, among other things, government trade, fiscal, monetary and exchange control programs and policies; changing supply and demand relationships; national and international political and economic events; changes in interest rates; and the inherent volatility of the marketplace. In addition, governments from time to time intervene, directly and by regulation, in certain markets, often with the intent to influence prices directly. The effects of governmental intervention may be particularly significant at certain times in the financial instrument markets and such intervention (as well as other factors) may cause these markets to move rapidly.

Alternative investments have different features and risks from other types of investment products. As further described in the offering documents of any particular alternative investment, an investment in alternative investments can be highly illiquid, is speculative and not suitable for all investors. Investing in alternative investments is intended for experienced and sophisticated investors only who are willing to

bear the high economic risks of the investment. Investors should carefully review and consider potential risks before investing. Alternative investment products may also have higher fees (including multiple layers of fees) compared to other types of investments.

Past performance is not a guarantee of future returns. Investing in securities and other investments involve a risk of loss that each Client should understand and be willing to bear. Clients are reminded to discuss these risks with their Advisor.

## **ITEM 9: DISCIPLINARY INFORMATION**

Registered Investment Advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of the registered investment Adviser or the integrity of its management. Neither Crestmont Private Wealth, its principals, nor its employees have a history of any legal or disciplinary action.

## **ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

### ***BROKER DEALER AND INVESTMENT ADVISOR - INDIVIDUALS***

In the event the Client desires, the Client can engage certain persons “associated” with Crestmont Private Wealth to render securities brokerage services under a commission arrangement. Under this arrangement, the Client may implement securities transactions through certain of Crestmont Private Wealth’s *Advisory Affiliates*, in their respective individual capacities as registered representatives of Purshe Kaplan Sterling Investments, Inc. (“PKS”), an SEC registered broker-dealer and member of FINRA. Brokerage commissions will be charged by PKS to effect these securities transactions and thereafter, a portion of these commissions will be paid by PKS to such *Advisory Affiliates*. Prior to effecting any transactions, the Client will be required to enter into a new account agreement with PKS. The brokerage commissions charged by PKS may be higher or lower than those charged by other broker-dealers. In addition, certain of Crestmont Private Wealth’s *Advisory Affiliates* (as applicable), also receive additional ongoing 12b-1 fees for mutual fund purchases from the mutual fund company during the period that the Client maintains the mutual fund investment.

While Crestmont Private Wealth does not sell such securities products to its investment advisory Clients, Crestmont Private Wealth does permit its *Advisory Affiliates*, in their individual capacities as registered Representatives of PKS, to sell securities products to its investment advisory Clients. Specifically, Crestmont Private Wealth’s *Advisory Affiliates* could be Registered Representative Agents of PKS. A conflict of interest will exist to the extent that Crestmont Private Wealth recommends the purchase of securities where the Crestmont Private Wealth’s *Advisory Affiliates* receive commissions or other additional compensation as a result of Crestmont Private Wealth’s recommendations. A BICE will be presented (best interest contract) to give us much transparency on the pros and cons and potential conflict of interest.

In addition, Crestmont Private Wealth’s *Advisory Affiliates* are registered advisory representatives of Avondale Wealth Management LLC, an SEC registered investment advisor.



### ***INSURANCE COMPANY OR AGENCY***

While Crestmont Private Wealth is not an insurance agency, some IA Reps of Crestmont Private Wealth are licensed as independent insurance agents and have affiliations with Ash Brokerage, Highland Capital Brokerage and various insurance companies whose products they sell. As IA Reps of Crestmont Private Wealth, they may recommend insurance products and may also, as independent insurance agents, sell those recommended insurance products to Clients. When such recommendations or sales are made, a conflict of interest exists as the Insurance licensed IA Reps earn insurance commissions for the sale of those products, which may create an incentive to recommend such products. Crestmont Private Wealth requires that all IA Reps disclose this conflict of interest when such recommendations are made. Also, Crestmont Private Wealth requires IA Reps to disclose that Clients may purchase recommended insurance products from other insurance agents not affiliated with Crestmont Private Wealth.

## **ITEM 11: CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRADING**

### ***CODE OF ETHICS***

Pursuant to SEC Rule 204A-1, Crestmont Private Wealth has a Code of Ethics that promotes the fiduciary duty of Crestmont Private Wealth and its IA Reps. The Code of Ethics articulates the importance of trust as a foundation to the relationship between an investment adviser and its Clients and establishes policies and procedures to ensure that Crestmont Private Wealth and its IA Reps place the interests of the Clients first. The Code of Ethics requires that Crestmont Private Wealth and its IA Reps adhere to all applicable securities and related laws and regulations. The Code of Ethics also requires Crestmont Private Wealth and its IA Reps to follow industry “best practices” involving: confidential information, suitability of investments, personal trading on the part of Crestmont Private Wealth and its IA Reps, outside business activities of IA Reps, and the disclosure of conflicts of interest.

A copy of the Adviser’s Code of Ethics is available upon request for any Client or prospective Client, free of charge.

### ***PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING***

While Crestmont Private Wealth has no proprietary interest in Client transactions, its IA Reps have a financial interest in those recommended transactions that involve the purchase of an insurance and/or securities product. As explained in the “OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS” section, IA Reps of Crestmont Private Wealth are licensed as independent insurance agents in Texas and registered representatives of a broker/dealer. As IA Reps of Crestmont Private Wealth, they recommend insurance and/or securities products and also, as independent insurance agents and registered representatives, sell those recommended insurance and/or securities products to Advisory Clients. When such recommendations or sales are made, a conflict of interest exists as the Insurance Licensed IA Reps and/or Registered Reps will earn insurance and/or brokerage commissions for the sale of those products, which may create an incentive to recommend such products. Crestmont Private Wealth requires that all IA Reps disclose this conflict of interest when such recommendations are made. Also, Crestmont Private Wealth requires IA Reps to disclose that Advisory Clients may purchase recommended insurance and/or securities products from other insurance agents and/or registered representatives not affiliated with Crestmont Private Wealth.

IA Reps of Crestmont Private Wealth may have an interest in Client transactions insofar as they may personally invest in the same securities recommended to Advisory Clients. These transactions involve a

conflict of interest as Crestmont Private Wealth or IA Reps may benefit from an increase in price from subsequent purchases by Advisory Clients. To address this conflict of interest, Crestmont Private Wealth and its IA Reps will adhere to the following procedures regarding their personal trading:

1. Crestmont Private Wealth and its IA reps can trade in the same securities with client accounts on an aggregated basis when consistent with Crestmont Private Wealth's obligation of best execution. A variety of methods will be used, and diligence will be maintained to ensure that any trades made in an employee account does not receive preferential treatment over trades made in client accounts;
2. Crestmont Private Wealth and its IA Reps will mostly recommend investments that are widely traded;
3. In the rare instance where private placement offerings are recommended to Clients and an IA Rep also has an ownership interest in the private offering, full disclosure will be given so the Client fully understands that conflict of interest; and
4. All Crestmont Private Wealth and employee trades will be reviewed by the Chief Compliance Officer or designee in a preclear process.

## **ITEM 12: BROKERAGE PRACTICES**

Crestmont Private Wealth does not have discretionary authority to select the broker-dealer/custodian for custodial and execution services or the administrator for defined contribution accounts. The Client will select the broker-dealer or custodian (herein the "custodian") to safeguard Client assets and authorize Crestmont Private Wealth to direct trades to this custodian as agreed in the *Financial Planning and Portfolio Management Agreement*. Further, Crestmont Private Wealth may attempt to negotiate custodial trading costs on behalf of our Clients on a trade-by-trade basis.

While Crestmont Private Wealth does not have the discretion to select the custodian, Crestmont Private Wealth shall recommend that Clients utilize the brokerage and clearing services of Fidelity Institutional Wealth Services and its affiliates (collectively referred to as "*Fidelity*").

Factors which Crestmont Private Wealth considers in recommending *Fidelity* or any other broker-dealer, to Clients include their respective financial strength, reputation, execution, pricing, research, and service. *Fidelity* enables Crestmont Private Wealth to obtain many mutual funds without transaction charges and other securities at nominal transaction charges.

The transaction fees charged by *Fidelity* may be higher or lower than those charged by other broker-dealers. The transaction fees paid by Crestmont Private Wealth's Clients shall comply with Crestmont Private Wealth's duty to obtain "best execution". However, a Client may pay a transaction fee that is higher than another qualified broker-dealer might charge to effect the same transaction where Crestmont Private Wealth determines, in good faith, that the transaction fee is reasonable in relation to the value of the brokerage and research services received.

Crestmont Private Wealth receives from *Fidelity*, without cost to Crestmont Private Wealth, computer software and related systems support, which allow Crestmont Private Wealth to better monitor Client accounts maintained at *Fidelity*. Crestmont Private Wealth receives the software and related support without cost because Crestmont Private Wealth renders *Financial Planning and Portfolio Management Services* to Clients that maintain assets at *Fidelity*. The software and related systems support may benefit Crestmont Private Wealth, but not its Clients directly.



Additionally, Crestmont Private Wealth receives the following benefits from *Fidelity* through the Fidelity Institutional Wealth Services Group: receipt of duplicate Client confirmations and bundled duplicate statements; access to a trading desk that exclusively services its Institutional Wealth Services Group participants; 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.

Whenever possible and appropriate, Crestmont Private Wealth will attempt to batch trades for clients in order to create a “block transaction.” The actual prices applicable to the block transactions will be averaged, and the client account will be deemed to have purchased or sold its proportionate share of the securities involved at the average price obtained. Due to each client’s portfolio size, investment objectives, equity exposure and instructions given to Crestmont Private Wealth, in some circumstances, block transactions will not be possible. If Crestmont Private Wealth does not batch trades, some clients purchasing securities around the same time may receive a less favorable price than other clients.

### ***CONFLICT OF INTEREST***

In fulfilling its duties to its Clients, Crestmont Private Wealth endeavors at all times to put the interests of its Clients first. Clients should be aware however, that Crestmont Private Wealth’s receipt of economic benefits from a broker-dealer creates a conflict of interest since these benefits may influence Crestmont Private Wealth’s choice of broker-dealer over another broker-dealer that does not furnish similar software, systems support, or services.

### ***BEST EXECUTION***

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 broker-dealer’s services, including among others, the value of research provided, execution capability, transaction fee rates, and responsiveness. Consistent with the foregoing, while Crestmont Private Wealth will seek competitive rates, it may not necessarily obtain the lowest possible transaction fee rates for Client transactions.

## **ITEM 13: REVIEW OF ACCOUNTS**

For *Financial Planning and Portfolio Management* Clients, their respective financial advisor or a member of the Crestmont Private Wealth team will be available to meet them on a regular and consistent basis. During these client reviews, relevant *Financial Planning* matters and investment performance will be reviewed and discussed. Investment objectives and corresponding risk tolerance will be assessed, discussed, and potentially modified to adhere to clients’ present condition. Depending on circumstances, these reviews could take place in person, via video conferencing, or by teleconference. Clients may receive a reduced version of these account reviews for lower, more competitive fee structure. In addition, investment performance reports are generated quarterly and made available through Black Diamond. As well, daily access to individualized Black Diamond portals is available to all clients. Contained in the quarterly reports are historical performance numbers, money flow records, and a transparent record of advisory fees paid to Crestmont Private Wealth.

Client accounts are reviewed by at least one of the following, Samuel McGee, CEO, CCO and CIO, Chris Perego, Portfolio Manager, Alec Walker, Director of Planning, or Hannah Vinyard, Director of Operations. There is not a limitation on the number of client accounts assigned to any particular officer, nor is there a precise sequence or review schedule. All portfolios are reviewed periodically throughout the year. More frequent reviews may be triggered by material changes in variables such as the client’s

individual circumstances or the market economic or political environment. Crestmont Private Wealth will conduct asset allocation drift reports, cash balance reports, and keep records of the reviews and internal audits on a routine basis. does not need to be in here.

Clients will also receive statements from the custodian at least quarterly, detailing their individual assets and all activity in the client's account(s). Less active accounts may only receive quarterly statements from the custodian. We urge you to carefully review such statements and compare such custodial records to the performance reports that we may provide to you. Our performance reports may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

## **ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION**

Crestmont Private Wealth does not use or employ the services of a solicitor, nor does it directly compensate an individual or entity for these services.

## **ITEM 15: CUSTODY**

Clients will engage an independent broker-dealer and custodian to maintain their accounts and so Crestmont Private Wealth will not have *physical* custody of Clients' assets, monies, or securities. However, since Crestmont Private Wealth directs the custodian to withdraw advisory fees directly from Clients' accounts (as described in the "FEES AND COMPENSATION" section of this Brochure), Crestmont Private Wealth is considered to have custody in a limited capacity. Again, this custody is due solely to the direct withdrawal of fees and does not entail all of the same legal and regulatory requirements as an investment adviser with physical custody of Clients' assets, monies, or securities. Accordingly, Clients will only receive account statements from their broker-dealer and custodian (though Crestmont Private Wealth may send invoices or other communication), at least quarterly. Crestmont Private Wealth urges you to carefully review such statements and compare such official custodial records to the account statements that we may provide to you. Our statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

Standing Letters of Authorization: Crestmont Private Wealth is relying on the conditions set forth in the No-Action letter issued by the Securities and Exchange Commission on February 21, 2017. Pursuant to the conditions set forth in the No-Action Letter, Crestmont Private Wealth confirms that (1) the Client provides an instruction to the qualified custodian, in writing, that includes the Client's signature, the third party's name, and either the third party's address or the third party's account number at a custodian to which the transfer should be directed; (2) the Client authorizes us, in writing, either on the qualified custodian's form or separately, to direct transfers to the third party either on a specified schedule or from time to time; (3) the Custodian performs appropriate verification of the instruction, such as a signature review or other method to verify the Client's authorization, and the Custodian provides a transfer of funds notice to the Client promptly after each transfer; (4) the Client has the ability to terminate or change the instruction to the Custodian; (5) Crestmont Private Wealth has no authority or ability to designate or change the identity of the third party, the address, or any other information about the third party contained in the Client's instruction; (6) we maintain records showing that the third party is not a related party of Crestmont Private Wealth or located at the same address as Crestmont Private Wealth; and (7) the Custodian sends the Client, in writing, an initial notice confirming the instruction and an annual notice reconfirming the instruction.

## ITEM 16: INVESTMENT DISCRETION

As described in the “ADVISORY BUSINESS” section, Crestmont Private Wealth will have investment discretion for those Advisory Clients that elect *Financial Planning and Portfolio Management Services*. Clients will select this option specifically in Crestmont Private Wealth’s *Financial Planning and Portfolio Management Agreement* and will sign a trading authorization form with their broker-dealer/custodian.

When Advisory Clients grant discretionary authority to Crestmont Private Wealth, Clients may still place restrictions on the advisor, such as a prohibition on investing in specific securities, industries, or markets that the Client chooses. Crestmont Private Wealth may utilize their custodian trade execution desk to carry out the execution of shares subject to SEC rule 144 for officers, directors, and 10% shareholders of stock. Additionally, unless specifically instructed otherwise by the Client, Crestmont Private Wealth seeks to maintain diversified investment portfolios for its *Financial Planning and Portfolio Management* Clients. Crestmont Private Wealth executes an *Agreement* with each Client, which sets forth the authority to buy and sell securities in whatever amounts are determined to be appropriate for the account and whether such transactions are with, or without, prior approval by the Client. In certain circumstances there may be client-imposed restrictions, or biases, and Crestmont Private Wealth will seek to educate on diversification to reduce that bias or restriction over time.

## ITEM 17: VOTING CLIENT SECURITIES

Crestmont Private Wealth will not have or accept authority to vote Client securities. All voting issues, proxies, and solicitations will be communicated to Advisory Clients through the Client’s broker-dealer/custodian. Additionally, Crestmont Private Wealth will not provide advice to Clients regarding their voting of proxies. Any proxy solicitations received at Crestmont Private Wealth’s place of business will be immediately forwarded to the Client for their evaluation and decision.

## ITEM 18: FINANCIAL INFORMATION

Registered Investment Advisers are required to provide you with certain financial information or disclosures regarding their financial condition. Crestmont Private Wealth has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to Clients and has not been the subject of any bankruptcy proceedings. We do not require or solicit prepayment of more than \$1200 in fees per client and six months or more in advance.

## ITEM 19: REQUIREMENTS FOR STATE REGISTERED ADVISORS

N/A

### ***BUSINESS CONTINUITY PLAN***

We have a Business Continuity Plan that addresses how the Firm will respond to events that may disrupt its business. If the main telephone line is inactive, the emergency number is 832-270-6292. If the emergency line is down, please contact your custodian. We will resume operations as quickly as possible (preferably within twenty-four hours) depending on the severity of the business disruption. Our Business

Continuity Plan covers data backup and recovery, mission critical systems financial and operational assessments, alternative communications, alternate business locations, regulatory reporting and the assurance of prompt access to funds and securities for our customers. Additional details regarding the firm's Business Continuity Plan are available upon request.