

Cover Page - Item 1



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**March 19, 2024**

**FORM ADV PART 2A BROCHURE**

This Brochure provides information about the qualifications and business practices of Twin Peaks Wealth Advisors, LLC. If you have any questions about the contents of this Brochure, please contact us at 650-200-0308. 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 Twin Peaks Wealth Advisors, LLC is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) by searching **CRD# 323817**.

Twin Peaks Wealth Advisors, LLC is a registered investment adviser. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

### **Material Changes - Item 2**

Our firm is required to notify clients of any information that has changed since the last annual update of this ADV Part 2A that may be important to them or otherwise deemed material. Since our last annual updating amendment filing dated February 3, 2023, we have the following material changes to report.

On March 17, 2023, we amended this Brochure to disclose that our firm will receive compensation for referring clients to the Cantor Fitzgerald Insured Cash Program. Please refer to Item 14 of this Brochure (the "Client Referrals and Other Compensation" section) for more information.

On April 10, 2023, we amended this Brochure to disclose a new address for our firm's principal office location.

On July 5, 2023, we amended this Brochure to disclose that our firm may compensate outside parties for client referrals. Please refer to Item 14 of this Brochure (the "Client Referrals and Other Compensation" section) for more information. We also amended Item 5 ("Fee and Compensation" section) to disclose that clients may have advisory fees for certain accounts, such as 529 plans or 401(k) brokerage link accounts, deducted from other accounts that we manage on the client's behalf.

On August 1, 2023, we amended this Brochure to disclose that our management fees are billed quarterly in advance based on the average daily balance of the account during the last quarter. Please see Item 5 of this Brochure for more information. We also amended this Brochure to disclose that we may offer assistance to clients with corporate actions. Please see Item 17 of this Brochure for more information.

On March 19, 2024, we amended this Brochure to disclose a revised fee schedule for management services. Please see Item 5 of this Brochure for more information. We also amended this Brochure to disclose that some clients may authorize our firm with standing letters of instruction to transfer or disburse funds to certain designated third-parties on behalf of the client. Please refer to Item 15 of this Brochure for more information.

Clients can request a copy of our firm's ADV Part 2 Brochure and/or contact us with any questions at 650-200-0308.

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#### **Advisory Business - Item 4**

##### **Description of Firm**

Twin Peaks Wealth Advisors, LLC is a registered investment adviser based in Burlingame, CA. We are organized as a limited liability company under the laws of the State of California, and became a registered investment adviser in November 2022. Tushar Kumar and Vishal Kumar are the owners of our firm.

The following paragraphs describe our services and fees. Please refer to the description of each investment advisory service listed below for information on how we tailor our advisory services to your individual needs. As used in this Brochure, the words "we," "our," and "us" refer to Twin Peaks Wealth Advisors, LLC and the words "you," "your," and "client" refer to you as either a client or prospective client of our firm.

##### **Wealth Management Services**

Wealth management services consist of ongoing financial planning *and* discretionary investment management services where we manage our clients' investments within the larger context of the client's overall wealth management and planning process. These services are tailored to clients (individuals or families) with *\$2,000,000 or more* of investable assets.

These services include an initial consultation along with follow up consultations, as may be agreed, to discuss your unique investment objectives, time horizon, risk tolerance, tax circumstances, and various other financial factors. Based on our evaluation of the foregoing factors, we will use the information we gather to develop a strategy that enables our firm to give you continuous and focused investment advice and/or to make investments on your behalf. As part of our wealth management services, we will customize an investment portfolio for you in accordance with your risk tolerance and investing objectives. Once we construct an investment portfolio for you, we will monitor your portfolio's performance on an ongoing basis, and will periodically rebalance the portfolio as required by, among other things, changes in market conditions and in your financial circumstances. Clients are required to notify our firm immediately if their financial circumstances and/or investment objectives change from what has already been disclosed to our firm.

If you engage our firm for wealth management services, you must grant our firm discretion over the selection and number of securities to be purchased or sold for your account(s). Discretionary authority enables our firm to execute transactions within your account without obtaining your consent or approval prior to each transaction. In limited circumstances and in our sole discretion, we may accept instructions from you that limit our discretionary authority (for example, limiting the types of securities that can be purchased or sold for your account). Such requests must be presented to our firm in writing. This discretionary authority will also provide our firm with authorization to delegate discretionary investment management services to other unaffiliated Sub-Advisors selected by our firm based on your investment objectives and portfolio strategy. Please refer to Item 16 of this Brochure for more information on how we manage your account(s) with discretion.

For clients with *less than \$2,000,000* in assets under management, our wealth management services consist solely of **investment management services** and do not include complimentary ongoing financial planning and consulting services. In these instances, clients have the option to engage our firm for stand-alone financial planning and consulting services for a separate and stand-alone fee.

##### **Management of Held Away Assets**

As part of our wealth management services, we provide asset allocation review, rebalancing and management services for accounts that are not held in custody of the qualified custodian(s) recommended by our firm. These services are provided through an account aggregation service called Pontera. The service primarily applies to ERISA and non-ERISA plan assets such as 401(k)s and 403(b)s, and other assets that must be held in custody of the plan custodian(s). We regularly review the available investment options in these accounts, monitor them, and periodically rebalance and implement our strategies using different tools, as necessary. If you elect to allow

our firm to manage your assets through Pontera, you will be notified via email when we place trades through Pontera. Under no circumstances will we possess privileges that would impute custody to our firm under applicable rules and regulations, including, but not limited to: maintaining your account log-in credentials on file; having the ability to change your address on record or ability to authorize distributions from your accounts; or authorization to open any new accounts on your behalf through the web-based platform.

#### **LPL Financial Sponsored Advisory Programs**

We may provide advisory services through certain programs sponsored by LPL Financial LLC ("LPL"), a registered investment advisor and broker-dealer. For more information regarding the LPL programs, including more information on the advisory services and fees that apply, the types of investments available in the programs and the potential conflicts of interest presented by the programs, please see the program account packet (which includes the account agreement and LPL Form ADV program brochure that we provide you). Below is a brief description of the LPL program(s) that we generally use:

*Model Wealth Portfolios Program (MWP)* - MWP offers clients a professionally managed mutual fund asset allocation program. We will obtain the necessary financial data from the client, assist the client in determining the suitability of the MWP program and assist the client in setting an appropriate investment objective. We will initiate the steps necessary to open an MWP account and have discretion to select a model portfolio designed by LPL's Research Department consistent with the client's stated investment objective. LPL's Research Department, a third-party portfolio strategist and/or Advisor, through its IAR, may act as a portfolio strategist responsible for selecting the mutual funds or ETFs within a model portfolio and for making changes to the mutual funds or ETFs selected. The client will authorize LPL to act on a discretionary basis to purchase and sell mutual funds and ETFs and to liquidate previously purchased securities. The client will also authorize LPL to effect rebalancing for MWP accounts. MWP requires a minimum asset value for a program account to be managed. The minimums vary depending on the portfolio(s) selected and the account's allocation amongst portfolios. The lowest minimum for a portfolio is \$10,000. In certain instances, a lower minimum for a portfolio is permitted.

#### **Financial Planning and Consulting Services**

We offer financial planning and consulting services where we provide a variety of advisory services to clients regarding the management of their financial assets based upon an analysis of their individual needs. These services can range from broad-based financial planning with investment recommendations to consultative or single subject planning.

Financial planning and consulting services are based on your financial situation at the time we present our recommendations to you, and on the financial information you provide to us. You must promptly notify our firm if your financial situation, goals, objectives, or needs change. You are under no obligation to act on our financial recommendations. Should you choose to act on any of our recommendations you are not obligated to implement such recommendations through any of our other investment advisory services, and you may act on our recommendations by placing securities transactions with any brokerage firm.

#### **Types of Investments**

We may advise you on any type of investment that we deem appropriate based on your stated goals and objectives. We may also provide advice on any type of investment held in your portfolio at the inception of our advisory relationship. Since our investment strategies and advice are based on each client's specific financial situation, the investment advice we provide to you may be different or conflicting with the advice we give to other clients regarding the same security or investment. We do not participate in a wrap fee program.

#### Assets Under Management

As of January 30, 2024, we manage approximately \$318,501,282 in client assets on a discretionary basis.

### Fees and Compensation - Item 5

#### Wealth Management Services

Our fee for wealth management services is based on a percentage of the assets in your account(s) and is set forth in the following annual fee schedule \*:

Assets Under Management	Annual Maximum Fee
\$2,000,001 - \$5,000,000	0.90%
\$5,000,001 - \$10,000,000	0.80%
\$10,000,001 - \$25,000,000	0.70%
\$25,000,001 - \$50,000,000	0.60%
\$50,000,001 and Over	0.50%

\*For example, if you have \$7,500,000 in assets under management with our firm, your annual fee will be 0.80%. This is a non-blended tiered fee schedule.

Any new accounts opened during a quarter will be billed in arrears based on the average daily balance of your account at the end of the quarter. Thereafter, our fee is billed quarterly in advance based on the average daily balance of your account. Our advisory fee is negotiable depending on individual client circumstances. For some clients, we may negotiate a flat fee and/or negotiate other fee-paying arrangements. Also, we may have certain legacy clients that pay advisory fees that were in effect at the time those individuals became clients.

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

We will deduct our fee directly from your account through the qualified custodian holding your funds and securities. We will deduct our advisory fee only when you have given our firm written authorization permitting the fees to be paid directly from your account. Further, the qualified custodian will deliver an account statement to you at least quarterly. These account statements will show all disbursements from your account. You should review all statements for accuracy.

You may terminate the wealth management agreement upon written notice (email and/or ACAT notice will suffice). You will incur a pro rata charge for services rendered prior to the termination of the wealth management agreement, which means you will incur advisory fees only in proportion to the number of days in the quarter for which you are a client. In our sole discretion, and only upon written instruction from the client, we may assist clients with administering the liquidation for certain investments, such as private investments, post-termination notice.

Lower fees for comparable services may be available from other sources.

For clients with *less than \$2,000,000* in assets under management, but have \$500,000 or more, our fee for **investment management services**, which does not include complimentary ongoing financial planning and consulting services, is based on a percentage of the assets in your account(s) and is set forth in the following

annual fee schedule:

Assets Under Management	Annual Maximum Fee
Up to \$500,000	1.50%
\$500,001 - \$1,000,000	1.25%
\$1,000,001 - \$2,000,000	1.00%
\$2,000,001 - \$5,000,000	0.90%
\$5,000,001 - \$10,000,00	0.80%
\$10,000,001 - \$25,000,000	0.70%
\$25,000,001 - \$50,000,000	0.60%
Over \$50,000,001	0.50%

#### **Management of Held Away Assets**

For held away assets managed through Pontera, Pontera does not offer us the ability to deduct fees from the account. As such, fees for the management of held away assets will either be paid directly by the Client or deducted from another account that we manage for the Client at the qualified custodian(s) recommended by our firm.

#### **LPL Financial Sponsored Advisory Programs**

LPL Programs - The account fee charged to depends on the program utilized by the client. Fees for the LPL Programs are negotiable, subject to the maximum account fee of 1.50% for the *Model Wealth Portfolios Program* (MWP).

Representatives receive compensation when a client participates in an LPL program. Depending on, among other things, the type and size of the account, type of securities held in the account, changes in its value over time, the ability to negotiate fees or commissions, the historical or expected size or number of transactions, and the number and range of supplementary advisory and client-related services provided to the client, the amount of this compensation may be more or less than what the Representative would receive if the client participated in other programs, whether through LPL or another sponsor, or paid separately for investment advice, brokerage and other services.

Clients should consider the level and complexity of the advisory services to be provided when negotiating the account fee (or the advisor fee portion of the account fee, as applicable) with TPWA. Accounts using third-party portfolio managers under aggregate, all-in-one account fee structures (including MWP), because the portion of the account fee retained by TPWA varies depending on the portfolio strategist fee associated with a portfolio, TPWA has a financial incentive to select one portfolio instead of another portfolio. Please refer to the relevant LPL Form ADV program brochure for a more detailed discussion of conflicts of interest.

#### **Financial Planning and Consulting Services**

We charge an annual fixed fee for financial planning and consulting services that may range up to \$20,000. The fee will be determined based on factors including the complexity of your financial situation, agreed upon deliverables, and whether you intend to implement any recommendations through TPWA. Clients who engage us for hourly planning will be charged up to \$500 per hour. Our financial planning and consulting fee and payment arrangement are negotiable with each individual client. Clients will be invoiced directly for financial planning and consulting fees or the client may authorize us to bill an existing account that we manage under our management services. Either party may terminate the engagement by providing written notice to the other party. Clients will incur a pro rata charge for services rendered prior to the termination of the agreement, and will receive a refund for unearned fees if an advance is negotiated.

### **Additional Fees and Expenses**

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

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

Certain Executive officers and other Associated Persons of our firm are licensed as independent insurance agents. These persons will earn commission-based compensation for selling insurance products, including insurance products they sell to our clients. Insurance commissions earned by these persons are separate from and in addition to our advisory fees. The sale of insurance instruments and other commissionable products offered by Associated Persons are intended to complement our advisory services. However, this practice presents a conflict of interest because persons providing investment advice on behalf of our firm who are insurance agents have an incentive to recommend insurance products to you for the purpose of generating commissions rather than solely based on your needs. We address this conflict of interest by recommending insurance products only where we, in good faith, believe that it is appropriate for the client's particular needs and circumstances and only after a full presentation of the recommended insurance product to our client. In addition, we explain the insurance underwriting process to our clients to illustrate how the insurer also reviews the client's application and disclosures prior to the issuance of a resulting insuring agreement. Clients to whom the firm offers advisory services are informed that they are under no obligation to purchase insurance services. Clients who do choose to purchase insurance services are under no obligation to use our licensed Associated Persons and may use the insurance brokerage firm and agent of their choice.

Additionally, some Associated Persons are Registered Representatives ("RR") of Purshe Kaplan Sterling ("PKS"), who is a FINRA member broker/dealer. TPWA and PKS are not affiliated firms. Representatives, acting in an RR capacity, may recommend or take an order from the client to sell or purchase securities. This will produce additional compensation for the Representative/RR, which are separate and distinct from the Advisory Fees you pay TPWA. The investments, products, accounts and services offered by PKS are separate and distinctly different from the services provided by TPWA, even though the values of these investments may be shown on your advisory custodian statement. The commissions are not credited against any advisory fees clients pay. Selling brokerage products creates a conflict of interest for the Representative when acting in the capacity of an RR in that there is a financial incentive to recommend securities products. However, in all cases TPWA will be a fiduciary and make recommendations that are appropriate for the client and their financial goals.

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

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

Performance-based fees are based on a share of capital gains on or capital appreciation of the client's assets. Side by-side management refers to managing accounts that pay performance-based fees alongside those that do not pay performance-based fees. Our firm and Associated Persons do not accept performance-based fees.



### **Types of Clients - Item 7**

We typically offer investment advisory services to individuals, high-net worth individuals, corporations or other businesses.

Our wealth management services (investment management and ongoing financial planning and consulting) are tailored to clients with *\$2,000,000 or more* of investable assets. For clients with *less than \$2,000,000* in assets under management, but have \$500,000 or more in assets under management, we provide investment management services without the ongoing financial planning and consulting component. We may, in our sole discretion, waive or reduce these minimum account requirements depending on the client's individual circumstances.

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

#### **Our Methods of Analysis and Investment Strategies**

TPWA utilizes personalized investment strategies to meet the needs and goals of clients. We provide a consultative process that combines both comprehensive financial planning concepts along with a disciplined investment allocation aligned with planning based individualized client's risk/return needs.

Asset Allocation - Asset Allocation is the process of attempting to maximize our client's portfolio objectives while minimizing the associated risks. We manage diversified portfolios utilizing Exchange Traded Funds (ETFs) and actively managed institutional share class mutual funds to provide a long-term core strategic asset allocation. The strategic allocation decisions generally consider the recommendation of the recognized best in the business firm's security research (i.e. Morningstar, Fidelity Institutional Asset Management, Blackrock, and other third-party sources). These core allocations will focus on seeking non-correlated assets to reduce short term volatility. We also will incorporate short-term tactical themes representing opportunities given the current state of the economy.

Mutual Fund and/or ETF Analysis - We use ETFs to weight sectors, geographies, market-caps and styles to ensure portfolios reflect potential opportunity within capital market assumptions over time. We look at the underlying assets in a mutual fund or ETF to determine if there is significant overlap in the underlying investments held in other fund(s) in the client's portfolio. We also monitor the funds or ETFs to determine if they are continuing to follow their stated investment strategy. A risk of mutual fund and/or ETF analysis is that, as in all securities investments, past performance does not guarantee future results. Because we do not control the underlying investments in a fund or ETF, managers of different funds held by the client may purchase the same security thereby increasing the risk to the client if that security were to fall in value. There is also a risk that a manager may deviate from the stated investment mandate or strategy of the fund or ETF which could make the holding(s) less suitable for the client's portfolio.

Constraints - We believe wealth can be achieved through a disciplined, managed approach that remains fully invested. Market timing techniques generally will not be employed. Over the course of a market cycle, we may be under or overweight certain sectors to take advantage of potential market opportunities. Positions may be increased or reduced as price, performance, and market conditions warrant. Clients should keep in mind that historical short-term results have been a less reliable indicator of management performance than compounded returns generated over longer periods of time.

**Risk of Loss**

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

**Other Risk Considerations**

When evaluating risk, financial loss may be viewed differently by each client and may depend on many different risks, each of which may affect the probability and magnitude of any potential losses. The following risks may not be all-inclusive, but should be considered carefully by a prospective client before retaining our services.

**Liquidity Risk:** The risk of being unable to sell your investment at a fair price at a given time due to high volatility or lack of active liquid markets. You may receive a lower price or it may not be possible to sell the investment at all.

**Credit Risk:** Credit risk typically applies to debt investments such as corporate, municipal, and sovereign fixed income or bonds. A bond issuing entity can experience a credit event that could impair or erase the value of an issuer's securities held by a client.

**Inflation and Interest Rate Risk:** Security prices and portfolio returns will likely vary in response to changes in inflation and interest rates. Inflation causes the value of future dollars to be worth less and may reduce the purchasing power of a client's future interest payments and principal. Inflation also generally leads to higher interest rates which may cause the value of many types of fixed income investments to decline.

**Horizon and Longevity Risk:** The risk that your investment horizon is shortened because of an unforeseen event, for example, the loss of your job. This may force you to sell investments that you were expecting to hold for the long term. If you must sell at a time that the markets are down, you may lose money. Longevity Risk is the risk of outliving your savings. This risk is particularly relevant for people who are retired, or are nearing retirement.

**Risks Associated with Investing in Options:** Transactions in options carry a high degree of risk. A relatively small market movement will have a proportionately larger impact, which may work for or against the investor. The placing of certain orders, which are intended to limit losses to certain amounts, may not be effective because market conditions may make it impossible to execute such orders. Selling ("writing" or "granting") an option generally entails considerably greater risk than purchasing options. Although the premium received by the seller is fixed, the seller may sustain a loss well in excess of that amount. The seller will also be exposed to the risk of the purchaser exercising the option and the seller will be obliged either to settle the option in cash or to acquire or deliver the underlying investment. If the option is "covered" by the seller holding a corresponding position in the underlying investment or a future on another option, the risk may be reduced.

**Recommendation of Particular Types of Securities**

We recommend various types of securities and we do not primarily recommend one particular type of security over another since each client has different needs and different tolerance for risk. Each type of security has its own unique set of risks associated with it and it would not be possible to list here all of the specific risks of every type of investment. Even within the same type of investment, risks can vary widely. However, in very general terms, the higher the anticipated return of an investment, the higher the risk of loss associated with the investment. A description of the types of securities we may recommend to you and some of their inherent risks are provided below.

**Money Market Funds:** A money market fund is technically a security. The fund managers attempt to keep the share price constant at \$1/share. However, there is no guarantee that the share price will stay at \$1/share. If the share price goes down, you can lose some or all of your principal. The U.S. Securities and Exchange

Commission ("SEC") notes that "While investor losses in money market funds have been rare, they are possible." In return for this risk, you should earn a greater return on your cash than you would expect from a Federal Deposit Insurance Corporation ("FDIC") insured savings account (money market funds are not FDIC insured). Next, money market fund rates are variable. In other words, you do not know how much you will earn on your investment next month. The rate could go up or go down. If it goes up, that may result in a positive outcome. However, if it goes down and you earn less than you expected to earn, you may end up needing more cash. A final risk you are taking with money market funds has to do with inflation. Because money market funds are considered to be safer than other investments like stocks, long-term average returns on money market funds tends to be less than long term average returns on riskier investments. Over long periods of time, inflation can eat away at your returns.

**Certificates of Deposit:** Certificates of deposit ("CD") are generally a safe type of investment since they are insured by the Federal Deposit Insurance Company ("FDIC") up to a certain amount. However, because the returns are generally low, there is risk that inflation outpaces the return of the CD. Certain CDs are traded in the market place and not purchased directly from a banking institution. In addition to trading risk, when CDs are purchased at a premium, the premium is not covered by the FDIC.

**Bonds:** Corporate debt securities (or "bonds") are typically safer investments than equity securities, but their risk can also vary widely based on: the financial health of the issuer; the risk that the issuer might default; when the bond is set to mature; and, whether or not the bond can be "called" prior to maturity. When a bond is called, it may not be possible to replace it with a bond of equal character paying the same rate of return.

**Stocks:** There are numerous ways of measuring the risk of equity securities (also known simply as "equities" or "stock"). In very broad terms, the value of a stock depends on the financial health of the company issuing it. However, stock prices can be affected by many other factors including, but not limited to the class of stock (for example, preferred or common); the health of the market sector of the issuing company; and, the overall health of the economy. In general, larger, better-established companies ("large cap") tend to be safer than smaller start-up companies ("small cap") are but the mere size of an issuer is not, by itself, an indicator of the safety of the investment.

**Mutual Funds and Exchange Traded Funds:** Mutual funds and exchange traded funds ("ETF") are professionally managed collective investment systems that pool money from many investors and invest in stocks, bonds, short-term money market instruments, other mutual funds, other securities, or any combination thereof. The fund will have a manager that trades the fund's investments in accordance with the fund's investment objective. While mutual funds and ETFs generally provide diversification, risks can be significantly increased if the fund is concentrated in a particular sector of the market, primarily invests in small cap or speculative companies, uses leverage (i.e., borrows money) to a significant degree, or concentrates in a particular type of security (i.e., equities) rather than balancing the fund with different types of securities. ETFs differ from mutual funds since they can be bought and sold throughout the day like stock and their price can fluctuate throughout the day. The returns on mutual funds and ETFs can be reduced by the costs to manage the funds. Also, while some mutual funds are "no load" and charge no fee to buy into, or sell out of, the fund, other types of mutual funds do charge such fees which can also reduce returns. Mutual funds can also be "closed end" or "open end". So-called "open end" mutual funds continue to allow in new investors indefinitely whereas "closed end" funds have a fixed number of shares to sell which can limit their availability to new investors.

ETFs may have tracking error risks. For example, the ETF investment adviser may not be able to cause the ETF's performance to match that of its Underlying Index or other benchmark, which may negatively affect the ETF's performance. In addition, for leveraged and inverse ETFs that seek to track the performance of their Underlying Indices or benchmarks on a daily basis, mathematical compounding may prevent the ETF from correlating with performance of its benchmark. In addition, an ETF may not have investment exposure to all of the securities included in its Underlying Index, or its weighting of investment exposure to such securities may vary from that

of the Underlying Index. Some ETFs may invest in securities or financial instruments that are not included in the Underlying Index, but which are expected to yield similar performance.

**Option Writing** – an option is the right either to buy or sell a specified amount or value of a particular underlying investment instrument at a fixed price (i.e. the “exercise price”) by exercising the option before its specified expiration date. Options giving you the right to buy are called “call” options. Options giving you the right to sell are called “put” options. When trading options on behalf of a client, we generally use covered options. Covered options involve options trading when you own the underlying instrument on which the option is based. Investments in options contracts have the risk of losing value in a relatively short period of time. Option contracts are leveraged instruments that allow the holder of a single contract to control many shares of an underlying stock. This leverage can compound gains or losses

**Alternative Investments:** As part of our firm’s investment philosophy, we may also recommend to certain *accredited investors* to invest in private investments, including, but not limited to, private placements, limited partnerships, limited liability companies, alternative investments or private investment funds. Clients should be aware of the additional risks associated with investing in private investment funds. Private investment funds may lack transparency due to limited information. Private investment fund shares should be considered highly illiquid because they will not be listed on any national securities exchange and are subject to restrictions on transferability. Furthermore, the lack of a secondary market for trading private investment funds subjects may result in greater price risk and potential for inaccuracies in determining fair market value. Other risks include, but are not limited to, market risk, concentration risk, and potentially less diversification if fund assets are concentrated in certain sectors or specific investments. Private funds are also subject to the risks of leverage, higher fees and additional layers of expenses, as well as the potential for greater volatility if fund assets are invested in a limited number of securities, or focus on particular sectors and geographical regions. If assets are invested in foreign securities, this exposes the fund to various geopolitical risks and currency fluctuations typically not applicable in the U.S. The potential for adverse changes in business and tax laws involves tax risk and heightened regulatory scrutiny. As a result, private investments should be considered to contain an above average amount of risk and the loss of principal is high. Prior to investing in private investments, clients will be provided the required legal investment documentation and must sign documents outside the scope of our firm’s investment advisory agreement. These documents may include, but are not limited to: Private Placement Memorandum; Subscription Agreement; Operating Agreement; and/or, Limited Partnership Agreement.

#### **Disciplinary Information - Item 9**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of us or the integrity of our management. There is no history of reportable material legal or disciplinary events by our firm or our management persons.

#### **Other Financial Industry Activities or Affiliations - Item 10**

As noted in Item 5 of this Brochure, some of our firm’s associated persons are licensed to sell insurance and/or are Registered Representatives of PKS and will receive commissions from the sales products available through these associations. Should a client wish to purchase any products that are not advisory assets, the client will pay the premium or commission on those assets that are separate and distinct from any Advisory Fee. Please review the disclosure under Item 5 of this Brochure (*Compensation for the Sale of Securities or Other Investment Products* section) for more information on these activities and associated conflicts of interest.

Our firm is also affiliated with TPWA Insurance Services, LLC through common control and ownership. If you require insurance services, we may recommend that you use the services of our affiliate as IARs of our firm may also be engaged as insurance agents. Our firm is also affiliated with Twin Peaks Estate Services, LLC, a firm providing estate planning services. Our advisory services are separate and distinct from the compensation paid to our affiliates for their services. Since these firms are affiliated with our firm, we have a financial incentive to recommend our affiliates' services, which creates a conflict of interest. In efforts to mitigate the conflicts of interest, it is our firm's strict policy to act in our client's best interest and only make recommendations if in the best interests of our clients. Clients are under no obligation to use the services of these affiliated / related entities, and may obtain comparable services and/or lower fees through other firms.

We may recommend that you use a third-party investment adviser based on your needs and suitability. Generally, we will receive compensation from the TPIA for recommending that you use their services, or we may share in the fee that you pay to the TPIA. This practice presents a conflict of interest because we have a financial incentive to recommend the services of the third-party adviser to you. You are not obligated, contractually or otherwise, to use the services of any TPIA we may recommend to you.

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

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

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

Clients or prospective clients may obtain a copy of our Code of Ethics by contacting us at the telephone number on the cover page of this Brochure.

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

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

##### **Personal Trading Practices**

Our firm or persons associated with our firm may buy or sell the same securities that we recommend to you or securities in which you are already invested. A conflict of interest exists in such cases because we may have the ability to trade ahead of you and potentially receive more favorable prices than you will receive. In efforts to mitigate this conflict of interest, it is our policy that neither our firm nor persons associated with our firm shall have priority over your account in the purchase or sale of securities. As a fiduciary, it is our firm's obligation to act in our client's best interest.

### **Brokerage Practices - Item 12**

#### **Brokerage Recommendations**

We work primarily with Fidelity or Schwab based on the value to our clients for the transaction costs and other costs incurred. The client is not obligated to effect transactions through any broker-dealer recommended by TPWA. In recommending the Custodian, we will comply with our fiduciary duty to seek best execution and will consider such relevant factors as: (1) historical relationship; (2) price; (3) the custodian's facilities, reliability, and financial responsibility; (4) the ability of the custodian to effect transactions, particularly with regard to such aspects as timing, order size and execution of order; and (5) Any other factors that we consider to be relevant.

We may aggregate trades for clients. The allocations of a particular security will be determined before the trade is placed with the broker. When practical, client trades in the same security will be bunched in a single order ("block") to obtain best execution at the best security price available. When employing a block trade: (1) we will make reasonable efforts to attempt to fill client orders by day-end. (2) If the block order is not filled by day-end, we will allocate shares executed to underlying accounts on a pro rata basis, adjusted as necessary to keep client transaction costs to a minimum. (3) If a block order is filled (full or partial fill) at several prices through multiple trades, an average price and commission will be used for all trades executed. (4) All participants receiving securities from the block trade will receive the average price. (5) Only trades executed within the block on the single day may be combined for purposes of calculating the average price.

It is expected that this trade aggregation and allocation policy will be applied consistently. However, if application of this policy results in unfair or inequitable treatment to some or all our clients, we may deviate from this policy.

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

As a registered investment adviser, we have access to the institutional platform of your account custodian, which may give us access to research products and services from your account custodian. These products may include financial publications, information about particular companies and industries, research software, and other products or services that provide lawful and appropriate assistance to our firm in the performance of our investment decision-making responsibilities. Such research products and services are provided to all investment advisers that utilize the institutional services platforms of these firms, and are *not* considered to be paid for with soft dollars. However, you should be aware that the commissions charged by a particular broker for a particular transaction or set of transactions may be greater than the amounts another broker who did not provide research services or products might charge.

### **Review of Accounts - Item 13**

The investment adviser representative assigned to your account(s) will monitor your accounts on an ongoing basis and will conduct account reviews at least annually to ensure the advisory services provided to you are consistent with your investment needs and objectives. Additional reviews may be conducted based on various circumstances, including, but not limited to:

- contributions and withdrawals;
- year-end tax planning;
- market moving events;
- security specific events; and/or,

- changes in your risk/return objectives.

More frequent reviews may be triggered by a change in client's investment objectives; tax considerations; large deposits or withdrawals; large sales or purchases; loss of confidence in corporate management; or changes in the economic climate.

Investment advisory clients receive standard account statements from the Custodian of their accounts typically on a monthly basis. We may also provide clients with a written report summarizing your accounts. There may be a difference between the report provided by TPWA and the statement from the Custodian based on settlement versus trade date accounting, dividends or accrued interest. It is important that Clients rely on the value as provided by the Custodian for the actual value of their accounts.

Additionally, we have contracted with various unaffiliated firms ("Firms"), to utilize their servicing and technology platforms which support our data reconciliation, performance reporting, fee calculation, client relationship maintenance, quarterly performance evaluations, and other functions related to the administrative tasks of managing client accounts. Due to these arrangements, these Firms will have access to client accounts, but will not serve as an investment advisor to our clients or bill the accounts for their fees. These Firms charge us a fee to utilize the services and software that is born by our firm.

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

As disclosed under Item 12 above, we may recommend Fidelity or Schwab (collectively referred to as "Custodians") to clients for custody and brokerage services. The Custodians provide us economic benefits that may or may not be available for retail clients. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving our participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client accounts); the ability to have advisory fees deducted directly from client accounts; access to an electronic communications network for client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to us by third party vendors. The Custodians may pay for business consulting and professional services received by our related persons. Some of the products and services made available by the Custodians may benefit us but may not benefit our client accounts. These products or services may assist us in managing and administering client accounts, including accounts not maintained at the Custodians. Other services made available by the Custodians are intended to help us manage and further develop our business enterprise. The benefits received by TPWA does not depend on the amount of brokerage transactions directed to the Custodians.

#### **Cantor Fitzgerald Insured Cash Program<sup>SM</sup>**

TPWA makes available to clients the Cantor Fitzgerald Insured Cash Program<sup>SM</sup> sponsored by StoneCastle Cash Management, LLC ('StoneCastle'). The Federally Insured Cash Account program offered by StoneCastle allows customers the ability to protect their money by placing it in deposit accounts at banks, savings institutions and credit unions in a manner that maintains a higher level of insurance of the funds by the Federal Deposit Insurance Corporation ("FDIC") or National Credit Union Administration ("NCUA"), whichever is applicable. Funds will be deposited within StoneCastle's network of insured depositories. TPWA earns a referral fee from StoneCastle if clients participate in this program. TPWA's referral fee will be 35 basis points. The interest rate clients receive from the FICA program are net of all fees, including the 35-basis points fee we receive for referring clients to this program. TPWA will assist clients in signing up for this program and facilitating the transfer of funds between the client's like-named accounts. Clients participating in this program will receive a copy of the StoneCastle's Form ADV.



The receipt of the referral compensation presents a conflict of interest since we have a financial incentive to recommend this cash program over other cash alternatives. As a fiduciary, we will only make these referrals if in your best interest. You are under no obligation to accept any recommendation that we provide.

Non-employee (outside) consultants, individuals, and/or entities, who refer prospective clients to our firm may receive compensation from the firm. Such arrangements will comply with the requirements of the relevant jurisdictions. Referral compensation will only be paid in jurisdictions in which the relevant parties are registered or exempt from registration requirements. Under these arrangements, clients will not pay additional fees because of this referral arrangement.

#### **Custody - Item 15**

We do not have physical custody of any client funds and/or securities. However, where clients grant us written authorization to deduct advisory fees from their account(s), we are deemed to have custody over client funds or securities limited to the deduction of advisory fees.

With respect to third party standing letters of authorization ("SLOA") where a client grants us authority to direct custodians to disburse funds to one or more third party accounts, we are deemed to have custody pursuant to Rule 206(4)-2 (the "Custody Rule"). We have taken steps to have controls and oversight in place to comply with the no-action letter issued by the SEC on February 21, 2017 (the "SEC no-action letter"). We are not required to comply with the surprise examination requirements of the Custody Rule if we comply with the representations noted in the SEC no-action letter. Where our firm acts pursuant to a SLOA, we believe we are making a good faith effort to comply with the representations noted in the SEC no-action letter. Additionally, since many of the representations noted in the SEC no-action letter involve the qualified custodian's operations, we will collaborate closely with our custodian(s) to ensure that the representations are met.

Your funds and securities will be held with a bank, broker-dealer, or other independent, qualified custodian. You will receive account statements from the independent, qualified custodian(s) holding your funds and securities at least quarterly. The account statements from your custodian(s) will indicate the amount of our advisory fees deducted from your account. You should carefully review account statements for accuracy. If you have questions regarding your account or if you did not receive a statement from your custodian, please contact us.

#### **Investment Discretion - Item 16**

TPWA offers Portfolio Management Services on a discretionary basis. Clients must grant discretionary authority in the management agreement. Discretionary authority enables our firm to execute transactions within your account without obtaining your consent or approval prior to each transaction. In limited circumstances and in our sole discretion, we may accept instructions from you that limit our discretionary authority (for example, limiting the types of securities that can be purchased or sold for your account). Such requests must be presented to our firm in writing. This discretionary authority will also provide our firm with authorization to delegate discretionary investment management services to other unaffiliated Sub-Advisors selected by our firm based on your investment objectives and portfolio strategy. Apart from the ability to withdraw management fees, TPWA does not have the ability to withdraw funds or securities from the client's account. The client provides TPWA discretionary authority via a limited power of attorney in the management agreement and in the contract between the client and the custodian.



If you wish, you may limit our discretionary authority, for example, by setting a limit on the type of securities that can be purchased for your account. Simply provide us with your restrictions or guidelines in writing.

#### **Voting Client Securities - Item 17**

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

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

#### **Financial Information - Item 18**

We are required in this Item to provide you with certain financial information or disclosures about TPWA's, financial condition. TPWA does not require the prepayment of over \$1,200, six or more months in advance. Additionally, TPWA has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and TPWA has not been the subject of a bankruptcy proceeding.

#### **Requirements of State-Registered Advisers - Item 19**

**This Section is not applicable because our firm is SEC registered.**

#### **IRA Rollover Services Disclosure**

In conjunction with the advisory services offered, we may provide recommendations related to the rollover of funds from an employer sponsored retirement plan. A plan participant leaving employment has several options with respect to their employer sponsored retirement plans. Each choice offers advantages and disadvantages, depending on desired investment options and services, fees and expenses, withdrawal options, required minimum distributions, tax treatment, and the investor's unique financial needs and different retirement plans. The complexity of these choices may lead an investor to seek assistance from us.

When our firm or our Associated Person(s) recommends an investor roll over plan assets into an Individual Retirement Account ("IRA"), we and our Associated Person(s) may earn an asset-based fee as a result. In most cases, we do not receive an asset-based fee if assets are retained in the plan. Often, account fees and expenses will increase because fees will apply to assets rolled over to an IRA and ongoing services will be extended to these assets. Thus, while there is arguably an economic incentive to encourage an investor to roll over plan assets into an IRA, we cannot and do not place our interests ahead of yours.

A rollover may also result in the assessment of other levels of fees and expenses, including, but not limited to, investment-related expenses imposed by other service providers and mutual fund managers not affiliated with us, as well as other fees and expenses charged by the custodian, third-party administrator, and/or record-

keeper. We make no representations or warranties relating to any costs or expenses associated with the services provided by any third parties, and you understand that these fees are in addition to the fee paid to us for the rollover advice.

In cases where we provide you with rollover advice as defined by the Department of Labor, which may also include setting up and/or completing the rollover transaction, we do not serve as a custodian, and we do not provide legal or tax advice to you. In addition, we do not have any responsibilities or potential liabilities in connection with assets not related to the rollover and investments that are not managed by us.

When we provide investment advice to you regarding your retirement plan account or individual retirement account, we are fiduciaries within the meaning of Title I of the Employee Retirement Income Security Act and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. The way we make money creates some conflicts with your interests. In accordance with various rules and regulations, we must act in your best interest and we must not put our interests ahead of your interests. Additionally, we must: meet a professional standard of care when making investment recommendations (give prudent advice); never put our financial interests ahead of yours when making recommendations (give loyal advice); avoid misleading statements about conflicts of interest, fees, and investments; follow policies, and procedures designed to ensure that we give advice that is in your best interest; charge no more than is reasonable for our services; and give you basic information about any conflicts of interest.

We rely on all information you provide to us, whether financial or otherwise, without independent verification. We request that you promptly notify us in writing of any material change in the financial and other information provided to us, and to promptly provide any such additional information as may be reasonably requested by us.

Due to the volatile and unpredictable nature of financial markets, we do not guarantee any future performance, any specific level of performance, or the success of any recommendations or strategies that we may take or recommend for you, or the success of our overall recommendations. Investment recommendations are subject to various market, currency, economic, political, and business risks, and that investment decisions will not always be profitable.

#### TPWA Privacy Policy Notice

Twin Peaks Wealth Advisors, LLC has adopted this privacy policy with recognition that protecting the privacy and security of the personal information we obtain about our customers is an important responsibility. We also know that you expect us to service you in an accurate and efficient manner. To do so, we must collect and maintain certain personal information about you. We want you to know what information we collect and how we use and safeguard that information.

**Information We Collect:** We collect certain nonpublic information about you ("Customer Information"). The essential purpose for collecting Customer Information is to allow us to provide advisory services to you. Customer Information we collect may include:

- Information that you provide on applications or other forms. This Customer Information may include personal and household information such as income, spending habits, investment objectives, financial goals, statements of account, and other records concerning your financial condition and assets, together with information concerning employee benefits and retirement plan interests, wills, trusts, mortgages and tax returns.
- Identifying information such as your name, age, address, social security number, etc.
- Information about your transactions with us, or others (e.g., broker-dealers, clearing firms, or other

- chosen investment sponsors).
- Information we receive from consumer reporting agencies (e.g., credit bureaus), as well as other various materials we may use to provide an appropriate recommendation or to fill a service request.

**Security of Your Information:** We restrict access to your nonpublic personal information to those employees who need to know that information to service your account. We maintain physical, electronic and procedural safeguards that comply with applicable federal or state standards to protect your nonpublic personal information.

**Information We Disclose:** We do not disclose the nonpublic personal information we collect about our customers to anyone except: (i) in furtherance of our business relationship with them and then only to those persons necessary to effect the transactions and provide the authorized services (such as broker-dealers, custodians, independent managers, **data aggregation software, customer management software, back-office services providers**, etc.); (ii) to persons assessing our compliance with industry standards (e.g., professional licensing authorities, consultants, etc.); (iii) our attorneys, accountants, and auditors; or (iv) as otherwise provided by law. We are permitted by law to disclose the nonpublic personal information about you to governmental agencies and other third parties in certain circumstances (such as third parties that perform administrative or marketing services on our behalf or for joint marketing programs). These third parties are prohibited to use or share the information for any other purpose. **Outside of these exceptions, we will not share personal information with third parties unless the Client specifically requests us to do.**

**Former Clients:** If you decide to close your account(s) or become an inactive customer, we will adhere to our privacy policies, which may be amended from time to time.

**Changes to Our Privacy Policy:** In the event there were to be a material change to our privacy policy regarding how we use your confidential information, we will provide written notice to you. Where applicable, you would be given an opportunity to limit or opt-out of such disclosure arrangements.

**Questions:** If you have questions about this privacy notice or about the privacy of your customer information, call our main number **650-200-0308** and ask to speak to the Chief Compliance Officer.