

## **EP Wealth Advisors, LLC**

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### **FORM ADV PART 2 BROCHURE**

This brochure provides information about the qualifications and business practices of EP Wealth Advisors, LLC. If you have any questions about the contents of this brochure, contact us at 310-543-4559. 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 EP Wealth Advisors, LLC is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

EP 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.

## Item 2 Summary of Material Changes

Form ADV Part 2 requires registered investment advisers to amend their brochure when there are material changes to their information or as necessary. If there are any material changes to an adviser's disclosure brochure, the adviser is required to notify you and provide you with a description of the material changes.

Since our last annual updating amendment filed on March 31, 2023, we have we have the following material changes to report.

In Item 4 we updated the disclosure that detailed the various ways in which client fees are structured. Clients are assigned varying fee schedules that can consist any of the following fee structures: a percentage of assets under management fee both in a blended tiered structure, a tiered flat percentage fee structure (cliff tiered structure) or a flat percentage-based fee, an annual fee, a minimum quarterly or upfront fee, and/or any combination thereof.

In Item 4 we disclose that our Estate Planning and Tax Preparation Services will be offered to clients with at least \$1 Million in Assets Under Management.

In Item 4 we disclose our partnership with National Advisors Trust Company, FSB ("NATC") Doing Business As ("DBA") EP Wealth Private Trust to provide trust services to our clients.

In Item 12 we removed all disclosures that referenced our use of TD Ameritrade as a qualified custodian of our client accounts and our participation in the TD Ameritrade's AdvisorDirect ("TDAD") referral program because TD Ameritrade was acquired by Charles Schwab in 2023. All accounts of clients that were custodied at TD Ameritrade were transitioned to Charles Schwab and the TDAD referral program ended as a result of the acquisition.

## Item 3 Table Of Contents

Item 1 Cover Page	Page 1
Item 2 Summary of Material Changes Item 3 Table of Contents	Page 2
Item 4 Advisory Business	Page 3
Item 5 Fees and Compensation	Page 4
Item 6 Performance-Based Fees and Side-By-Side Management	Page 10
Item 7 Types of Clients	Page 11
Item 8 Methods of Analysis, Investment Strategies and Risk of Loss	Page 12
Item 9 Disciplinary Information	Page 12
Item 10 Other Financial Industry Activities and Affiliations	Page 14
Item 11 Code of Ethics, Participation or Interest in Client Transactions and Personal Trading	Page 15
Item 12 Brokerage Practices	Page 15
Item 13 Review of Accounts	Page 22
Item 14 Client Referrals and Other Compensation	Page 23
Item 15 Custody	Page 23
Item 16 Investment Discretion	Page 24
Item 17 Voting Client Securities	Page 24
Item 18 Financial Information	Page 25
Item 19 Requirements for State Registered Advisers	Page 25

## Item 4 Advisory Business

### Description of Services and Fees

EP Wealth Advisors, LLC (also referred to as "EPWA" herein) is organized as a limited liability company under the laws of the State of Delaware. EP Wealth Advisors, LLC, as organized today, has been providing investment advisory services since 2004 but EPWA dates back to 1999 through a predecessor firm that was established by EP's Co-Founders Brian Parker and Derek Holman. EP Wealth Advisors Holdings, LLC ("Hold Co.") is the sole owner of our firm. The principal investors in Hold Co. are EPWA Inc. and Project EPIC Acquisition LLC ("EPIC")

We are a fee only independent investment adviser that provides wealth management services through investment management, financial planning, tax preparation and other services. The combination of our industry experience and research process allows our firm to provide quality advisory services which are personalized to each individual client.

The following paragraphs describe our services and fees. Please refer to the description of each investment advisory services listed below for information on how we tailor our advisory services to your individual needs. Also, you may see the term Associated Person throughout this Brochure. As used in this Brochure, our Associated Persons are our firm's officers, employees, and all individuals providing investment advice on behalf of our firm.

### *Portfolio Management Services*

We provide discretionary portfolio management services and under limited circumstances non-discretionary portfolio management services tailored to meet the needs and investment objectives of our clients. If you retain our firm for portfolio management services, we will discuss with you your investment objectives, risk tolerance, and other relevant information (the "suitability information") at the beginning of our advisory relationship and reviewed periodically thereafter or as deemed necessary based on changes specific to each clients financial situations. We will use the suitability information we gather to develop a strategy that enables our firm to give you continuous and focused investment advice. As part of our portfolio management services, we may utilize an appropriate model portfolio and/or we may 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 on an ongoing basis, and will rebalance the portfolio as required by changes in market conditions and in your financial circumstances.

In some cases, we may recommend that clients invest in 529 college saving plans. We do not receive any commissions from the 529 providers in connection with this recommendation; however, we may provide portfolio management services for a fee as discussed below. Our portfolio management services include reviews and reallocation of funds as necessary. We will typically recommend 529 college saving plan providers with which are affiliated and/or have a relationship with custodians which we utilize or other providers with which we have a relationship. The providers we recommend provide us with a platform that allows us to better serve the account and effectively manage the 529 college savings plan. We believe that these companies offer 529 college saving plans that are competitive in the market, however there is no assurance or warranty that these companies will be the most profitable. There may be other companies that are better suited for your individual needs. You are under no obligation to use the companies we recommend.

If you participate in our discretionary portfolio management services, we require you to grant our firm discretionary authority to manage your account. Discretionary authorization will allow our firm to determine the specific securities, and the amount of securities, to be purchased or sold for your account without your approval prior to each transaction. In certain circumstances, we may also exercise discretion to select the broker-dealer to be used. Discretionary authority is typically granted by the investment advisory agreement you sign with our firm or trading authorization forms. If you enter into non-discretionary arrangements with our firm, we must obtain your approval prior to executing any transactions on behalf of your account.

Upon your request, we may agree to provide advice on accounts which are not managed by our firm (e.g. 401k and 403b accounts). Such advice will only be furnished on a periodic and non-continuous basis. It will be your responsibility to act on any of the recommendations we provide and to initiate a request for each review.

### **Description of Fees**

The annual fee for portfolio management services is billed either quarterly in advance based on the market value of the assets under management on the last day of the preceding calendar quarter, quarterly in arrears (after the services have been provided) based on the market value of the assets under management (as described in the investment advisory agreement) on the last day of the calendar quarter or in limited circumstances a combination of both. Fees billed quarterly in arrears are adjusted pro-rata for contributions and withdrawals to the account. Fees billed quarterly in advance are not adjusted for contributions or withdrawals to the account.

Fees will be assessed pro rata in the event the investment advisory agreement is executed at any time other than the first day of a calendar quarter. Our standard fee is based on a percentage of assets under management. The fees to Non-Discretionary Accounts will be higher than the fees charged to Discretionary client relationships. Clients are assigned varying fee schedules and under any of the following fee structures: a percentage of assets under management fee both in a blended tiered structure, a tiered flat percentage fee structure (cliff tiered structure) or a flat percentage based fee, an annual fee, a minimum quarterly or upfront fee, and/or any combination thereof. As a result, some clients may pay a fee that may be higher or lower than the above stated fee. For clients that originated from advisory firms that EPWA purchased ("Purchased Clients"), in an effort to keep fees unchanged for Purchased Clients, to the extent possible, EPWA will attempt to retain the fees that were assigned to the Purchased Clients by their respective predecessor firm. In these instances, the fees assigned to Purchased Clients were negotiated by the predecessor adviser and honored by EPWA. However, our fees are negotiable based upon a variety of factors including, but not limited to, the size of relationship, services offered and complexity of the relationship. In all cases, a client's assigned fee will be specified in the Investment Advisory Agreement that will be signed prior to the commencement of the working relationship with our firm. At our discretion, we may combine the account values of family members 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 you paying a reduced advisory fee based on the available breakpoints in the fee schedule stated above.

We will send you an invoice for the payment of our advisory fee, or 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 investment advisory agreement upon written notice to our firm. You will incur a pro rata charge for services rendered prior to the termination of the 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. If

you have pre-paid advisory fees that we have not yet earned, you will receive a prorated refund of those fees.

#### *Wrap Fee Programs*

EPWA sponsors the EPWA Wrap Fee Program. The EPWA Wrap Fee Program will be offered to clients at EPWA's discretion and in limited circumstances. This program is one under which specified fees that include securities transaction fees for certain mutual funds, custodial costs, administrative fees and trade-away fees (herein "Covered Costs") are combined together with the client's investment advisory fees. As such, these fees are consolidated into a single asset-based fee. This arrangement is considered a "Wrap Fee". EPWA customizes its investment management services for its Clients. However, there is no material difference to services offered or investment advice that is different or unique to clients of the EPWA Wrap Fee Program. As a sponsor of the EP Wealth Advisors Wrap Fee Program, EPWA has prepared a supplemental disclosure document ("Wrap Fee Program Brochure") that details the services, fees, and conflicts of The EPWA Wrap Fee Program. Depending on the level of trading required for the Client's account[s] in a particular year, the Client may pay more or less in total fees than if the Client paid its own transaction fees. Additionally, because of the consolidation of fees, the fee schedule assigned to wrap fee clients are usually higher than the typical asset-based advisory fee assigned to clients that are not EPWA Wrap Fee Program clients. Appendix 1 – Wrap Fee Program Brochure, will always be included as a supplement to this Disclosure Brochure for any Client or Perspective Client of the EPWA Wrap Fee Program or upon request for all other Clients or Perspective Clients of EPWA.

#### *Financial Planning and Consulting Services*

If you retain our firm for portfolio management services, we will provide some financial planning and consulting services. These services may address subjects, including but not limited to, cash flow, wealth management/transfer strategies, estate planning, risk assessment, executive benefits and business succession/planning, children's education, 1031 tax exchanges, real estate/mortgages and retirement planning, family planning, insurance, tax planning, and investments. If you wish to receive, additional financial planning services or your needs are considerable, we will notify you, in writing, and offer these services at an hourly rate of up to \$250. In such event, we will provide you with a copy of our Hourly Financial Planning Agreement. You are under no obligation to sign the agreement or proceed with these services.

You may, however, retain our firm for hourly or retainer based financial planning and consulting services only. In such cases, we will gather information about your financial circumstances, objectives and other relevant data. Once such information has been reviewed and analyzed, a written financial plan may be produced and presented to you and/or we may provide consultations with general or specific recommendations, which may be given orally.

Financial plans are based on your financial situation at the time we present the plan to you, and on the financial information you provide to our firm. You should also be aware that our financial plans may contain certain assumptions with respect to interest and inflation rates, along with past trends and performance of the market and economy. Past performance is in no way an indication of future performance. You must promptly notify our firm if your financial situation, goals, objectives, or needs change.

If you hire our firm for hourly or retainer based financial planning and consulting services only, we will charge an hourly fee of up to \$250/hr payable monthly in arrears or a \$2,500 retainer fee. Clients agree to make each payment upon receipt of an invoice from EPWA.

You may terminate the financial planning agreement upon written notice to our firm. You will incur a charge for services rendered prior to the termination of the agreement based on our hourly rate.

In our sole discretion, we may waive or offset hourly financial planning fees. This decision may be based on

such factors as the scope and complexity of the services provided, whether the client has met our general account minimum and/or whether you choose to implement the advice through our portfolio management services as described above. You are under no obligation to act on our financial planning recommendations. Should you choose to act on any of our recommendations, you are not obligated to implement the financial plan through our portfolio management services.

#### *Tax Preparation Service*

Our firm offers tax preparation and filing services for clients with at least \$1 Million in Assets Under Management. If you choose to engage us for tax preparation services, you will enter into a separate agreement and may pay a separate fee in addition to the fees paid to EP Wealth Advisors for investment advisory services. At our discretion, subject to client investment management asset levels, we may choose to waive part or all of the fee for this specific service. The Tax Preparation Agreement will detail the scope of services offered, conditions, termination provisions and the fees that will be charged, if any. Clients who are offered this service are under no obligation to engage us in this service. If authorized by you, our firm will work to facilitate documents and relevant information to/with the Tax Professional or CPA of your choosing.

#### *Estate Planning Services*

For clients with at least \$1 Million in Assets Under Management our Firm offers clients the ability to obtain estate planning document preparation legal services through our professional partnership with numerous independent attorneys and/or law firms. The services of EP Wealth Advisors and that of the attorney or law firm we may refer you to are separate and distinct from one another. Each entity will require that their respective clients complete a separate agreement with its own compensation arrangement detailing the distinct services that each will render. At our discretion, subject to client investment management asset levels, we may choose to cover part or all of the fee for this specific service. Furthermore, there is no common ownership or revenue sharing between the two entities.

#### *EP Wealth Private Trust Services*

National Advisors Trust Company, FSB ("NATC") Doing Business As ("DBA") EP Wealth Private Trust can provide trust services to our clients. NATC is a federally chartered trust company regulated by the Office of the Comptroller of the Currency and is a member of the Federal Deposit Insurance Corporation. NATC and any of its subsidiary businesses including any of its DBAs, is an independent entity and in no way under common ownership, control or otherwise affiliated with EPWA). Clients of EPWA will be referred to NATC DBA EP Wealth Private Trust if it is believed that the Trust Services offered by this entity can be of value to clients of EPWA. These clients will meet with NATC DBA EP Wealth Private Trust and would be presented with their service agreement. Clients of EPWA would independently review NATC's Service Agreement and determine if they would like to engage them for their Trustee Services. EPWA is not a Trust Company and is not in the business of delivering Trustee Services to any of its clients.

We may recommend the services of other trust companies. The client is under no obligation to engage the services of any recommended trust company. We do not receive any compensation (direct or indirect) from any trust company for these referrals. The terms and conditions of a client's engagement with the trust company, including the fee payable by the client, are outlined in a separate agreement between the client and the trust company.

#### *Services Available to International Clients*

At our discretion, we can offer investment management services to international clients and American Expatriates clients living abroad ("Collectively referred as Foreign Clients") if they meet the following conditions:



- They must be eligible to open an account with one of our preferred custodians or a custodian we deem acceptable; and
- They are not listed as an individual(s) as a blocked individual in the Office of Foreign Asset Control ("OFAC") or do not reside in a country, which is listed on the OFAC blocked country list.

Furthermore, as a firm, we are not familiar, nor do we claim any level of understanding or expertise with foreign Investment Laws, Tax Laws and/or any foreign government investment restrictions and/or tax implications. For this reason, if an International Client files his/her/their taxes outside of the United States, we will be required to advise and disclose the following:

- International Clients should consult a Tax Professional and Attorney in the Jurisdiction they reside and file taxes to understand the tax consequences, investment limitations, and/or investment restrictions that they may be subject to;
- Depending on the Custodian's respective policy and restrictions, a client living outside of the United States of America may not be eligible to invest in Mutual Funds or other securities;
- We may be unable to provide them with any Financial Planning services.

As a fiduciary, we owe our clients and prospective clients the duty to reiterate the aforementioned information to allow them the opportunity to make an informed decision.

#### *Retirement Plan Advisory Services*

Our firm also provides advisory services to retirement plans subject to the Employee Retirement Income Security Act of 1974 ("ERISA"), including participant-directed defined contribution plans, such as 401(k) plans, defined contribution plans that are not participant-directed and defined benefit plans ("ERISA Plan Clients"). Each ERISA Plan Client is required to enter into an investment advisory or management agreement with the firm describing the services that the firm will perform for the ERISA plan and its participants. Our firm provides both ERISA fiduciary services and non-fiduciary services to ERISA Plan Clients.

#### *Fiduciary Services to Participant-Directed Defined Contribution Plans*

For participant-directed defined contribution plans, our firm's fiduciary services include assisting the ERISA Plan Client in selecting a broad range of investment options consistent with ERISA Section 404(c); assisting the ERISA Plan Client in making decisions about the selection, retention, removal and addition of investment options; assisting the ERISA Plan Client in developing and implementing an investment policy statement; and if the ERISA Plan Client has determined that the plan should have a qualified default investment alternative (a "QDIA") for participants who fail to make an investment election, assisting in the selection of the investment that will serve as a QDIA. Our firm provides these fiduciary services on a non-discretionary basis and on a discretionary basis. If a client elects the non-discretionary option, the ERISA Plan Client retains, and exercises, final decision-making authority and responsibility for the implementation (or rejection) of our recommendations or advice. If the client elects the discretionary option, we will be authorized and responsible for implementing changes to the plan's mutual fund lineup by directly contacting the record-keeper.

#### *Fiduciary Services to Defined Contribution Plans that are not Participant-Directed and Defined Benefit Plans*

For defined contribution plans that are not participant-directed and defined benefit plans, our firm's fiduciary services include developing and implementing an investment policy statement, developing the asset allocation and portfolio modeling, identifying and selecting specific investments to populate the asset allocation categories, providing periodic re-balancing as deemed appropriate; and adding, removing and/or modifying the underlying investments that populate the asset allocation categories. Our firm provides these fiduciary services on a discretionary basis as an investment manager under ERISA Section 3(38) and in that capacity, our firm's investment decisions are made in its sole discretion without the ERISA Plan Client's prior approval.



### *Non-Fiduciary Services to ERISA Plan Clients*

Our firm's non-fiduciary services to ERISA Plan Clients include, in the case of participant-directed plans, assisting in group enrollment meetings and educating plan participants about general investment principles and the investment alternatives under the plan.

For a more detailed description of our firm's fiduciary and non-fiduciary services, the ERISA Plan Client should refer to the investment advisory agreement or investment management agreement, as the case maybe.

For participant- directed plans we charge an annual fee of up to 1.00% of the market value of included plan assets, as reported by the plan custodian or record-keeper. Included plan assets are the plan assets for which our firm provides services as described in the investment advisory or management agreement. Participant-directed plan services may be billed monthly in arrears or other fee-paying arrangements may be made. For example, in some circumstances, fees may be billed quarterly and/or in advance. You can pay the fee directly to us, authorization to deduct the fees can be granted to the assigned Record-Keeper/Third Party Administrator, or we can deduct our fee from the plan's account through the qualified custodian holding the plan's funds and securities.

For plans that are not participant-directed, fees are payable quarterly in arrears (the "Fee Period"). The initial fee is the amount, prorated for the number of days remaining in the initial Fee Period from the effective date of the investment management agreement, based upon the market value of the included assets on the last business day of the initial Fee Period. Thereafter, the fee is based upon the market value of the included assets on the last business day of the Fee Period. Clients may be assigned a flat percentage-based fee and/or a different fee schedule than the fees indicated above. As a result, some clients may pay a fee that may be higher or lower than the above stated fees.

In either case, we will deduct our advisory fee only when you have given our firm written authorization permitting the fees to be paid directly from the plan's account. A client's assigned fee will be specified in the Advisory Agreement that will be signed prior to the commencement of the working relationship with our firm. Furthermore, the qualified custodian will deliver an account statement to you at least quarterly. These account statements will show all disbursements from the plan's account. You should review all statements for accuracy.

You may terminate the advisory agreement upon written notice to our firm. The advisory fees will be prorated for the quarter or month in which the termination notice is given.

### *Selection of Other Advisers*

As part of our investment advisory services, we may recommend that you use the services of a third-party investment adviser ("TPA") to manage a portion of your investment portfolio. After gathering information about your financial situation and objectives, we may recommend that you engage a specific TPA or investment program. Factors that we take into consideration when making our recommendation(s) include, but are not limited to, the following: the TPA's performance, methods of analysis, fees, your financial needs, investment goals, risk tolerance, and investment objectives. We will monitor the TPA(s)' performance at least quarterly to ensure its management and investment style remains aligned with your investment goals and objectives.

We include the assets managed by the TPA in calculating our advisory fee based on the fee schedule stated above. In addition, the TPA will assess its own advisory fee. The advisory fee you pay the TPA is separate and apart from the advisory fee paid to our firm. Our firm does not participate in any fee sharing arrangement with any TPA nor do we receive any compensation for the referral of any TPA.

You may be required to sign an agreement directly with the recommended TPA(s). You may terminate your advisory relationship with the TPA according to the terms of your agreement with the TPA. You should review each TPA's disclosure brochure for specific information on how you may terminate your advisory relationship with the TPA and how you may receive a refund, if applicable. You should contact

the TPA directly for questions regarding your advisory agreement with the TPA. In certain cases, and with your written consent, we may have discretion to hire and fire the TPA and/or re-allocate assets amongst TPAs on your behalf.

### **Types of Investments**

We offer advice on investment company securities (mutual funds) and equity securities. We may also advise you on exchange traded funds, corporate debt securities, commercial paper, certificates of deposit, municipal securities, U.S. Government securities, Separate Account Managers, and Liquid and Illiquid Alternative Investments.

Additionally, 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. If suitable for a client's portfolio and if the client meets the minimum requirements for investing, we may recommend and advise you on private funds, hedge funds and other alternative investments.

You may request that we refrain from investing in particular securities or certain types of securities. You must provide these restrictions to our firm in writing.

### **Assets Under Management**

As of February 29, 2024, we manage \$22,321,000,000 in client assets of which \$21,474,000,000 is on a discretionary basis, and \$312,000,000 in client assets on a non-discretionary basis. is managed through our Retirement Plan Advisory Services.

## **Item 5 Fees and Compensation**

Please refer to the *Advisory Business* section in this Brochure for information on our advisory fees, fee deduction arrangements, and refund policy according to each service we offer.

### **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 may also incur transaction charges and/or brokerage fees when purchasing or selling securities. These charges and fees are typically imposed by the broker-dealer/custodian through whom your account transactions are executed. In addition, you may also be charged fees by the sponsors of variable annuities which we may recommend to clients.

Our firm does not share in any portion of the brokerage fees/transaction charges imposed by broker-dealers/ custodians or fees charged by variable annuity sponsors. To fully understand the total cost you may incur, you should review all the fees charged by mutual funds, exchange traded funds, our firm, and others.

### **IRA Rollover Considerations**

As part of our investment advisory services to you, we may recommend that you withdraw the assets from your employer's retirement plan and roll the assets over to an individual retirement account ("IRA") that we will manage on your behalf. If you elect to roll the assets to an IRA that is subject to our management, we will charge you an asset-based fee as set forth in the agreement you executed with our firm. This practice may present a conflict of interest because persons providing investment advice on our behalf have an incentive to recommend a rollover to you for the purpose of generating fee-based compensation rather than solely based on your needs. You are under no obligation, contractually or otherwise, to complete the rollover. Moreover, if you do complete the rollover, you are under no obligation to have the assets in an IRA managed by our firm.

Many employers permit former employees to keep their retirement assets in their company plan. Also, current employees can sometimes move assets out of their company plan before they retire or change jobs. In determining whether to complete the rollover to an IRA, and to the extent the following options are available, you should consider the costs and benefits of:

An employee will typically have four options:

1. Leaving the funds in your employer's (former employer's) plan.
2. Moving the funds to a new employer's retirement plan.
3. Cashing out and taking a taxable distribution from the plan.
4. Rolling the funds into an IRA rollover account.

Each of these options has advantages and disadvantages and before making a change we encourage you to speak with your CPA and/or tax attorney.

If you are considering rolling over your retirement funds to an IRA for us to manage here are a few points to consider before you do so:

1. Determine whether the investment options in your employer's retirement plan address your needs or whether you might want to consider other types of investments.
  - a. Employer retirement plans generally have a more limited investment menu than IRAs.
  - b. Employer retirement plans may have unique investment options not available to the public such as employer securities, or previously closed funds.
2. Your current plan may have lower fees than our fees.
  - a. If you are interested in investing in mutual funds, you should understand the cost structure of the share classes available in your employer's retirement plan and how the costs of those share classes compare with those available in an IRA.
  - b. You should understand the various products and services you might take advantage of at an IRA provider and the potential costs of those products and services.
3. Our strategy may have higher risk than the option(s) provided to you in your plan.
4. Your current plan may also offer financial advice.
5. If you keep your assets titled in a 401k or retirement account, you could potentially delay your required minimum distribution beyond age 70.5.
6. Your 401k may offer more liability protection than a rollover IRA; each state may vary.
  - a. Generally, federal law protects assets in qualified plans from creditors. Since 2005, IRA assets have been generally protected from creditors in bankruptcies. However, there can be some exceptions to the general rules so you should consult with an attorney if you are concerned about protecting your retirement plan assets from creditors.
7. You may be able to take out a loan on your 401k, but not from an IRA.
8. IRA assets can be accessed any time; however, distributions are subject to ordinary income tax and may also be subject to a 10% early distribution penalty unless they qualify for an exception such as disability, higher education expenses or the purchase of a home.
9. If you own company stock in your plan, you may be able to liquidate those shares at a lower capital gains tax rate.
10. Your plan may allow you to hire us as the manager and keep the assets titled in the plan name.

It is important that you understand the differences between these types of accounts and to decide whether a rollover is best for you. Prior to proceeding, if you have questions contact your investment adviser representative, or call our main number as listed on the cover page of this brochure.

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

We do not accept performance-based fees or participate in side-by-side management. Side-by-side

management refers to the practice of managing accounts that are charged performance-based fees while at the same time managing accounts that are not charged performance-based fees. Performance-based fees are fees that are based on a share of capital gains or capital appreciation of a client's account.

## Item 7 Types of Clients

We offer investment advisory services to individuals, pension and profit-sharing plans, trusts, estates, charitable organizations, corporations, and other business entities.

In general, we require a minimum of \$500,000 to open and maintain an advisory account. At our discretion, we may waive this minimum account size. For example, we may waive the minimum if you appear to have significant potential for increasing your assets under our management. We may also combine account values for you and your minor children, joint accounts with your spouse, and other types of related accounts to meet the stated minimum.

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

### Our Methods of Analysis and Investment Strategies

We may use one or more of the following methods of analysis or investment strategies when providing investment advice to you:

- **Charting and Technical Analysis** - Charting analysis involves the gathering and processing of price and volume information for a particular security. This price and volume information is analyzed using mathematical equations. The resulting data is then applied to graphing charts, which is used to predict future price movements based on price patterns and trends. Technical Analysis involves studying past price patterns and trends in the financial markets to predict the direction of both the overall market and specific stocks. The risk of market timing based on technical analysis is that charts may not accurately predict future price movements. Current prices of securities may reflect all information known about the security and day to day changes in market prices of securities may follow random patterns and may not be predictable with any reliable degree of accuracy.
- **Fundamental Analysis** - Fundamental analysis involves analyzing individual companies and their industry groups, such as a company's financial statements, details regarding the company's product line, the experience, and expertise of the company's management, and the outlook for the company's industry. The resulting data is used to measure the true value of the company's stock compared to the current market value. The risk of fundamental analysis is that information obtained may be incorrect and the analysis may not provide an accurate estimate of earnings, which may be the basis for a stock's value. If securities prices adjust rapidly to new information, utilizing fundamental analysis may not result in favorable performance.
- **Cyclical Analysis** - Cyclical analysis is a type of technical analysis that involves evaluating recurring price patterns and trends based upon business cycles. Economic/business cycles may not be predictable and may have many fluctuations between long term expansions and contractions. The lengths of economic cycles may be difficult to predict with accuracy and therefore the risk of cyclical analysis is the difficulty in predicting economic trends and consequently the changing value of securities that would be affected by these changing trends.
- **Long Term Purchases** - securities purchased with the expectation that the value of those securities will grow over a relatively long period of time, generally greater than one year.
- **Short Term Purchases** - securities purchased with the expectation that they will be sold within a relatively short period of time, generally less than one year, to take advantage of the securities' short-term price fluctuations.
- **Margin Transactions** - a securities transaction in which an investor borrows money to purchase a security, in which case the security serves as collateral on the loan.
- **Options Trading/Writing** - a securities transaction that involves buying or selling (writing) an option. If you write an option, and the buyer exercises the option, you are obligated to purchase

or deliver a specified number of shares at a specified price at the expiration of the option regardless of the market value of the security at expiration of the option. Buying an option gives you the right to purchase or sell a specified number of shares at a specified price until the date of expiration of the option regardless of the market value of the security at expiration of the option. The trading of options may be highly speculative and may entail more risk than those present when investing in other types of securities. Prices of options are generally more volatile than prices of other types of securities. When trading in options, you may run the risk of losing the entire investment in a relatively short period of time. In more risky options strategies, an investor could theoretically have an unlimited risk of loss.

Our investment strategies and advice may vary depending upon each client's specific financial situation. As such, we determine investments and allocations based upon your defined objectives, risk tolerance, time horizon, financial horizon, financial information, liquidity needs, and other various suitability factors. Your restrictions and guidelines may affect the composition of your portfolio.

We may use short-term trading (in general, selling securities within 30 days of purchasing the same securities) as an investment strategy when managing your account(s). Short-term trading is not a fundamental part of our overall investment strategy, but we may use this strategy occasionally when we determine that it is suitable given your stated investment objectives and tolerance for risk.

Our strategies and investments may have unique and significant tax implications. However, unless we specifically agree otherwise, and in writing, tax efficiency is not our primary consideration in the management of your assets. Regardless of your account size or any other factors, we strongly recommend that you continuously consult with a tax professional prior to and throughout the investing of your assets.

Unless advised otherwise, the custodian will default to the average cost method for calculating the cost basis for mutual fund transactions, the tax optimization method for calculating cost basis for equities and the First In First Out (FIFO) accounting method as the method for calculating the cost basis of all other investments. You are responsible for determining if this accounting method is the right choice for you. If you believe another accounting method is more advantageous, please provide written notice to our firm at or before the time your custodial account is opened and we will alert your account custodian of your individually selected accounting method. Please note that decisions about cost basis accounting methods will need to be made before trades settle, as the cost basis method cannot be changed after settlement.

### **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.

### **Recommendation of Particular Types of Securities**

As disclosed under the *Advisory Business* section in this Brochure, we primarily recommend no load mutual funds and equity securities.

Mutual funds 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 generally provide diversification, risks can be significantly increased if the fund is concentrated in a 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. The returns on mutual funds 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.

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, more well-established companies ("large cap") tend to be safer than smaller start-up companies ("small cap") but the mere size of an issuer is not, by itself, an indicator of the safety of the investment.

## **Item 9 Disciplinary Information**

Neither our firm nor any management persons has any reportable disciplinary information.

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

As noted in Item 4, EPIC holds an indirect equity interest in EPWA. Their equity interest in EPWA is structured so that EPWA maintains operational autonomy in managing its business. EPIC does not have any role in the day-to-day management of EPWA.

### **Recommendation of Other Advisers**

From time to time, we may recommend that you use a third-party adviser ("TPA") based on your needs and suitability. If you accept our recommendation of a TPA, we will monitor the assets managed by the TPA at least quarterly and will include the assets managed by a TPA in calculating our advisory fee. Additionally, the TPA will assess its own advisory fee. The advisory fee you pay the TPA is separate and apart from the advisory fee paid to our firm. Our firm does not participate in any fee sharing arrangement with any TPA nor do we receive any compensation for the referral of any TPA. Please reference the "*Selection of Other Advisers*" section of our brochure for additional details.

### **Annuities**

In some cases, we may recommend that clients purchase no load annuities. We do not receive any compensation in connection with this recommendation, however we may provide portfolio management services to the annuity sub-account for fees as discussed above. We will typically recommend that clients consider purchasing annuities through providers which are affiliated with and/or have a relationship with custodians which we utilize or other providers with which we have a relationship with. We believe these companies offer annuities which are competitive in the market, however there may be other companies which offer annuities with lower internal fees. However, at our discretion, we can provide these services to the sub-account of an annuity purchased through any company. You are under no obligation to purchase any annuity, including through companies which we recommend.

### **Other Financial Affiliations**

Although we do not intend or foresee this occurring, if, however, EPWA believes it to be in a client's best interest, it may recommend an investment that is could be affiliated with EPIC Acquisitions. In all cases, EPWA will independently determine and apply its own objective and prudent research when selecting investments. Furthermore, EPWA does not have any financial incentive or benefit in any other way from the selection of any investment.

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

### **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 our Associated Persons. Our goal is always to protect your interests and to demonstrate our commitment to our fiduciary duties of honesty, good faith, and fair dealing with you. All our Associated Persons are expected to adhere strictly to these guidelines. Our Code of Ethics also requires that certain persons associated with our firm submit reports of their personal account holdings and transactions to a qualified representative of our firm who will review these reports on a periodic basis. 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.

Our Code of Ethics is available to you upon request. You may obtain a copy of our Code of Ethics by contacting the Compliance Department at 310-543-4559.

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

Neither our firm nor any of our Associated Persons 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 securities for you at the same time we or persons associated with our firm buy or sell such securities for our own account. We may also combine our orders to purchase securities with your orders to purchase securities ("block trading"). Please refer to the "Brokerage Practices" section in this Brochure for information on our block trading practices.

A potential conflict of interest exists in such cases because we can trade ahead of you and potentially receive more favorable prices than you will receive. To mitigate this conflict of interest, it is our firm policy that we shall not have priority over your account in the purchase or sale of securities.

## **Item 12 Brokerage Practices**

We generally require you to use the brokerage and custodial services of one or more of the following: Schwab Institutional division of Charles Schwab & Co., Inc. ("Schwab") or Fidelity Brokerage Services LLC ("Fidelity"), Member NYSE/SIPC, among others.

We may require that clients in need of brokerage and custodial services utilize Charles Schwab & Co., Inc. (Schwab), registered broker-dealer, member SIPC, as the qualified custodian. We are independently owned and operated and are not affiliated with Schwab. Schwab will hold your assets in a brokerage account and buy and sell securities when we instruct them to. While we may require that you use Schwab as custodian/broker, you will decide whether to do so and will open your account with Schwab by entering into an account agreement directly with them. We do not open the account for you, although we may assist you in doing so. Even though your account is maintained at Schwab, we can still use other brokers to execute trades for your account as described below (see "*Your Brokerage and Custody Costs*").



## **Your Brokerage and Custody Costs**

The account custodians generally do not charge you separately for custody services but they are compensated by charging you commissions or other fees on trades that they execute or that settle into your account(s). The custodian commission rates applicable to our client accounts are independently negotiated with each individual custodian and are subject to change. The commission schedule applied to our clients can differ from what clients may pay working directly with the custodian. Therefore, EP Wealth Advisors does not guarantee that our clients pay the lowest commission rate available at each individual custodian. EP Wealth Advisors can provide clients their respective custodian(s) commission schedule(s), upon request.

In addition to commissions, the account custodians charge you a flat dollar amount as a "prime broker" or "trade away" fee for each trade that we have executed by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into the account maintained with that custodian. These fees are in addition to the commissions or other compensation you pay the executing broker-dealer. Because of this, in order to minimize your trading costs, we execute most trades for your account with your account custodian. We have determined that having your account custodian execute most trades is consistent with our duty to seek "best execution" of your trades.

## **Products and Services Available to Us From Schwab**

Schwab Advisor Services (formerly called Schwab Institutional) is Schwab's business serving independent investment advisory firms like us. They provide us and our clients with access to its institutional brokerage - trading, custody, reporting, and related services - many of which are not typically available to Schwab retail customers. Schwab also makes available various support services. Some of those services help us manage or administer our clients' accounts, while others help us manage and grow our business. Schwab's support services generally are available on an unsolicited basis (we don't have to request them) and at no charge to us as long as our clients collectively maintain a total of at least \$10 million of their assets in accounts at Schwab. If our clients collectively have less than \$10 million in assets at Schwab, Schwab may charge us quarterly service fees of \$1,200. Following is a more detailed description of Schwab's support services:

**Services That Benefit You.** Schwab's institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through Schwab include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients. Schwab's services described in this paragraph generally benefit you and your account.

**Services That May Not Directly Benefit You.** Schwab also makes available to us other products and services that benefit us but may not directly benefit you or your account. These products and services assist us in managing and administering our clients' accounts. They include investment research, both Schwab's own and that of third parties. We may use this research to service all or a substantial number of our clients' accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab also makes available software and other technology that:

- Provide access to client account data (such as duplicate trade confirmations and account statements)
- Facilitate trade execution and allocate aggregated trade orders for multiple client accounts
- Provide pricing and other market data
- Facilitate payment of our fees from our clients' accounts
- Assist with back-office functions, recordkeeping, and client reporting services that generally benefit only us.

Schwab also offers other services intended to help us manage and further develop our business enterprise. These services include:

- Educational conferences and events
- Consulting on technology, compliance, legal, and business needs
- Publications and conferences on practice management and business succession
- Access to employee benefits providers, human capital consultants, and insurance providers

Schwab may provide some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to us. Schwab may also discount or waive its fees for some of these services or pay all or a part of a third party's fees. Schwab may also provide us with other benefits, such as occasional business entertainment of our personnel.

### **Our Interest in Schwab's Services**

The availability of these services from Schwab benefits us because we do not have to produce or purchase them. We don't have to pay for Schwab's services so long as our clients collectively keep a total of at least \$10 million of their assets in accounts at Schwab. Beyond that, these services are not contingent upon us committing any specific amount of business to Schwab in trading commissions or assets in custody. The \$10 million minimum may give us an incentive to require that you maintain your account with Schwab, based on our interest in receiving Schwab's services that benefit our business rather than based on your interest in receiving the best value in custody services and the most favorable execution of your transactions. This is a potential conflict of interest. We believe, however, that our selection of Schwab as custodian and broker is in the best interests of our clients. Our selection is primarily supported by the scope, quality, and price of Schwab's services and not Schwab's services that benefit only us. Based on the amount of assets under management, we do not believe that requiring our clients to collectively maintain at least \$10 million of those assets at Schwab in order to avoid paying Schwab quarterly service fees presents a material conflict of interest.

Schwab provides us with access to its institutional trading and custody services, which are typically not available to Schwab retail investors. These services generally are available to independent investment advisors on an unsolicited basis, at no charge to them so long as a total of at least \$10 million of the advisor's clients' assets are maintained in accounts at Schwab Advisor Services. These services are not otherwise contingent upon us committing to Schwab any specific amount of business (assets in custody or trading commissions). Schwab's brokerage services include the execution of securities transactions, custody, research, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

For our client accounts maintained in its custody, Schwab generally does not charge separately for custody services but is or may be compensated by account holders through commissions and other transaction-related or asset-based fees for securities trades that are executed through Schwab or that settle into Schwab accounts.

Schwab Advisor Services also makes available to us other products and services that benefit us but may not directly benefit our clients' accounts. Many of these products and services may be used to service all or some substantial number of our accounts, including accounts not maintained at Schwab.

Schwab's products and services that assist us in managing and administering your' accounts include software and other technology that (i) provide access to your account data (such as trade confirmations and account statements); (ii) facilitate trade execution and allocate aggregated trade

orders for multiple client accounts; (iii) provide research, pricing and other market data; (iv) facilitate payment of our fees from your account; and (v) assist with back-office functions, recordkeeping and client reporting.

Schwab Advisor Services also offers other services intended to help us manage and further develop our business enterprise. These services may include: (i) compliance, legal and business consulting; (ii) publications and conferences on practice management and business succession; and (iii) access to employee benefits providers, human capital consultants and insurance providers. Schwab may make available, arrange and/or pay third-party vendors for the types of services rendered to us. Schwab Advisor Services may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to us. Schwab Advisor Services may also provide other benefits such as educational events or occasional business entertainment to us.

As a fiduciary, our firm and our Associated Persons endeavor to act in the best interests of our clients. However, our requirement that our clients maintain their assets in accounts at Schwab, may be based in part on benefits provided to us by the availability of some of the foregoing products and services and not solely on the nature, cost, or quality of custody and brokerage services provided by Schwab, which may create a potential conflict of interest.

You may be charged transaction fees involved when purchasing or selling securities through the selected broker-dealer/custodian. We do not share in any portion of the brokerage fees/transaction charges imposed by the broker-dealer/custodian. Additionally the commission/transaction fees charged by the broker-dealer/custodian may be higher or lower than those charged by other broker-dealer/custodians.

### **Our Interest in Fidelity's Services**

EPWA has an arrangement with National Financial Services LLC, and Fidelity Brokerage Services LLC (together with all affiliates, "Fidelity") through which Fidelity provides EPWA with Fidelity's "platform" services. The platform services include, among others, brokerage, custodial, administrative support, record keeping and related services that are intended to support intermediaries like EPWA in conducting business and in serving the best interests of their clients but that may benefit EPWA.

Fidelity may charge brokerage commissions and transaction fees for effecting certain securities transactions (i.e., transactions fees are charged for certain no-load mutual funds, commissions may be charged for individual equity and debt securities transactions). Fidelity enables EPWA to obtain many no-load mutual funds without transaction charges and other no-load funds at nominal transaction charges. However, the commissions and transaction fees charged by Fidelity may be higher or lower than those charged by other custodians and broker-dealers. As part of the arrangement, Fidelity also may make available, at no additional charge, certain research and brokerage services, including research services obtained by Fidelity directly from independent research companies, as selected by EPWA. Without this arrangement, EPWA might be compelled to purchase the same or similar services at its own expense.

As a result of collectively keeping at least \$15 million of their assets in accounts at Fidelity, EPWA receives the above-mentioned services for no cost. EPWA may have an incentive to continue to use or expand the use of Fidelity's services. EPWA examined this potential conflict of interest when it chose to enter into the relationship with Fidelity and has determined that the relationship is in the best interests of its clients and satisfies its client obligations, including its duty to seek best execution. A client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where EPWA determines in good faith that the commission is reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative

execution, taking into consideration the full range of a broker-dealer's services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although EPWA will seek competitive rates, to the benefit of all clients, it may not necessarily obtain the lowest possible commission rates for specific client account transactions. Although the investment research products and services that may be obtained by EPWA will generally be used to service all EPWA clients, a brokerage commission paid by a specific client may be used to pay for research that is not used in managing that specific client's account.

EPWA and Fidelity are not affiliates, and no broker-dealer affiliated with EPWA is involved in the relationship between EPWA and Fidelity.

For individual fixed income transactions, we may utilize the services of an outside firm in the form of a "Trade Away", these brokers may provide us with research and other advice on the structuring of fixed income portfolios specific to the client accounts. In recognition of the value of research services and advice, fixed income transactions may be placed with such broker. EPWA will monitor fixed income transaction in accordance with its best execution policy.

We believe that the broker-dealer/custodians we use provide quality services at competitive rates. Price is not the sole factor we consider in evaluating best execution. We also consider the quality of the brokerage services provided by broker-dealer/custodian, including the value of research provided, the firm's reputation, execution capabilities, commission rates, and responsiveness to our clients and our firm. In recognition of the value of research services and additional brokerage products and services broker-dealers/custodians provide, you may pay higher commissions and/or trading costs than those that may be available elsewhere.

### **Brokerage for Client Referrals**

Our firm receives client referrals from Schwab through our participation in the Schwab Advisor Network ("the Service"). The Service is designed to help investors find an independent investment adviser. Schwab is an independent broker/dealer that is not affiliated with our firm. Schwab does not supervise our advisory activities and has no responsibility for our firm's management of our clients' portfolios or other advice or services. We pay Schwab fees to receive client referrals through the Service. Our participation in the Service may raise potential conflicts of interest as described below.

We pay Schwab a "Participation Fee" on all referred clients' accounts that are maintained in custody at Schwab and we pay a "Non-Schwab Custody Fee" on all referred accounts that are maintained at, or transferred to, another custodian. The Participation Fee paid by our firm is a percentage of the fees our client owes to us or a percentage of the value of the assets in our client's account, subject to a minimum Participation Fee. Our firm pays Schwab the Participation Fee for as long as the referred client's account remains in custody at Schwab. The Participation Fee is billed to us quarterly and may be increased, decreased or waived by Schwab from time to time. The Participation Fee is paid by our firm and not by our client. We have agreed not to charge higher fees to clients referred through the Service than we charge clients with similar portfolios who were not referred through the Service.

The Non-Schwab Custody Fee is paid by our firm if custody of a referred client's account is not maintained by, or assets in the account are transferred from, Schwab. This fee does not apply if our client was solely responsible for the decision not to maintain custody at Schwab. The Non-Schwab Custody Fee is a one-time payment equal to a percentage of the assets placed with a custodian other than Schwab. The Non-Schwab Custody Fee is higher than the Participation Fees that our firm would generally pay in a single year. Thus, we have an incentive to require that our client accounts be held in custody at Schwab.

The Participation Fee and the Non-Schwab Custody Fee will be based on assets in our clients' accounts who were referred by Schwab and those referred clients' family members living in the same household. Thus, we have an additional incentive to encourage household members of our clients referred through the Service to use Schwab to maintain custody of their accounts, execute transactions, and debit our advisory fees directly from their accounts.

For our client accounts maintained in custody at Schwab, Schwab will not charge our client separately for custody but will receive commissions or other transactions-related compensation on securities trades executed through Schwab. Schwab also will receive a fee (generally lower than the applicable commissions on trades it executes) for clearance and settlement of trades executed through broker/dealers other than Schwab. Schwab's fees for trades executed at other broker/dealers are in addition to the other broker/dealer's fees. Thus, we may have an incentive to cause trades to be executed through Schwab rather than another broker/dealer. Our firm, nevertheless, acknowledges its duty to seek best execution of trades for our client accounts.

Trades for client accounts in custody at Schwab may be executed through a different broker/dealer than trades for our other clients. Thus, trades for accounts custodied at Schwab may be executed at different times and different prices than trades for other accounts that are executed at other broker/dealers.

**Participation in Fidelity Wealth Advisor Solutions®.**

EP Wealth Advisors, LLC ("EPWA") participates in the Fidelity Wealth Advisor Solutions® Program (the "WAS Program"), through which EPWA receives referrals from Fidelity Personal and Workplace Advisors LLC (FPWA), a registered investment adviser and Fidelity Investments company. EPWA is independent and not affiliated with FPWA or any Fidelity Investments company. FPWA does not supervise or control EPWA, and FPWA has no responsibility or oversight for EPWA's provision of investment management or other advisory services.

Under the WAS Program, FPWA acts as a solicitor for EPWA, and EPWA pays referral fees to FPWA for each referral received based on EPWA's assets under management attributable to each client referred by FPWA or members of each client's household. The WAS Program is designed to help investors find an independent investment advisor, and any referral from FPWA to EPWA does not constitute a recommendation or endorsement by FPWA of EPWA's particular investment management services or strategies. More specifically, EPWA pays the following amounts to FPWA for referrals: the sum of (i) an annual percentage of 0.10% of any and all assets in client accounts where such assets are identified as "fixed income" assets by FPWA and (ii) an annual percentage of 0.25% of all other assets held in client accounts. In addition, EPWA has agreed to pay FPWA a minimum annual fee amount in connection with its participation in the WAS Program. These referral fees are paid by EPWA and not the client.

To receive referrals from the WAS Program, EPWA must meet certain minimum participation criteria, but Advisor may have been selected for participation in the WAS Program as a result of its other business relationships with FPWA and its affiliates, including Fidelity Brokerage Services, LLC ("FBS"). As a result of its participation in the WAS Program, EPWA may have a potential conflict of interest with respect to its decision to use certain affiliates of FPWA, including FBS, for execution, custody and clearing for certain client accounts, and Advisor may have a potential incentive to suggest the use of FBS and its affiliates to its advisory clients, whether or not those clients were referred to EPWA as part of the WAS Program. Under an agreement with FPWA, EPWA has agreed that Advisor will not charge clients more than the standard range of advisory fees disclosed in its Form ADV 2A Brochure to cover solicitation fees paid to FPWA as part of the WAS Program. Pursuant to these arrangements, EPWA has agreed not to solicit clients to transfer their brokerage accounts from affiliates of FPWA or establish brokerage accounts at other custodians for referred clients other than when EPWA's fiduciary duties would so require, and Advisor has agreed to pay FPWA a one-time fee equal to 0.75% of the assets in a client account that is transferred from FPWA's affiliates to another custodian; therefore, EPWA may have an incentive to suggest that referred clients and their household members maintain custody of their accounts with affiliates of FPWA. However, participation in the WAS Program does not limit EPWA's duty to select brokers on the basis of best execution.

Overall, our procedures governing directing brokerage in exchange for client referrals mandates that we consider disproportionate commissions generated as a result of such arrangements and exclude consideration of fees generated by referred clients in our periodic evaluation of best execution.

**Directed Brokerage**

In certain circumstances, and at our discretion, some clients may instruct our firm to use one or more particular brokers for the transactions in their accounts. If you choose to direct our firm to use a particular broker, you should understand that this might prevent our firm from aggregating trades with other client accounts. This practice may also prevent our firm from obtaining favorable net price and execution. Thus, when directing brokerage business, you should consider whether the commission expenses, execution, clearance, and settlement capabilities that you will obtain through your broker are adequately favorable in comparison to those that we would otherwise obtain for you.



## **Block Trades**

### *Discretionary Accounts*

We may combine multiple orders for shares of the same securities purchased for advisory accounts we manage at each respective custodian (this practice is commonly referred to as "block trading"). We will then distribute a portion of the shares to participating accounts in a fair and equitable manner. The distribution of the shares purchased is typically proportionate to the size of the account, but it is not based on account performance or the amount or structure of management fees. Subject to our discretion, regarding particular circumstances and market conditions, when we combine orders, each participating account pays an average price per share for all transactions plus transaction fees. Accounts owned by our firm or persons associated with our firm may participate in block trading with your accounts; however, they will not be given preferential treatment. In certain cases, such as non-discretionary, concentrated position, low cost basis, dollar cost averaging or other extenuating circumstances; some accounts may not be included in block trading, and, therefore, likely traded after block traded accounts. The removal of an account from block trading occurs at our discretion and only to the extent that we feel it is the client's best interest.

### *Non-discretionary Accounts*

Generally, non-discretionary accounts are traded after discretionary accounts. Accordingly, non-discretionary accounts may pay different costs than those discretionary accounts pay. If you enter into non-discretionary arrangements with our firm, we may not be able to buy and sell the same quantities of securities for you and you may pay higher commissions, fees, and/or transaction costs than clients who enter into discretionary arrangements with our firm.

## **Item 13 Review of Accounts**

The investment adviser representative assigned to your managed account and/or a designated portfolio manager will monitor your investments on an ongoing basis and re-balance your portfolio(s) periodically. In addition, we will conduct internal account reviews when we periodically re-balance your portfolio to ensure that the advisory services provided to you are consistent with your stated investment needs and objectives. Additional reviews may be conducted based on various circumstances, including, but not limited to:

- changes in your financial circumstances;
- contributions and withdrawals;
- year-end tax planning;
- market moving events;
- security specific events; and/or,
- changes in your risk/return objectives.

We will provide our managed account clients with quarterly performance evaluation reports. In addition, you will receive trade confirmations and monthly or quarterly statements from your account custodian(s), and annual tax reporting statements.

If you are an hourly financial planning client, the investment adviser representative assigned to you will update your financial plan periodically upon your request. Updates to the financial plan will be subject to the hourly rate agreed upon in the hourly financial planning agreement.



## Item 14 Client Referrals and Other Compensation

We directly compensate non-employee (outside) consultants, individuals, and/or entities ("promoter") for client referrals. In order to receive a cash referral fee from our firm, the solicitor must comply with the requirements of the jurisdictions in which they operate. If you were referred to our firm by a solicitor, you should have received a copy of this Disclosure Brochure along with a solicitor's Disclosure Statement at the time of the referral. If you become a client, the solicitor that referred you to our firm will receive a percentage of the advisory fee you pay our firm. The percentage paid to the solicitor and the time period the solicitor will receive payment are established and agreed upon in the signed Solicitor Agreement between EPWA and the solicitor. You will not pay additional fees because of this referral arrangement. Referral fees paid to the solicitor are contingent upon your entering into an advisory agreement with our firm. Therefore, the person making the referral has a financial incentive to recommend our firm to you for advisory services. This creates a conflict of interest; however, you are not obligated to retain our firm for advisory services. Comparable services and/or lower fees may be available through other firms.

Promoter that refer business to more than one investment adviser may have a financial incentive to recommend advisers with more favorable compensation arrangements. We request that our promoter disclose to you whether multiple referral relationships exist and that comparable services may be available from other advisers for lower fees and/or where the Solicitor's compensation is less favorable.

In addition, we also compensate broker-dealers custodians for referring clients to us. We also recommend these broker-dealers to you for brokerage and custodial services which we may require you to use. Please see the section above entitled Brokerage for Client Referrals for further information.

Please refer to the Brokerage Practices section above for disclosures on research and other benefits we may receive resulting from our relationships with broker-dealers/custodians.

## Item 15 Custody

We may directly debit your account(s) for the payment of our advisory fees. We also have the ability to retain Third-Party Standard Letter of Authorization ("SLOA") instructions with our clients respective account custodian. This ability to deduct our advisory fees from your account(s) and to have Third-Party SLOA instructions causes our firm to exercise limited custody over your funds or securities. In each case, our retention of custody is limited in nature and strictly in adherence with the regulatory guidelines and the directives of relevant No Action Letters. As a firm, we do not have physical custody of any of your funds and/or securities. 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(s) each billing period. You should carefully review account statements for accuracy.

You should compare our statements with the statements from your account custodian(s) to reconcile the information reflected on each statement. If you have a question regarding your account statement or if you did not receive a statement from your custodian, please contact the Compliance Department at 310-543-4559.

## Item 16 Investment Discretion

You may grant our firm discretion over the selection and amount of securities to be purchased or sold for your account(s) without obtaining your consent or approval prior to each transaction. For fixed income transactions, we may also exercise discretion to select the broker-dealer to be used and in those circumstances an additional fee may be charged to the client by the broker.

You may specify investment objectives, guidelines, and/or impose certain conditions or investment parameters for your account(s). For example, you may specify that the investment in any particular stock or industry should not exceed specified percentages of the value of the portfolio and/or restrictions or prohibitions of transactions in the securities of a specific industry or security. Please refer to the Advisory Business section in this Brochure for more information on our discretionary management services.

If you choose to enter a non-discretionary arrangement with our firm, we will obtain your approval prior to the execution of any transactions for your account(s).

## Item 17 Voting Client Securities

### Proxy Voting

#### *Discretionary Accounts*

For discretionary accounts who choose to use our proxy voting services, our firm utilizes the services of a third-party, independent proxy voting service, Broadridge Financial Solutions, Inc. ("Broadridge") to vote client proxies. For our firm to vote proxies, clients must first complete necessary paperwork with the custodian of the client's account. If you choose to utilize our proxy voting services, we do not accept direction from you on voting any proxy. In the event you wish to direct proxy voting on any security, you will need to complete the required proxy voting authorizing paperwork with the custodian of your account, and it shall then be your responsibility to vote all proxies.

Our proxy voting practices follow the methodology established by Glass Lewis & Co LLC ("Glass Lewis"). Broadly stated, Glass Lewis' methodology is designed to increase investor's potential financial gain through the use of the shareholder vote while also allowing management and the board discretion to direct the operations, including governance and compensation, of the firm. All proxies are voted directly by Broadridge in a manner that is consistent with its policies, which are determined on an issue by company basis. A full copy of Broadridge's policy and/or our firm's proxy voting record is available upon request by contacting the Compliance Department at 310-543-4559.

#### *Non-discretionary Accounts*

For non-discretionary accounts, we do not take action nor render advice on how to vote proxies solicited by the issuers of securities in which your assets may be invested and we will not vote proxies on behalf of your accounts.

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 you any electronic solicitation to vote proxies.

### Corporate Actions

We do not vote, make decisions, or take any actions regarding corporate actions for our clients.

## **Item 18 Financial Information**

We are not required to provide financial information to our clients because we do not:

- require the prepayment of more than \$1,200 in fees and 6 or more months in advance, or
- take custody of client funds or securities, or
- have a financial condition that is reasonably likely to impair our ability to meet our commitments to you.

## **Item 19 Requirements for State Registered Advisers**