

# Commerce Street Peak Advisors Brochure – Form ADV Part 2A

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This brochure provides information about the qualifications and business practices of Commerce Street Peak Advisors. If you have any questions about the contents of this brochure, please contact us at (214/545-6832) or at [bboyce@cstreetholdings.com](mailto:bboyce@cstreetholdings.com)

Additional information about Commerce Street Peak Advisors is also available on the Securities and Exchange Commission's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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This Brochure has not been approved or verified by the U.S. Securities and Exchange Commission or any state securities authority.

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## **Material Changes**

### **Annual Update**

The Material Changes section of this brochure will be updated annually when material changes occur.

Receive a full brochure upon request by contacting us by telephone at: 214/545-6832 or by email at:

[bboyce@cstreetcap.com](mailto:bboyce@cstreetcap.com)

## **ITEM 4 – ADVISORY BUSINESS**

Commerce Street Peak Advisors, LLC (“CSPA”) has been in business since 2015. As of June 31, 2015, Commerce Street Peak Advisors managed approximately \$4 million in assets under management for 1 client.

Commerce Street Investment Advisor (“CSIA”), dba Commerce Street Peak Advisors (“CSPA”), is a wholly-owned subsidiary of Commerce Street Holdings LLC, a Texas limited liability company. CSIA owns 100% of CSPA.

### **Plan Investment Consulting**

CSPA provides Plan Investment Consulting advisory services to Plan Sponsors of employer-sponsored retirement plans to assist the Plan Sponsor in selecting and monitoring investment options for the Plan. The Plan fiduciary is solely responsible for the selection of the investment platform, recordkeeping and other services for the Plan. Based upon the investments available to the Plan, CSPA will assist the Plan fiduciary in selecting and monitoring investment options, which are consistent with the asset classes selected by the Plan fiduciary in the Plan’s Investment Policy Statement (“IPS”), to make available to Plan participants. CSPA uses proprietary and third-party research tools to formulate the advice and will provide quarterly reports and/or other information as the Plan fiduciary may reasonably request to assist the Plan fiduciary in meeting its responsibility to prudently select and periodically monitor investment options available under the Plan. CSPA may also assist Plan Sponsors with enrollment and/or providing investment education to plan participants and beneficiaries. CSPA will act as a fiduciary under the Act and section 3(21)(A)(ii) of ERISA, and the Plan Sponsor will retain sole discretion and responsibility as to whether to implement the recommendations with the Plan’s record-keeper or third-party administrator.

### **Managed Portfolios**

CSPA will use the investment options selected by the Plan Sponsor or a delegate thereof to construct a series of well-diversified model and/or managed portfolios to be included as investment options available to Plan participants through the Plan. The model and/or managed portfolios will seek to achieve varying degrees of long-term appreciation and capital preservation, subject to the Plan Sponsor’s stated investment guidelines, through a mix of equity and fixed income exposures offered as investment options under the Plan. In providing Managed Portfolios, CSPA will have full discretion and authority, without further approval by the Plan fiduciary, to supervise and direct the asset allocation with respect to each managed portfolio designed by CSPA. CSPA will act as a fiduciary under the Act and a fiduciary “investment manager” under section 3(38) of ERISA, but the Plan fiduciary shall be responsible for determining whether to implement the initial recommendations required to create the managed portfolios. Once the Plan fiduciary elects to implement the initial advice, CSPA will be primarily responsible for monitoring the managed portfolios, and the Plan fiduciary’s responsibility will be limited to monitoring the performance of CSPA as an investment manager to the Plan. CSPA will communicate investment instructions directly with the Plan’s record-keeper or third-party administrator and will provide quarterly reports and/or information as the Plan fiduciary may reasonably request to assist the Plan fiduciary in meeting its responsibilities to monitor the performance of CSPA as an investment manager to the Plan.

### **Independent Qualified Investment Alternative Management**

CSPA may provide Qualified Default Investment Alternative (“QDIA”) management services and will create and manage a series of portfolios that allocate the assets of individual accounts for those Plan participants who fail to make an investment election. The managed portfolios will be constructed so as to achieve varying degrees of long-term appreciation and capital preservation through a mix of equity and fixed income exposures offered through investment alternatives available under the Plan. CSPA will reallocate and rebalance the portfolios and associated risk levels over time in accordance with generally accepted investment theories and will diversify the managed portfolios to minimize the

risk of large losses. Based on the Participant's age, target retirement date or life expectancy, CSPA will invest defaulted participants into the proper risk based managed portfolio.. CSPA will not take into account the risk tolerances, other investments or other preferences of an individual Participant that is defaulted into a managed portfolio.

In providing QDIA Management Services, CSPA will act as a fiduciary under the Act and a fiduciary "investment manager" under section 3(38) of ERISA, but the Plan fiduciary shall be responsible for determining whether to implement the initial recommendations required to create the managed portfolios. Once the Plan fiduciary elects to implement the initial advice, CSPA will have full discretion and authority, without further approval by the Plan fiduciary, to supervise and direct the asset allocation with respect to each managed portfolio designed by CSPA. CSPA will be primarily responsible for monitoring the managed portfolios, and the Plan fiduciary's responsibility will be limited to monitoring the performance of CSPA as an investment manager to the Plan. CSPA will communicate investment instructions directly with the Plan's record-keeper or third-party administrator and will provide quarterly reports and/or information as the Plan fiduciary may reasonably request to assist the Plan fiduciary in meeting its responsibilities to monitor the performance of CSPA as an investment manager to the Plan.

CSPA will be considered to be serving as a QDIA Manager only with respect to the assets of a defaulted Plan participant's account over which it has authority to exercise discretion. Consequently, CSPA will not have any discretion over and/or responsibility or liability for investments in employer securities or other investment options available under the Plan, including those made available through mutual fund or brokerage windows. The Plan fiduciary retains the sole responsibility to provide all required notices to Plan participants as required under ERISA section 404(c)(5), and CSPA makes no representations that the Plan will otherwise be compliant with ERISA section 404(c).

### **Sub-Advisory Services**

In addition to providing investment advisory and related services under arrangements with employer-sponsored plans and plan sponsors, CSPA may have arrangements with financial institutions to provide similar services on a sub-advisory basis. CSPA may license certain advice methodologies, quarterly portfolio allocation recommendations and services to these firms to provide investment advisory and other related services. In these cases, the financial institution is responsible for delivering the advice services to its clients through its personnel and technology.

## **ITEM 5 – FEES AND COMPENSATION**

CSPA charges the following fees for providing the above-referenced services. Such fees will not vary depending upon the basis of any investment option selected and are calculated pursuant to one or more of the following bases: (i) a flat-dollar basis; (ii) a flat percentage of total plan assets; or (iii) a per-participant basis. In special circumstances, CSPA may also enter into agreements with clients pursuant to which it charges hourly fees for the advisory services. The amount of such fees and the corresponding rates are subject to negotiation.

### **Plan Investment Consulting**

This service is typically paid for by the Plan or the Plan Sponsor through either a fixed fee or asset-based fee. Pricing will generally vary from a fixed fee of \$30,000 or greater or 0.15% to 0.50% on plan assets.

### **Independent Portfolio Allocation Services**

CSPA charges a fixed fee, an asset-based fee, or a combination of the two for Independent Portfolio Allocation Services on a quarterly basis in arrears. This pricing will generally vary from 0.15% to 0.50% basis points, based on the assets in the Plan and the services provided. Generally, fees will be higher where CSPA is providing managed portfolio services and has the responsibility to direct the investments with discretion.

### **Independent QDIA Management**

This service is included with other services.

### **Service Pricing Promotions and Discounts**

CSPA may offer discounts and/or promotional pricing on any of the services noted above to select clients, plans and/or participants. CSPA may also offer free trial periods, at its sole discretion, to select prospective clients.

### **Other Fees and Expenses**

In addition to the fees charged by CSPA, investment options recommended for a participant and/or plan will also bear a variety of expenses, including, but not limited to, investment management, accounting, legal, administrative and distribution expenses. Please refer to the prospectus or other offering documents for each investment offered in your particular plan for more information regarding fees and expenses.

### **Potential Conflicts of Interest**

As explained in above, the fees for the use of CSPA services might be paid in certain circumstances by the Plan sponsor, the Plan, Plan participants or a service provider to the Plan. In such situations, the Plan sponsor or service provider paying our fee might seek to reduce its costs by either limiting the services available through CSPA or otherwise. Also, there might be situations in which a Plan service provider pays, from a portion of the amount they earn for the services provided to the Plan, our service fee. There could be incentives for such providers to seek to increase the number or amount of Plan transactions. To mitigate any potential conflict of interest that may arise where the fees charged by CSPA are paid by a third-party, CSPA will base its recommendations solely on the criteria provided by the Plan fiduciary (either directly or through the IPS) or the Client.

CSPA may be deemed to be under common control (as defined by the SEC) and have relationships with other firms that provide services to investors and/or retirement plans. The Mutual Fund Store permits us to use their name on our website and in marketing materials. In addition, The Mutual Fund Store makes available to us certain – but not all -- of their proprietary research tools. The Mutual Fund Store, however, is under no obligation to provide any investment advice, guidance, research or other service to us or any of our Clients. Any investment advisory relationship with our clients is strictly between us and such client.

### **Service Termination Provisions and Refunds of Fees Paid to CSPA**

Clients may terminate their relationship with CSPA at any time upon written or email notice with 30 days notice. Cancellations will be processed as-of the end of the service quarter in which the cancellation request is received. As-of the end of the quarter in which the cancellation request is received, the client will be deactivated from the CSPA website and will no longer receive advisory or portfolio allocation services.

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

None

## **ITEM 7 – TYPES OF CLIENTS**

CSPA's clients generally consist of Plan sponsors wishing to obtain advice regarding their employer sponsored retirement plans.

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

CSPA believes that in many traditional asset classes, there is significant research that demonstrates that most active managers do not beat passive indexed investments. As such, our solutions focus on utilizing low cost index-based funds to reduce cost and manager underperformance risk.

CSPA's methodology for our risk based models include designing blended portfolios that combine various combinations of bond and equity asset classes to help capture the desired risk for each portfolio for the long term. In addition, for each portfolio, we utilize beta tilting and factoring strategies to determine to desired asset allocation. We investment in high-quality investment vehicles for the underlying choices and selectively utilized the use of institutional-quality actively managed mutual funds for assets classes where there is not an attractive passive vehicle.

The majority of our risk based portfolios contain between 9 and 15 underlying investments and as such are considered diversified portfolios. We rebalance annually or in the case of extreme market movement will rebalance more frequently..

### **Risks and Other Limitations**

Investing in mutual funds and other investments involves risk, including the risk of a loss of principal investments. There is no guarantee that CSPA's investment methodology will result in a positive investment return for any client portfolio.

Above included references to portfolio or investment concepts should not be construed as any guarantee of efficiency in expected returns as compared to portfolio risks. CSPA applies a variety of criteria in choosing funds for each asset class, including historical returns, fee ratios, management tenure and several other criteria, the application of which may cause a recommended portfolio to be theoretically less efficient than it may have been had other fund recommendations been made. Additionally, CSPA's ability to match asset classes to risk portfolios is limited, potentially significantly, due to limitations in this type of analysis and the unknown risk of future market performance.

### **ITEM 9 – DISCIPLINARY INFORMATION**

CSPA does not have any disciplinary information to disclose.

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

CSPA does have material business relationships and arrangements with other investment advisers which are affiliated or related entities, as well as affiliated or related entities which are not investment advisers, which clients should know and broadly understand. CSPA and its staff do not have any material business relationships or arrangements with unaffiliated or unrelated third parties.

As previously noted, CSPA is wholly owned by CSIA.

### **ITEM 11 – CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS**

Individuals associated with CSPA may buy or sell securities identical to those mutual fund investments or securities which may be offered as investment options in any of CSPA's advice or portfolio allocation clients' company-sponsored retirement plans. CSPA does not maintain either possession or custody of Client assets. However, with regard to portfolio allocation clients, CSPA does exercise discretionary authority over such client's retirement plan assets. CSPA has adopted CSIA's Code of Conduct pursuant to 204A-1 of the Investment Advisers Act of 1940 (the "Code"). CSIA's Code specifies that all employees, officers, and directors of CSIA ("Employees") are expected to conduct business according to high standards of honesty and fairness and to render that service to its customers, who, in the same circumstances, it would apply to or demand for itself.

Employees are also expected to provide competent customer focused sales and service; to engage in active and fair competition; to provide advertising and sales materials that are clear as to purpose and honest and fair as to content; to provide for fair and expeditious handling of customer complaints and disputes; and to maintain a system of supervision that is designed to achieve compliance with the rules and regulations of its industry.

### **ITEM 12 – BROKERAGE PRACTICES**

CSPA does not recommend or direct any brokerage services.

**ITEM 13 – REVIEW OF ACCOUNTS**

CSPA reviews client accounts on a quarterly basis and managed portfolios on a monthly basis.

**ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION**

Not applicable

**ITEM 15 – CUSTODY**

CSPA does not maintain custody of any client funds or securities.

**ITEM 16 – INVESTMENT DISCRETION**

. In providing Managed Portfolios, CSPA will have full discretion and authority, without further approval by the Plan fiduciary, to supervise and direct the asset allocation with respect to each managed portfolio designed by CSPA

**ITEM 17 – VOTING CLIENT SECURITIES**

At this time CSPA does not vote proxies on behalf of clients.

**ITEM 18 – FINANCIAL INFORMATION**

CSPA does not have any financial condition that is likely to impair its ability to their contractual commitments to their clients.

**ITEM 19 – REQUIREMENTS FOR STATE-REGISTERED ADVISERS**

Not applicable