

# Investment Management Hawaii Firm Brochure

*This brochure provides information about the qualifications and business practices of Pacific Islands Wealth Management LLC d/b/a Investment Management Hawaii. If you have any questions about the contents of this brochure, please do not hesitate to contact us at (808) 429-2860 or by email at: [piwmlc@gmail.com](mailto:piwmlc@gmail.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.*

*Additional information about Investment Management Hawaii is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Investment Management Hawaii's CRD number is: 156532*

1314 S. King Street, Suite 860  
Honolulu, HI 96814  
(808) 548-0105  
[piwmlc@gmail.com](mailto:piwmlc@gmail.com)

*Registration does not imply a certain level of skill or training.*

Version Date: 5/23/2017

## **Item 2: Material Changes**

The material changes in this brochure from the last annual updating amendment of Investment Management Hawaii on 03/07/2017 are described below. This list summarizes changes to policies, practices or conflicts of interests only.

- The has updated its disclosure regarding benefits provided by its custodian, Charles Schwab & Co., Inc. Advisor Services [See Items 12 & 14].
- Everett McDaniel is no long with the firm due to his passing. His estate currently owns 50% of the firm.

## Item 3: Table of Contents

|  |    |
|--|----|
| Item 2: Material Changes.....  | i  |
| Item 3: Table of Contents.....   | ii |
| Item 4: Advisory Business.....   | 1  |
| A. Description of the Advisory Firm.....   | 1  |
| B. Types of Advisory Services.....   | 1  |
| Investment Supervisory Services.....   | 1  |
| Services Limited to Specific Types of Investments.....                               | 1  |
| C. Client Tailored Services and Client Imposed Restrictions.....                     | 2  |
| D. Wrap Fee Programs.....  | 2  |
| E. Amounts Under Management.....   | 2  |
| Item 5: Fees and Compensation.....   | 3  |
| A. Fee Schedule.....   | 3  |
| Investment Supervisory Services Fees.....  | 3  |
| B. Payment of Fees.....  | 3  |
| Payment of Investment Supervisory Fees.....  | 3  |
| C. Clients Are Responsible For Third Party Fees.....                                 | 3  |
| D. Prepayment of Fees.....   | 3  |
| E. Outside Compensation For the Sale of Securities to Clients.....                   | 4  |
| Item 6: Performance-Based Fees and Side-By-Side Management.....                      | 4  |
| Item 7: Types of Clients.....  | 4  |
| Item 8: Methods of Analysis, Investment Strategies, and Risk of Investment Loss..... | 4  |
| A. Methods of Analysis and Investment Strategies.....                                | 4  |
| Methods of Analysis.....   | 4  |
| Fundamental analysis.....  | 4  |
| Technical analysis.....  | 4  |
| Cyclical analysis.....   | 4  |
| Investment Strategies.....   | 4  |
| B. Material Risks Involved.....  | 5  |
| Methods of Analysis.....   | 5  |
| Fundamental analysis.....  | 5  |
| Technical analysis.....  | 5  |
| Cyclical analysis.....   | 5  |
| Investment Strategies.....   | 5  |
| C. Risks of Specific Securities Utilized.....  | 5  |
| Item 9: Disciplinary Information.....  | 5  |
| Item 10: Other Financial Industry Activities and Affiliations.....                   | 6  |
| A. Registration as a Broker/Dealer or Broker/Dealer Representative.....              | 6  |

|   |   |    |
|---|---|----|
| B.  | Registration as a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor .....            | 6  |
| C.  | Registration Relationships Material to this Advisory Business and Possible Conflicts of Interests.....                  | 6  |
| D.  | Selection of Other Advisors or Managers and How This Adviser is Compensated for Those Selections .....                  | 6  |
| Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading..... |   | 6  |
| A.  | Code of Ethics .....  | 6  |
| B.  | Recommendations Involving Material Financial Interests .....  | 6  |
| C.  | Investing Personal Money in the Same Securities as Clients.....   | 7  |
| D.  | Trading Securities At/ Around the Same Time as Clients' Securities .....  | 7  |
| Item 12: Brokerage Practices .....  |   | 7  |
| A.  | Factors Used to Select Custodians and/or Broker/Dealers .....   | 7  |
| 1.  | Research and Other Soft-Dollar Benefits .....   | 8  |
| 2.  | Brokerage for Client Referrals .....  | 9  |
| 3.  | Clients Directing Which Broker/Dealer/Custodian to Use.....   | 9  |
| B.  | Aggregating (Block) Trading for Multiple Client Accounts.....   | 9  |
| Item 13: Reviews of Accounts.....   |   | 9  |
| A.  | Frequency and Nature of Periodic Reviews and Who Makes Those Reviews.....   | 9  |
| B.  | Factors That Will Trigger a Non-Periodic Review of Client Accounts .....  | 9  |
| C.  | Content and Frequency of Regular Reports Provided to Clients.....   | 10 |
| Item 14: Client Referrals and Other Compensation .....  |   | 10 |
| A.  | Economic Benefits Provided by Third Parties for Advice Rendered to Clients (Includes Sales Awards or Other Prizes)..... | 10 |
| B.  | Compensation to Non – Advisory Personnel for Client Referrals.....  | 10 |
| Item 15: Custody .....  |   | 10 |
| Item 16: Investment Discretion.....   |   | 10 |
| Item 17: Voting Client Securities (Proxy Voting).....   |   | 11 |
| Item 18: Financial Information.....   |   | 11 |
| A.  | Balance Sheet.....  | 11 |
| B.  | Financial Conditions Reasonably Likely to Impair Ability to Meet Contractual Commitments to Clients .....               | 11 |
| C.  | Bankruptcy Petitions in Previous Ten Years .....  | 11 |

## **Item 4: Advisory Business**

### **A. Description of the Advisory Firm**

This firm has been in business since January 27, 2011, and the principal owners are David Manley Kirkeby and the Estate of Everett S. McDaniel Jr.

### **B. Types of Advisory Services**

Pacific Islands Wealth Management LLC d/b/a Investment Management Hawaii (hereinafter "IMH") offers the following services to advisory clients:

#### ***Investment Supervisory Services***

IMH offers ongoing portfolio management services based on the individual goals, objectives, time horizon, and risk tolerance of each client. IMH creates an Investment Policy Statement for each client, which outlines the client's current situation (income, tax levels, and risk tolerance levels) and then constructs a plan (the Investment Policy Statement) to aid in the selection of a portfolio that matches each client's specific situation. Investment Supervisory Services include, but are not limited to, the following:

- |                       |                                |
|-----------------------|--------------------------------|
| • Investment strategy | • Personal investment policy   |
| • Asset allocation    | • Asset selection              |
| • Risk tolerance      | • Regular portfolio monitoring |

IMH evaluates the current investments of each client with respect to their risk tolerance levels and time horizon. IMH will request discretionary authority from clients in order to select securities and execute transactions without permission from the client prior to each transaction. Risk tolerance levels are documented in the Investment Policy Statement, which is given to each client.

In addition to managing discretionary accounts for private clients and corporate accounts, IMH also provides pension consulting services to qualified retirement plans, as a co-fiduciary, in the area of fund selection, monitoring, and replacement.

#### ***Services Limited to Specific Types of Investments***

IMH limits its money management to mutual funds, equities, bonds, fixed income, debt securities, ETFs, REITs, and government securities. IMH may use other securities as well to help diversify a portfolio when applicable.

### **C. Client Tailored Services and Client Imposed Restrictions**

IMH offers the same suite of services to all of its clients. However, specific client financial plans and their implementation are dependent upon the client Investment Policy Statement which outlines each client's current situation (income, tax levels, and risk tolerance levels) and is used to construct a client specific plan to aid in the selection of a portfolio that matches restrictions, needs, and targets.

Clients may impose restrictions in investing in certain securities or types of securities in accordance with their values or beliefs. However, if the restrictions prevent IMH from properly servicing the client account, or if the restrictions would require IMH to deviate from its standard suite of services, IMH reserves the right to end the relationship.

### **D. Wrap Fee Programs**

IMH does not participate in any wrap fee programs.

### **E. Amounts Under Management**

IMH has the following assets under management:

| <b>Discretionary Amounts:</b> | <b>Non-discretionary Amounts:</b> | <b>Date Calculated:</b> |
|-------------------------------|-----------------------------------|-------------------------|
| \$139,546,692.00              | \$0.00                            | 12/31/2016              |

## Item 5: Fees and Compensation

### A. Fee Schedule

#### *Investment Supervisory Services Fees*

| Total Assets Under Management | Annual Fee |
|-------------------------------|------------|
| \$1 - \$1,000,000             | 1.00%      |
| Next \$2,000,000              | 0.75%      |
| Above \$3,000,000             | 0.50%      |

These fees are negotiable and the final fee schedule is attached as Exhibit II of the Investment Advisory Contract. Fees are paid quarterly in arrears, and clients may terminate their contracts with thirty days' written notice. Because fees are charged in arrears, no refund policy is necessary. Clients may terminate their accounts without penalty within 5 business days of signing the advisory contract. Advisory fees are withdrawn directly from the client's accounts with client written authorization.

### B. Payment of Fees

#### *Payment of Investment Supervisory Fees*

Advisory fees are withdrawn directly from the client's accounts with client written authorization. Fees are paid quarterly in arrears.

Advisory fees are invoiced and billed directly to the client quarterly in arrears. Payments are due when invoice is received. Clients may select the method in which they are billed.

### C. Clients Are Responsible For Third Party Fees

Clients are responsible for the payment of all third party fees (i.e. custodian fees, mutual fund fees, transaction fees, etc.). Those fees are separate and distinct from the fees and expenses charged by IMH. Please see Item 12 of this brochure regarding broker/custodian.

### D. Prepayment of Fees

IMH collects its fees in arrears. It does not collect fees in advance.

## **E. Outside Compensation For the Sale of Securities to Clients**

Neither IMH nor its supervised persons accept any compensation for the sale of securities or other investment products, including asset-based sales charges or services fees from the sale of mutual funds.

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

IMH does not accept performance-based fees or other fees based on a share of capital gains on or capital appreciation of the assets of a client.

## **Item 7: Types of Clients**

IMH generally provides management supervisory services to the following Types of Clients:

- ❖ Individuals
- ❖ High-Net-Worth Individuals
- ❖ Pension and Profit Sharing Plans

There is an account minimum, \$250,000, which may be waived by the investment advisor, based on the needs of the client and the complexity of the situation.

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

### **A. Methods of Analysis and Investment Strategies**

#### ***Methods of Analysis***

IMH's methods of analysis include fundamental analysis, technical analysis, cyclical analysis, and relative valuation analysis.

**Fundamental analysis** involves the analysis of financial statements, the general financial health of companies, and/or the analysis of management or competitive advantages.

**Technical analysis** involves the analysis of past market data; primarily price and volume.

**Cyclical analysis** involved the analysis of business cycles to find favorable conditions for buying and/or selling a security.

#### ***Investment Strategies***

IMH uses long term and short term trading strategies.



Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.

## **B. Material Risks Involved**

### ***Methods of Analysis***

**Fundamental analysis** concentrates on factors that determine a company's value and expected future earnings. This strategy would normally encourage equity purchases in stocks that are undervalued or priced below their perceived value. The risk assumed is that the market will fail to reach expectations of perceived value.

**Technical analysis** attempts to predict a future stock price or direction based on market trends. The assumption is that the market follows discernible patterns and if these patterns can be identified then a prediction can be made. The risk is that markets do not always follow patterns and relying solely on this method may not work long term.

**Cyclical analysis** assumes that the markets react in cyclical patterns which, once identified, can be leveraged to provide performance. The risks with this strategy are two-fold: 1) the markets do not always repeat cyclical patterns and 2) if too many investors begin to implement this strategy, it changes the very cycles they are trying to take advantage of.

### ***Investment Strategies***

Long term trading is designed to capture market rates of both return and risk. Frequent trading, when done, can affect investment performance, particularly through increased brokerage and other transaction costs and taxes.

Short term trading generally holds greater risk and clients should be aware that there is a chance of material risk of loss using any of those strategies.

Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.

## **C. Risks of Specific Securities Utilized**

IMH generally seeks investment strategies that do not involve significant or unusual risk beyond that of the general domestic and/or international equity markets. IMH typically invest client accounts in actively managed mutual funds and index mutual funds.

**Past performance is not a guarantee of future returns. Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

## **Item 9: Disciplinary Information**

There are no legal or disciplinary events that are material to a client's or prospective client's evaluation of this advisory business or the integrity of our management.

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

### **A. Registration as a Broker/Dealer or Broker/Dealer Representative**

Neither IMH nor its representatives are registered as a broker/dealer or as representatives of a broker/dealer.

### **B. Registration as a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor**

Neither IMH nor its representatives are registered as a FCM, CPO, or CTA.

### **C. Registration Relationships Material to this Advisory Business and Possible Conflicts of Interests**

Neither IMH nor its representatives have any material relationships to this advisory business that would present a possible conflict of interest.

### **D. Selection of Other Advisors or Managers and How This Adviser is Compensated for Those Selections**

IMH does not utilize nor select other advisors or third party managers. All assets are managed by IMH management.

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

### **A. Code of Ethics**

We have a written Code of Ethics that covers the following areas: Prohibited Purchases and Sales, Insider Trading, Personal Securities Transactions, Exempted Transactions, Prohibited Activities, Conflicts of Interest, Gifts and Entertainment, Confidentiality, Service on a Board of Directors, Compliance Procedures, Compliance with Laws and Regulations, Procedures and Reporting, Certification of Compliance, Reporting Violations, Compliance Officer Duties, Training and Education, Recordkeeping, Annual Review, and Sanctions. Clients may request a copy of our Code of Ethics from management.

### **B. Recommendations Involving Material Financial Interests**

IMH does not recommend that clients buy or sell any security in which a related person to IMH has a material financial interest.

### **C. Investing Personal Money in the Same Securities as Clients**

From time to time, representatives of IMH may buy or sell securities for themselves that they also recommend to clients. IMH will always document any transactions that could be construed as conflicts of interest and will always transact client business before their own when similar securities are being bought or sold.

### **D. Trading Securities At/Around the Same Time as Clients' Securities**

From time to time, representatives of IMH may buy or sell securities for themselves at or around the same time as clients. IMH will not trade non-mutual fund or non-ETF securities 5 days prior to or 5 days after trading the same security for clients.

## **Item 12: Brokerage Practices**

### **A. Factors Used to Select Custodians and/or Broker/Dealers**

IMH does not maintain custody of your assets that we manage/on which we advise. Your assets must be maintained in an account at a "qualified custodian," generally a broker-dealer or bank. We require that our clients use Charles Schwab & Co., Inc. Advisor Services ("Schwab"), a FINRA-registered broker-dealer, member SIPC, as the qualified custodian. We are independently owned and operated and not affiliated with Schwab. Schwab will hold your assets in a brokerage account and buy and sell securities when IMH instruct them to. While we require that you use Schwab as custodian/broker, you will decide whether to do so and open your account with Schwab by entering into an account agreement directly with them. We do not open the account for you. Even though your account is maintained at Schwab, we can still use other brokers to execute trades for your account, as described in the next paragraph.

We seek to select a custodian/broker who will hold your assets and execute transactions on terms that are overall most advantageous when compared to other available providers and their services. We consider a wide range of factors, including, among others, these:

- combination of transaction execution services along with asset custody services (generally without a separate fee for custody)
- capability to execute, clear and settle trades (buy and sell securities for your account)
- capabilities to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.)
- breadth of investment products made available (stocks, bonds, mutual funds, exchange traded funds (ETFs), etc.)
- availability of investment research and tools that assist us in making investment

- decisions
- quality of services
- competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.) and willingness to negotiate them
- reputation, financial strength and stability of the provider
- their prior service to us and our other clients
- availability of other products and services that benefit us

### ***1. Research and Other Soft-Dollar Benefits***

Schwab provides IMH 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 contingent upon IMH 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 IMH client accounts maintained in its custody, Schwab generally does not charge separately for custody services but is 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 IMH other products and services that benefit IMH but may not directly benefit its clients' accounts. Many of these products and services may be used to service all or some substantial number of IMH's accounts, including accounts not maintained at Schwab.

Schwab's products and services that assist IMH in managing and administering clients' accounts include software and other technology that (i) provide access to client 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 IMH's fees from its clients' accounts; and (v) assist with back-office functions, recordkeeping and client reporting.

Schwab Advisor Services also offers other services intended to help IMH manage and further develop its 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 IMH. 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 IMH. Schwab Advisor Services may also provide other benefits such as educational events or occasional business entertainment of IMH personnel. In evaluating whether to recommend or require that clients custody their assets at Schwab, IMH may take into account the availability of some of the foregoing products and services and other arrangements as part of the total mix of factors it considers 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.

## ***2. Brokerage for Client Referrals***

IMH receives no referrals from a broker-dealer or third party in exchange for using that broker-dealer or third party.

## ***3. Clients Directing Which Broker/Dealer/Custodian to Use***

IMH allows clients to direct brokerage. IMH may be unable to achieve most favorable execution of client transactions if clients choose to direct brokerage. This may cost clients money because without the ability to direct brokerage IMH may not be able to aggregate orders to reduce transactions costs resulting in higher brokerage commissions and less favorable prices.

### **B. Aggregating (Block) Trading for Multiple Client Accounts**

IMH maintains the ability to block trade purchases across accounts but will rarely do so. While block trading may benefit clients by purchasing larger blocks in groups, we do not feel that the clients are at a disadvantage due to the best execution practices of our custodian.

## **Item 13: Reviews of Accounts**

### **A. Frequency and Nature of Periodic Reviews and Who Makes Those Reviews**

Client accounts are reviewed at least quarterly only by David Manley Kirkeby, Managing Member. David Manley Kirkeby is the chief advisor and is instructed to review clients' accounts with regards to their investment policies and risk tolerance levels. All accounts at IA are assigned to this reviewer.

### **B. Factors That Will Trigger a Non-Periodic Review of Client Accounts**

Reviews may be triggered by material market, economic or political events, or by changes in client's financial situations (such as retirement, termination of employment, physical move, or inheritance).

### **C. Content and Frequency of Regular Reports Provided to Clients**

Each client will receive at least quarterly a written report detailing the clients account which may come from the custodian.

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

### **A. Economic Benefits Provided by Third Parties for Advice Rendered to Clients (Includes Sales Awards or Other Prizes)**

IMH receives an economic benefit from Schwab in the form of the support products and services it makes available to us and other independent investment advisors that have their clients maintain accounts at Schwab. Additionally, Schwab provided to IMH transition assistance via a discount of approximately \$3,000 on technology that IMH uses to run its advisory business. Schwab's products and services, how they benefit us, and the related conflicts of interest are described above (see Item 12 – Brokerage Practices). The availability to us of Schwab's products and services is not based on us giving particular investment advice, such as buying particular securities for our clients.

### **B. Compensation to Non – Advisory Personnel for Client Referrals**

IMH does not directly or indirectly compensate any person who is not advisory personnel for client referrals.

## **Item 15: Custody**

Under government regulations, we are deemed to have custody of your assets if you authorize us to instruct Schwab to deduct our advisory fees directly from your account. Schwab maintains actual custody of your assets. You will receive account statements directly from Schwab at least quarterly. They will be sent to the email or postal mailing address you provided to Schwab. You should carefully review those statements promptly when you receive them. We also urge you to compare Schwab's account statements to the periodic account statements or portfolio reports you will receive from us.

## **Item 16: Investment Discretion**

For those client accounts where IMH provides ongoing supervision, IMH maintains limited power of authority over client accounts with respect to securities to be bought and sold and amount of securities to be bought and sold. All buying and selling of securities is explained to clients in detail before an advisory relationship has commenced.

## **Item 17: Voting Client Securities (Proxy Voting)**

IMH will accept voting authority for client securities in certain cases. When IMH does accept voting authority for client securities, it will always seek to vote in the best interests of its clients. IMH does not maintain preapproved voting guidelines but relies on the investment committee to determine the appropriate course of action in voting client securities that is in the best interest of the client. Clients may direct IMH on how to vote client securities by communicating their wishes in writing or electronically to IMH. When voting client proxies the investment committee will always hold the interests of the clients above its own interests. Clients of IMH may obtain the voting record of IMH on client securities by contacting IMH at phone number or e-mail address listed on the cover page of this brochure. Clients may obtain a copy of IMH's proxy voting policies and procedures upon request.

## **Item 18: Financial Information**

### **A. Balance Sheet**

IMH does not require nor solicit prepayment of more than \$1,200 in fees per client, six months or more in advance and therefore does not need to include a balance sheet with this brochure.

### **B. Financial Conditions Reasonably Likely to Impair Ability to Meet Contractual Commitments to Clients**

Neither IMH nor its management have any financial conditions that are likely to reasonably impair our ability to meet contractual commitments to clients.

### **C. Bankruptcy Petitions in Previous Ten Years**

IMH has not been the subject of a bankruptcy petition in the last ten years.