



## DISCLOSURE BROCHURE

THE INVESTMENT ADVISERS ACT OF 1940 RULE 204-3

**Part 2A of Form ADV: Firm Brochure**

SEC File #: 801-74420  
Firm IARD/CRD #: 160333

**Powell Investment Advisors, LLC**  
REGISTERED INVESTMENT ADVISOR

Cover Page **ITEM 1**

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This Disclosure Brochure provides information about the qualifications and business practices of Powell Investment Advisors, LLC which should be considered before becoming a client. You are welcome to contact us if you have any questions about the contents of this brochure - our contact information is listed to the right. Additional information about Powell Investment Advisors, LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

The information contained in this Disclosure Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any State Securities Administrator. Furthermore, the term "registered investment advisor" is not intended to imply that Powell Investment Advisors, LLC has attained a certain level of skill or training.

BROCHURE  
DATED

**JANUARY 18, 2018**

## MATERIAL CHANGES

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ITEM 2

There have been no material changes since our last brochure dated February 2017.

This Disclosure Brochure has been reviewed and is current as of the date indicated on the cover.

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## BROCHURE SUPPLEMENTS

## ADVISORY BUSINESS

ITEM 4

### Who We Are

Powell Investment Advisors, LLC (hereinafter referred to as “PIA”, “the Company”, “we”, “us” and “our”) is a fee-only registered investment advisor<sup>1</sup> offering portfolio management services since 2012 to assist you, our client<sup>2</sup>, achieve the financial security and independence you desire.

#### Principals

The Company is controlled by the following persons:

Name	Title	CRD#
Earl W. Powell	Managing Member	1350954
Jesse A. Wachs	Chief Investment Officer & Chief Compliance Officer	4437874
Todd J. Gross	Portfolio Manager & Chief Financial Officer	5105277

#### Assets Under Management

As of January 18, 2018, our assets under management totaled:

Client Discretionary Managed Accounts ..... \$289,220,652

We do not offer non-discretionary investment management services.

### Our Mission

Our mission is to assist you in managing time horizons and market volatility by implementing asset management strategies designed to maximize wealth, maintain investment expectations, and minimize investment risk relative to your financial goals.

### What We Do

**We manage wealth.** Our portfolio management services begin with stressing the importance of you making fiscally responsible decisions and disciplined economic choices in your personal life so we can effectively help you achieve your monetary goals.

Focus of our portfolio management will be to identify your unique investment parameters that, once defined, will allow us to provide clear perspective and insight into the investment alternatives to be most effective for your situation. These identifying parameters are a beginning point to successful portfolio management that includes:

<sup>1</sup> The term “registered investment advisor” is not intended to imply that Powell Investment Advisors, LLC has attained a certain level of skill or training. It is used strictly to reference the fact that we are “registered” as a licensed “investment advisor” with the United States Securities & Exchange Commission – and “Notice Filed” with such other State Regulatory Agencies that may have limited regulatory jurisdiction over our business practices.

<sup>2</sup> A client could be an individual and their family members, a family office, a foundation or endowment, a corporation and/or small business, a trust, a guardianship, an estate, a hedge fund, or any other type of entity to which we choose to give investment advice.

- ❖ **Risk Assessment** - An attempt to identify your level of tolerable risk to an acceptable level of market volatility and expected investment return.
- ❖ **Investment Composition** - An investment strategy designed to achieve your unique financial expectations relative to your risk factors and predetermined benchmarks.
- ❖ **Tax Management** - Analyze tax implications to your investment portfolio.

From these identifying factors we will construct managed portfolios consisting of equity (“stock”) positions, fixed income/debt (“bond”) instruments, investment company (“mutual funds”) products, exchange traded funds (“ETFs”), and alternative investments. You can find more information about our management fees and services under “Portfolio Management” in Item 5, “Fees & Compensation” and further description of our management style under Item 8, “Methods of Analysis, Investment Strategies & Risk of Loss”.

## How We Get to Know You

As a new client, we will conduct pre-advisory consultations with you to discuss issues such as your current income and expenses, career, personal goals, investment return expectations and prior investment experience. In addition, we will have you complete a profile questionnaire<sup>3</sup> to gain greater insight into your financial needs.

With the complexity of today’s marketplace, it is critical for us to understand who you are and what you want to accomplish financially. We must have a clear picture of your unique financial composition and risk tolerance so that we can develop a successful portfolio management strategy and tailored asset allocation guideline. In return, we will have:

- ❖ Defined and narrowed objectives and investment options;
- ❖ Identified areas of greatest distress;
- ❖ Developed a strategy for addressing concerns about the future;
- ❖ Cultivated peace of mind; and,
- ❖ Created a unique picture of your overall economic personality.

Once your financial parameters have been identified, we will prepare an asset allocation plan that outlines what asset mix is most suitable for your unique investment expectations and risk tolerance. This asset allocation plan will guide us in the management of your account(s), and as a standard against which to measure future results and to make modifications where necessary.

## FEES & COMPENSATION

ITEM 5

### Portfolio Management

Portfolio management is provided on an asset-based fee arrangement. Management fees are calculated based on the aggregate market value of your account on the last business day of the previous calendar quarter multiplied by the annual percentage rate for each portion of your portfolio assets that fall within each tier, that value is then divided by the number of days in

<sup>3</sup> The profile questionnaire we use is an important tool in gathering information about your investment methodology, risk tolerance, income/tax bracket, liquidity, time horizons, etc. If you elect not to answer the questionnaire or choose to respond with limited input, it is possible that we could operate in a handicapped capacity contrary to your investment needs. Therefore, if you desire the most effective and accurate recommendations regarding your managed account(s), you should make every effort to provide us with your detailed personal needs and objectives, along with detailed financial and tax information.

the year and again multiplied by the number of days in the quarter being billed (See “Billing” below under “Protocols for Portfolio Management” for more information.).

We retain discretion to negotiate the management fee within each tier on a client-by-client basis depending on the size and complexity of the portfolio managed. In addition, a fee break will occur as assets in your portfolio increase past the following tier:

Account Value	Annual Fee Rate Not to Exceed
First \$3,000,000 .....	1.00%
Next \$2,000,000 .....	0.75%
Next \$2,000,000 .....	0.65%
Next \$3,000,000 .....	0.50%
Over \$10,000,000 .....	0.35%

We have a **\$10,000 minimum annual fee** requirement (\$2,500 billed quarterly), which **may be waived or reduced** if we feel circumstances are warranted. Accounts with **portfolio values that fall below \$1,000,000 will be subject to this minimum annual fee**, which can exceed our highest published 1.00% Annual Fee Rate (e.g., a managed account of \$500,000 with a minimum annual fee charge of \$10,000, will translate into an annual fee rate of 2.00%).

## Protocols for Portfolio Management

The following protocols establish how we handle our portfolio management accounts and what you should expect when it comes to: (i) managing your account; (ii) your bill for investment services; and (iii) other fees charged to your account(s).

### Discretion

We will establish discretionary trading authority on all management accounts to execute securities transactions at anytime without your prior consent or advice. At anytime however, you may impose restrictions, **in writing**, on our discretionary authority (i.e., limit the types/amounts of particular securities purchased for your account, exclude the ability to purchase securities with an inverse relationship to the market, limit our use of leverage, etc.).

### Billing

Your account will be billed a blended fee quarterly **in advance** based on the fair market value for the portion of your portfolio that fall within each tier of our fee schedule. For example:

Account Value: \$7,500,000	Annual Fee % (Per Tier)	Annual Fee (Billed per Tier)
First \$3,000,000	1.00%	\$30,000
Next \$2,000,000	0.75%	\$15,000
Next \$2,000,000	0.65%	\$13,000
Next \$500,000	0.50%	\$2,500
Total Annual Fee:		\$60,500
Blended Annual Fee %	<b>0.8067%</b>	

For **new managed accounts opened in mid-quarter**, our fee will be based upon a pro-rated calculation of your assets to be managed for the current quarterly period. Advisory fees will be deducted first from any money market funds or cash balances. If such assets are insufficient to satisfy payment of such fees, a portion of the account assets will be liquidated to cover the fees.

### Deposits and Withdrawals

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Assets deposited by you into your portfolio management account between billing cycles will not result in additional management fees being billed to your account **unless such deposits exceed \$50,000**. We do not want to discourage you from investing additional capital for your future but deposits of this amount or greater, in most cases, will require modifications and adjustments to your investment allocation. Therefore, we reserve the right to bill your account a pro-rated fee based upon the number of days remaining in the current quarterly period for deposits exceeding the above amount.

For assets you may withdraw during the quarter, we **do not make partial refunds** of our quarterly portfolio management fee. Just as with deposits, withdrawals from your account will require modifications and adjustments to be made to correct the allocation of assets in your portfolio.

### Fee Exclusions

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The above fees for all of our management services are exclusive of any charges imposed by the custodial firm including, but not limited to: (i) any Exchange/SEC fees; (ii) certain transfer taxes; (iii) service or account charges, including, postage/handling fees, electronic fund and wire transfer fees, auction fees, debit balances, margin interest, certain odd-lot differentials and mutual fund short-term redemption fees; and (iv) brokerage and execution costs associated with securities held in your managed account. There can also be other fees charged to your account that are unaffiliated with our management services.

In addition, all fees paid to us for portfolio management services are separate from any fees and expenses charged on mutual fund shares by the investment company or by the investment advisor managing the mutual fund portfolios. These expenses generally include management fees and various fund expenses, such as: redemption fees, account fees, and purchase fees. Details on fees and expenses charged by investment companies can be found in each mutual fund's prospectus. You are encouraged to carefully read the fund prospectus.

### Termination of Portfolio Management Services

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To terminate our investment advisory services, either party (you or us) by written notification to the other party, may terminate the Investment Advisory Agreement at any time, provided such written notification is received **at least 30 days prior** to the date of termination (i.e.; To terminate services on October 1<sup>st</sup>, a request for termination should be received in our office by September 1<sup>st</sup>.). Such notification should include the date the termination will go into effect along with any final instructions on the account (i.e., liquidate the account, finalize all transactions and/or cease all investment activity).

In the event termination does not fall on the last day of a calendar quarter, you shall be entitled to a pro-rated refund of the prepaid quarterly management fee based upon the number of days remaining in the quarter after the termination notice goes into affect. Once the termination of investment advisory services has been implemented, neither party has any obligation to the other - we no longer earn management fees or give investment advice and you become responsible for making your own investment decisions.

## PERFORMANCE-BASED FEES & SIDE-BY-SIDE MANAGEMENT

ITEM 6

### Performance-Based Management

PIA serves as the sole investment manager to the CEF Total Return Opportunity Fund LP (the “Fund”). For more information on the Fund, please see “Private Investment Fund Affiliation” under Item 10 below, “Other Financial Industry Activities & Affiliations”.

The fee structure for the Fund is performance-based. **For you to participate you must be defined to be one of the following:** (i) an “accredited investor”, as defined in Rule 501 of Regulation D under the 1933 Act; (ii) a “qualified client” as defined in Rule 205-3 under the 1940 Investment Advisor Act; or (iii) a “qualified purchaser” under Section 2(a)(51) of the 1940 Investment Company Act.

### Performance-Based Management Conflicts

With the performance-based management structure of the Fund, we can earn a substantially higher fee over our portfolio management accounts (See “Portfolio Management” in Item 5 above, “Fees & Compensation”). This creates a potential conflict of interest to our fiduciary duty to be impartial with our advice and to keep your interests ahead of our own when making investment recommendations to you. In addition, the incentive to earn a performance-based fee could affect the objectivity in the direct management of the Fund in the following ways:

- ❖ The performance-based fee structure of the Fund creates greater incentive for us to be more aggressive so as to achieve higher returns.
- ❖ Focus on the Fund could consume much of our time and our portfolio management accounts could lose out on valuable time that should be devoted to all investment accounts.

Notwithstanding these potential conflicts, we strive to serve your best interest and maintain our fiduciary responsibility by making you aware of circumstances that could adversely affect the management of your account(s) in compliance with the Investment Advisor Act of 1940, Rule 275.206.

## TYPES OF CLIENTS

ITEM 7

The types of clients we offer advisory services to are described above under “Who We Are” in the Item 4, the “Advisory Business” section. Our minimum account size and/or minimum fee for portfolio management is disclosed above under “Portfolio Management” in Item 5 above in the, “Fees & Compensation” section of this Brochure.

## METHODS OF ANALYSIS, INVESTMENT STRATEGIES & RISK OF LOSS

ITEM 8

Our portfolio management services combine your financial needs and investment objectives, time horizon, and risk tolerance to yield an effective investment strategy. Your portfolio is then tailored to these unique investment parameters using a combination of equity (“stock”)



positions, fixed income/debt (“bond”) instruments, investment company (“mutual funds”) products, and exchange traded funds (“ETFs”)

In addition, depending on your risk tolerance, we may also recommend using the following investment vehicles to achieve your desired investment objective: leveraged index funds, hedge funds, derivatives (i.e., options, commodities, etc.), alternative investments, and other publicly/privately traded securities. However, these **investment vehicles bring on a different risk dynamic**. If we recommend investment in one of these securities, we will discuss with you the limitations of such security and the potential risk factors to your portfolio.

## Methods of Analysis

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In analyzing securities for inclusion in a portfolio, we will use a combination of analysis techniques to gathering information and to guide us in our management decisions.

### Fundamental Analysis

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Fundamental analysis considers: economic conditions, earnings, cash flow, book value projections, industry outlook, politics (as it relates to investments), historical data, price-earnings ratios, dividends, general level of interest rates, company management, debt ratios and tax benefits.

### Technical Analysis

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Technical analysis utilizes current and historical pricing information to help us identify trends in the broader domestic and foreign equity and fixed income markets, and in the underlying assets themselves. This may involve the use of various technical indicators, such as moving averages and trend-lines, among others.

### Cyclical Analysis

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Market cycles provide historic tried and true timing mechanisms to indicate turning points in future market prices. By tracking historic data through charts and graphs we can improve entry and exit strategies.

## Investment Strategies

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We are not bound to a specific investment strategy or ideology for the management of your investment portfolio. We will, at times, utilize a variety of investment strategies including:

### Modern Portfolio Theory

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The objectives of Modern Portfolio Theory (“MPT”)<sup>4</sup> is to determine your preferred level of risk then construct a portfolio that seeks to maximize your expected return for that given level of risk. Our investment methodology follows five (5) basic premises, each of which is derived from MPT.

1. You, as with all clients, are inherently risk-averse.
2. The markets are basically efficient.

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<sup>4</sup> Modern Portfolio Theory was developed and introduced by Harry M. Markowitz in his paper “Portfolio Selection” published in 1952 by the *Journal of Finance*.

3. The focus of attention is shifted away from individual securities analysis to consideration of portfolios as a whole, predicated on explicit risk-reward parameters.
4. For any level of risk that you are willing to accept, there is a rate of return that should be targeted.
5. Portfolio diversification is not so much a function of how many issues are involved, but more a function of the relationships and proportions of each asset to other correlating assets.

### Asset Allocation

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Asset Allocation is a broad term used to define the process of selecting a mix of asset classes and the efficient allocation of capital to those assets by matching rates of return to a specified and quantifiable tolerance for risk. From this there are more narrow and aggressive Asset Allocation techniques that we may use.

The investment mix is uniquely designed to achieve the desired investment return. The selected stocks, bonds, and other investment vehicles in your investment portfolio are diversified to reflect their risk profile. Typical composition mix classifications:

### Dollar-Cost Averaging

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Dollar-cost averaging is the technique of buying a fixed dollar amount of securities at regularly scheduled intervals, regardless of the price per share. This will gradually, over time, decrease the average share price of the security. Dollar-cost averaging lessens the risk of investing a large amount in a single investment at the wrong time.

### Managing Risk

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The biggest risk to you is the risk that the value of your investment portfolio will decrease due to moves in the market. This risk is referred to as the market risk factor, which is made up of four primary risks:

- ❖ **Interest Rate Risk** - Interest rate risk affects the value of bonds more than stocks. Essentially, when the interest rate on a bond begins to rise, the value (bond price) begins to drop; and vice versa, when interest rates on a bond fall, the bond value rises.
- ❖ **Equity Risk** - Equity risk is the risk that the value of your stocks will depreciate due to stock market dynamics.
- ❖ **Currency Risk** - Currency risk is the risk that arises from the change in price of one currency against that of another. Investment values in internationally securities can be affected by changes in exchange rates.
- ❖ **Commodity Risk** - Commodity risk refers to the uncertainties of future market values and the size of future income caused by the fluctuation in the prices of commodities (i.e., grains, metals, food, electricity, etc...).

The risk factors we have cited here are not intended to be an exhaustive list, but are the most common risks your portfolio will encounter. Other risks that we haven't defined could be political, over-concentration, and liquidity to name a few. However notwithstanding these risk factors, the most important thing for you to understand is that regardless of how we analyze securities or the investment strategy and methodology we use to guide us in the management of your investment portfolio, **investing in a security involves a risk of loss that you should be willing and prepared to bear; and furthermore, past market performance is no guarantee that you will see equal or better future returns on your investment.**

## DISCIPLINARY INFORMATION

ITEM 9

We have no legal or disciplinary events to report.

## OTHER FINANCIAL INDUSTRY ACTIVITIES & AFFILIATIONS

ITEM 10

### Financial Industry Activities

Earl W. Powell, a managing member of PIA, is also a part owner of Trivest Investment Advisors, LLC. None of our supervised persons are licensed, or are related to, another financial industry participant.

### Private Investment Fund Affiliation

PIA is the exclusive investment manager responsible for managing the investment, sale, and reinvestment of assets for the CEF Total Return Opportunity Fund, LP (the “Fund”), a Delaware limited partnership. The investment objective of the Fund is “total return,” consisting of high current income and potential capital appreciation. The Fund seeks to achieve its investment objective by investing in shares of closed-end funds based on quantitative and qualitative analysis.

In addition, the general partner to the Fund is CEF Total Return GP, LLC, a special purpose Delaware limited liability company. As the general partner, CEF Total Return GP is responsible for providing management and operational oversight of the Fund’s affairs. The managing members of the CEF Total Return GP are Earl W. Powell and Jesse A. Wachs. **Mr. Powell and Mr. Wachs are the Managing Member and Chief Compliance Officer, respectively, of PIA.** This makes PIA and CEF Total Return GP affiliated entities.

### Investment Limitations and General Considerations

We may solicit you or other independent investors to invest in the Fund if you are defined as one of the following:

- ❖ An “accredited investor”, as defined in Rule 501 of Regulation D under the 1933 Act;
- ❖ A “qualified client” as defined in Rule 205-3 under the 1940 Investment Advisor Act; or
- ❖ A “qualified purchaser” under Section 2(a)(51) of the 1940 Investment Company Act.

Should we determine that you fit the criteria to invest in the Fund, a Confidential Offering/Private Placement Memorandum (“Memorandum”) will be provided to you. This Memorandum discloses all possibilities for conflicts of interest and inherent risks, which are necessary for you to make an informed decision. Also as an investor in the Funds, you will be given a right to rescind your subscription and receive a full refund of your investment within three (3) business days after entering into a Subscription Agreement.

See “Pooled Investment Vehicle Compensation” under Item 14, “Client Referrals & Other Compensation” for potential conflicts of interest, and “Pooled Investments” under Item 15, “Custody” for more information on how operating this Fund creates a custody situation.

## CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS & PERSONAL TRADING

ITEM 11

### Code of Ethics

As a fiduciary, the Company has an affirmative duty to render continuous, unbiased investment advice, and at all times act in your best interest. To maintain this ethical responsibility, we have adopted a Code of Ethics that establishes the fundamental principles of conduct and professionalism expected by all personnel in discharging their duties. This Code is a value-laden guide committing such persons to uphold the highest ethical standards, rooted in the most elementary maxim. Our Code of Ethics is designed to deter inappropriate behavior and heighten awareness as to what is right, fair, just and good by promoting:

- ❖ Honest and ethical conduct.
- ❖ Full, fair and accurate disclosure.
- ❖ Compliance with applicable rules and regulations.
- ❖ Reporting of any violation of the Code.
- ❖ Accountability.

To help you understand our ethical culture and standards, how we control sensitive information and what steps have been taken to prevent personnel from abusing their inside position, a copy of our Code of Ethics is available for review upon request.

### Client Transactions

We have a fiduciary duty to ensure that your welfare is not subordinated to any interests of ours or any of our personnel. The following disclosures are internal guidelines we have adopted to assist us in protecting all of our clientele.

#### Participation or Interest

Other than the opportunity to invest in the CEF Total Return Opportunity Fund LP (the “Fund”), it is against our policies for any owners, officers, directors and employees to invest with you or with a group of clients, or to advise you or a group of clients to invest in a private business interest or other non-marketable investment unless prior approval has been granted by our Chief Compliance Officer, Mr. Jesse A. Wachs, and such investment is not in violation of any SEC and/or State rules and regulations.

See “Pooled Investments” under Item 15, “Custody” for more information on how operating this Fund creates a custody situation.

#### Class Action Policy

The Company, as a general policy, does not elect to participate in class action lawsuits on your behalf. Rather, such decisions shall remain with you or with an entity you designate. We may assist you in determining whether you should pursue a particular class action lawsuit by assisting with the development of an applicable cost-benefit analysis. However, the final determination of whether to participate, and the completion and tracking of any such related documentation, shall generally rest with you.

## Personal Trading

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Employees of ours are permitted to personally invest their own monies in securities, which may also be, from time to time, recommended to you. Most of the time, such investment purchases are independent of, and not connected in any way to, the investment decisions made on your behalf. However, there may be instances where investment purchases for you may also be made in an employee's account. In these situations we have implemented the following guidelines in order to ensure our fiduciary integrity:

1. No employee acting as an Investment Advisor Representative (RA), or who has discretion over your account, shall buy or sell securities for their personal portfolio(s) where their decision is substantially derived, in whole or in part, by reason of his or her employment, unless the information is also available to the investing public on reasonable inquiry. No employee of ours shall prefer his or her own interest to that of yours or any other advisory client.
2. We maintain a list of all securities holdings for all our access employees. Mr. Wachs reviews these holdings on a regular basis.
3. We require that all employees act in accordance with all applicable Federal and State regulations governing registered investment advisory practices.
4. Bunched orders (See "Trading Allocation" above) may include employee accounts. In such cases, priority and advantage will be given to satisfy your order first regardless of the situation.
5. Any individual not in observance of the above may be subject to termination.

Personal trading activities are monitored by Mr. Wachs to ensure that such activities do not impact upon your security or create conflicts of interest.

## BROKERAGE PRACTICES

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ITEM 12

### Custodial Services

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PIA has custodial arrangements with Charles Schwab & Company, Inc. ("Schwab"), a licensed broker-dealer (member FINRA/SIPC), through its Schwab Advisor Services to financial advisors. Schwab offers us services which include custody of securities, trade execution, clearance and settlement of transactions.

Our recommendation for you to custody your assets with Schwab has no direct correlation to the services we receive from Schwab and the investment advice we offer you, although we do receive economic benefits through our relationship with Schwab that are typically not available to Schwab retail clients.

These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate client statements and confirmations; research related products and tools; consulting services; access to a dedicated trading desk; access to batch trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to accounts); the ability to have advisory fees deducted directly from accounts; access to an electronic communications network for order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; discounts on compliance, marketing, research, technology, and practice management products or services provided to us by third party vendors; and discounted and/or complimentary attendance at conferences, meetings, and other educational events, as well as financial contributions to client entertainment and/or educational seminars.

Schwab may also pay for business consulting and professional services received by our related persons. Some of the products and services made available by Schwab may benefit us and not you or your account. These products or services may assist us in managing and administering your accounts. Other services made available by Schwab are intended to help us manage and further develop our business enterprise. The benefits received by us or our personnel do not depend on the amount of brokerage transactions directed to Schwab.

We are not a subsidiary of, or an affiliated entity of Schwab. We have sole responsibility for investment advice rendered, and our advisory services are provided separately and independently from Schwab.

### Direction of Transactions and Commission Rates (Best Execution)

**We have a fiduciary duty to put your interests before our own.** Schwab's advisory support services create an economic benefit to us and a potential conflict of interest to you; in that, our recommendation to custody your account(s) with Schwab may have been influenced by these arrangements/services. This is not the case; we have select Schwab as the custodian of choice based on:

1. Schwab's competitive transaction charges, trading platform, and on-line services for account administration and operational support.
2. Schwab's general reputation, trading capabilities, investment inventory, their financial strength, and our personal experience working with Schwab staff.

Since we do not recommend, suggest, or make available a selection of custodians other than Schwab, and we have not verified whether their transaction fees are competitive with another custodian, **best execution may not always be achieved.** Therefore, **you do not have to accept our recommendation to use Schwab as your custodian.** However, if you elect to use another custodian, **we may not be able to provide you complete institutional services.**

### Aggregating Trade Orders

Our objective in order execution is to act fairly, impartially, and to take all reasonable steps to obtain the best possible results (known as "best execution") for you, as well as with all our clients. Therefore, if we are considering bunching orders, we will not bunch (aggregate) orders for a block trade unless: (i) the bunching of orders is done for the purpose of achieving best execution; and, (ii) no client is systematically advantaged or disadvantaged by bunching the orders.

In consideration of these objectives, we will take into account the unique execution factors of the buy/sell order before bunching accounts for a block trade. A few of those factors are:

- ❖ **Security Trading Volume** - Bunching orders in a block trade can secure price parity and continuity for our clients during heavy trading activity.
- ❖ **Number of Clients** - The fewer the number of client accounts involved in the bunched order may not yield better pricing or order execution; it may be more advantageous to perform an individual market order for each client. In addition, preparing individual market orders, for the small number accounts involved, may be quicker to complete than preparing a bunch order.
- ❖ **Financial Instruments** - The type of security involved as well as the complexity of order can affect our ability to achieve best execution.

## REVIEW OF ACCOUNTS

ITEM 13

Each account is reviewed on an ongoing basis by our investment managers to ensure that your needs and objectives are being met. All accounts are reviewed in the context of your stated investment objectives and guidelines. Cash needs will be adjusted as necessary. You will receive, at least quarterly, statements from Schwab where your account is custodied. You are encouraged to review each statement which summarizes the specific investments held, the value of your portfolio and account transactions. You are also encouraged to review with us investment strategies and account performance on an annual basis. Material changes in your personal circumstances, the general economy, or tax law changes can trigger more frequent reviews. However, it is your responsibility to communicate these changes to us so that the appropriate adjustments can be made.

## CLIENT REFERRALS & OTHER COMPENSATION

ITEM 14

### Referral Compensation

We may directly compensate persons/firms for client referrals, provided that those persons are qualified and have entered a solicitation agreement with us. Under such arrangements, if you were referred to us by a solicitor, the solicitor will provide complete information on our relationship and the compensation that solicitor will receive should you choose to open an account. In no case will the fee that you pay be higher than it would be if you had dealt directly with us. In addition, we will adhere to each State's rules and regulations where the Solicitor resides prior to entering into any solicitation agreement with that person/firm.

### Other Compensation (Indirect Benefit)

PIA receives an indirect economic benefit from Schwab (See "Custodial Services" above under Item 12, "Brokerage Practices" for more detailed information on these services and product.).

### Pooled Investment Vehicle Compensation

Our fiduciary duty binds us to an ethical standard of complete care and loyalty and to avoid circumstances that might affect, or appear to affect, this standard unless we act transparently and provide you full and fair disclosure on any potential conflict.

As part of this full disclosure, PIA as the investment manager, along with the affiliated entity also serving as the general partner to the CEF Total Return Opportunity Fund LP (the "Fund"), **will receive economic benefits from recommending that you to invest in the Fund.** These benefits could be, but are not limited to, an increase in: advisory/consulting fees, salaries, performance fees, and income/dividend returns should you choose to invest in the Fund. **Therefore, before accepting our recommendation to invest in this affiliated private Fund, you should consider other investment opportunities to ensure the expenses and investment returns are comparable or equivalent to other private funds.**

See "Private Investment Fund Affiliation" above under Item 10, "Other Financial Industry Activities & Affiliations" for disclosure about the affiliations and investment qualifications, and "Pooled Investments" under Item 15, "Custody" for more information on how operating this Fund creates a custody situation.



## CUSTODY

### Management Fee Deduction

We do not take possession of or maintain custody of your funds or securities, but will simply monitor the holdings within your portfolio and trade your account based on your stated investment objectives and guidelines. Physical possession and custody of your funds and/or securities shall be maintained with Schwab as indicated above in Item 12, “**Brokerage Practices.**”

We are however defined as having custody since you have authorized us to deduct our advisory fees directly from your account. Therefore to comply with the United States Securities and Exchange Commission’s Custody Rule (1940 Act Rule 206(4)-2) requirements, and to protect you as well as to protect our advisory practice, we have implemented the following regulatory safeguards:

- ❖ Your funds and securities will be maintained with a qualified custodian (Charles Schwab & Company, Inc.) in a separate account in your name.
- ❖ Authorization to withdrawal our management fees directly from your account will be approved by you prior to engaging in any portfolio management services.

In addition, Schwab is required by law to send you, at least quarterly, brokerage statements summarizing the specific investments currently held in your account, the value of your portfolio, and account transactions. **You are encouraged to compare the financial data contained in any report we may prepare for you with the financial information disclosed in your account statement from Schwab to verify the accuracy and correctness of our reporting.**

### Pooled Investments

As previously mentioned, we serve as the exclusive investment manager to the CEF Total Return Opportunity Fund LP (the “Fund”), a private investment partnerships to manage assets. See “Private Investment Fund Affiliation” above in Item 10, “**Other Financial Industry Activities & Affiliations**” for disclosure on the potential conflicts of interest.

In this situation where we act as **both** the general partner, through an affiliated entity, and investment manager to the Fund, we have legal ownership of, and access to, funds and securities and thus have custody of client assets. By virtue of our control positions, we have authority to dispose of funds and securities in the Fund at our discretion and charge fees that you, as an investor in the Fund, may never be aware of; thereby, increasing the potential for misconduct and self-dealing.

Therefore to protect you, as well as to protect our advisory practice, we are disclosing the following safeguards you to verify they have been implemented and are being followed. The safeguards for pooled investment vehicles can be found in Investment Advisers Act of 1940 Rule 206(4)-2. The Fund shall:

- ❖ Require the Administrator to send limited partners of the Fund, monthly account statements identifying amount of funds and each security currently held and all Fund transactions.
- ❖ Be subject to an audit (as defined in Section 2(d) of Article 1 of Regulation S-X [17 CFS 210.1-02(d)]) at least annually.



- ❖ Ensure the independent public account performing the audit is subject to regular annual inspection by the PCAOB, in accordance to the rules of the PCAOB.
- ❖ Distribute the audited financial statements prepared in accordance with Generally Accepted Accounting Principles to all limited partners within 120 days of the end of the fiscal year.
- ❖ Upon liquidation of all assets in the Fund, have a final audited financial statement prepared and promptly distributed to all limited partners of the Fund after the completion of such audit.

## INVESTMENT DISCRETION

ITEM 16

### Securities & Amount Bought or Sold

We have you complete our Investment Advisory Agreement which sets forth our authority to buy and sell securities in whatever amounts are determined to be appropriate for your account and whether such transactions are with, or without, your prior approval.

You may, at anytime, impose restrictions, **in writing**, on our discretionary authority (i.e., limit the types/amounts of particular securities purchased for your account, exclude the ability to purchase securities with an inverse relationship to the market, limit our use of leverage, etc.).

## VOTING CLIENT SECURITIES

ITEM 17

**We do not vote client proxies.** You understand and agree that you retain the right to vote all proxies, which are solicited for securities held in your managed accounts. Any proxy solicitations inadvertently received by us will be immediately forwarded to you for your evaluation and decision.

However if you have specific questions regarding an action being solicited by the proxy that you do not understand or you want clarification, you may contact us and we will explain the particulars. Keep in mind we will not advise you in a direction to vote, that ultimate decision will be left to you.

## FINANCIAL INFORMATION

ITEM 18

We are not required to include financial information in our Disclosure Brochure since we will not take physical custody of client funds or securities or bill client accounts six (6) months or more in advance for more than \$1,200.

We are not aware of any current financial conditions that are likely to impair our ability to meet our contractual commitments to you.

## END OF DISCLOSURE BROCHURE