



# PERFORMANCE WEALTH

**Form ADV Part 2A – Disclosure Brochure**  
Effective: January 2021

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This brochure provides information about the qualifications and business practices of Performance Wealth Advisors, LLC (“PWP” or the “Advisor”). If you have any questions about the contents of this brochure, please contact the Advisor at (309) 826-8056.

PWP is a registered investment advisor with the U.S. Securities and Exchange Commission (“SEC”). The information in this Disclosure Brochure has not been approved or verified by the SEC or by any state securities authority. Registration of an investment advisor does not imply any specific level of skill or training. This Disclosure Brochure provides information about PWP to assist you in determining whether to retain the Advisor.

Additional information about PWP is available on the SEC’s website at <http://www.adviserinfo.sec.gov>.



## **Item 2: Material Changes**

### Material Changes

There have been no material changes made to this Disclosure Brochure since the last filing and distribution.

### Future Changes

From time to time, the Advisor may amend this Disclosure Brochure to reflect changes in business practices, changes in regulations or routine annual updates as required by the securities regulators. This complete Disclosure Brochure or a Summary of Material Changes shall be provided to you annually and if a material change occurs requiring disclosure.

At any time, you may view the current Disclosure Brochure online at the SEC's Investment Adviser Public Disclosure website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) by searching with the Advisor's firm name or CRD# 311735. You may also request a copy of this Disclosure Brochure at any time, by contacting the Advisor at the phone number identified on the cover sheet of this document.



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#### **Item 4: Advisory Business**

##### **A. Firm Information**

Performance Wealth Advisors, LLC d/b/a Performance Wealth Partners (“PWP” or the “Advisor”), which is organized as a limited liability company (“LLC”) under the laws of the State of Delaware, is a registered investment advisor with the U.S. Securities and Exchange Commission (“SEC”). PWP was founded in 2020, and is owned and operated by Charles R. Lesser (Managing Member and Chief Compliance Officer). PWP does not have any assets under management; however, the Advisor reasonably expects to be eligible for registration with the SEC within 120 days of approval as an investment adviser. This Disclosure Brochure provides information regarding the qualifications, business practices, and the advisory services provided by PWP.

##### **B. Advisory Services Offered**

PWP offers investment management services to, high-net-worth individuals, trusts, estates, charitable organizations, corporations and business entities (each referred to as a “Client”).

The Advisor serves as a fiduciary to Clients, as defined under applicable laws and regulations. As a fiduciary, the Advisor upholds a duty of loyalty, fairness and good faith towards each Client and seeks to mitigate potential conflicts of interest. PWP’s fiduciary commitment is further described in the Advisor’s Code of Ethics. For more information regarding our Code of Ethics, please see Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.

##### **Investment Management Services**

PWP provides customized investment advisory solutions for its Clients. This is achieved through continuous personal Client contact and interaction while providing discretionary and/or non-discretionary investment management and related advisory services. PWP works closely with each Client to identify their investment goals and objectives, as well as risk tolerance and financial situation, in order to create a portfolio strategy. PWP will then construct a portfolio, consisting of low-cost, diversified mutual funds and/or exchange-traded funds (“ETFs”) to achieve the Client’s investment goals. The Advisor may also utilize individual stocks, individual bonds, real estate investment trusts (“REITs”), options contracts and/or alternative investments, to meet the needs of its Clients. In addition, PWP may also recommend that Clients who qualify as accredited investors, as defined by Rule 501 of the Securities Act of 1933, invest in affiliated and unaffiliated privately placed securities, which may include debt, equity and/or interests in pooled investment vehicles (e.g., hedge funds). Where appropriate, the Advisor may also provide advice about any type of legacy position or other investment held in client portfolios. The Advisor may retain certain legacy investments based on portfolio fit and/or tax considerations.

PWP’s investment approach is primarily long-term focused, but the Advisor may buy, sell or re-allocate positions that have been held for less than one year to meet the objectives of the Client or due to market



conditions. PWP will construct, implement and monitor the portfolio to ensure it meets the goals, objectives, circumstances, and risk tolerance agreed to by the Client. Each Client will have the opportunity to place reasonable restrictions on the types of investments to be held in their respective portfolio, subject to acceptance by the Advisor.

PWP evaluates and selects investments for inclusion in Client portfolios only after applying its internal due diligence process. PWP may recommend, on occasion, redistributing investment allocations to diversify the portfolio. PWP may recommend specific positions to increase sector or asset class weightings. The Advisor may recommend employing cash positions as a possible hedge against market movement. PWP may recommend selling positions for reasons that include, but are not limited to, harvesting capital gains or losses, business or sector risk exposure to a specific security or class of securities, overvaluation or overweighting of the position[s] in the portfolio, change in risk tolerance of the Client, generating cash to meet Client needs, or any risk deemed unacceptable for the Client's risk tolerance.

At no time will PWP accept or maintain custody of a Client's funds or securities, except for the limited authority as outlined in Item 15 – Custody. All Client assets will be managed within their designated account[s] at the Custodian, pursuant to the terms of the Client investment advisory agreement. For additional information, please see Item 12 – Brokerage Practices.

#### Wrap Fee Program Clients

PWP serves as an investment manager to and sponsor of wrap fee programs as described further in PWP's Form ADV 2A, Appendix 1, also known as our "Wrap Fee Program Brochure." A wrap fee program is a program where a client is charged a specified "bundled" fee (generally, a percentage of assets under management) for discretionary investment management services and trade execution costs and sometimes other services such as custody, recordkeeping and reporting.

As described more fully below, Charles Schwab & Co., Inc. (Schwab) and/or its various affiliates act as clearing broker and provides custodial, brokerage and certain other services for PWP Wrap Program advisory clients.

Our compensation under our Wrap Fee Program may be lower than our standard fee schedule; however, the overall cost of a wrap arrangement may be higher than the client otherwise would pay if the client paid our standard fee schedule and negotiated transaction costs and any other services (e.g., custody, recordingkeeping and reporting) through a broker-dealer.



## **Item 5: Fees and Compensation**

### **Investment Management Services**

Investment management fees are paid quarterly, in advance of each calendar quarter, pursuant to the terms of the investment management agreement. Investment management fees are based on the market value of assets under management at the end of the prior calendar quarter. Investment management fees typically range from 0.75% to 2.00% annually, based on several factors, including: the complexity of the services to be provided, the level of assets to be managed and the overall relationship with the Advisor. Relationships with multiple objectives, specific reporting requirements, portfolio restrictions and other complexities may be charged a higher fee.

The investment management fee in the first quarter of service is prorated from the inception date of the account[s] to the end of the first quarter. Fees may be negotiable at the sole discretion of the Advisor. The Client's fees will take into consideration the aggregate assets under management with the Advisor. All securities held in accounts managed by PWP will be independently valued by the Custodian.

The Advisor may also provide investment management services with respect to non-custodial partnership investments, which are not held at the primary Custodian. In such instances, the Client shall be required to complete the applicable private placement and/or account opening documents to establish these investments. The Advisor will debit its fee for providing investment management services with respect to these relationships directly from an account held at the primary Custodian, as directed by the Client. For certain non-custodial partnership investments, the Advisor may not receive quarter-end investment valuations prior to its fee billing calculation. In such instances, the Advisor will use the most recently available valuation as of the last business day of the period. PWP will not have the authority or responsibility to value portfolio securities.

The Client may make additions or withdrawals from the account[s] at any time, subject to the Advisor's right to terminate an account or the overall relationship. Additions may be in cash or securities, provided that the Advisor reserves the right to liquidate any transferred securities or decline to accept particular securities into a Client's account[s]. Clients may withdraw account assets on notice to PWP, subject to the usual and customary securities settlement procedures. However, the Advisor typically designs its investment portfolios as long-term investments and the withdrawal of assets may impair the achievement of a Client's investment objectives. PWP may consult the Client about the implications of such transactions. Clients are advised that when such securities are liquidated, they may be subject to securities transaction fees, short-term redemption fees, and/or tax ramifications. If assets in excess of \$10,000 are deposited into or withdrawn from the Client's account[s], an adjustment will be made in the next billing period to reflect the fee difference. The Advisor may negotiate a fee that differs from the schedule above for certain account[s] or holdings.

Either party may terminate the investment management agreement, at any time, by providing advance written notice to the other party. The Client may also terminate the investment management agreement within five (5) business days of signing the Advisor's agreement at no cost to the Client. After the five-day



period, the Client will incur charges for bona fide advisory services rendered to the point of termination and such fees will be due and payable by the Client. The Advisor will refund any unearned, prepaid investment management fees from the effective date of termination to the end of the quarter. The Client's investment management agreement with the Advisor is non-transferable without the Client's prior consent.

#### Fee Billing

Investment management fees are calculated by the Advisor or its delegate and deducted from the Client's account[s] at the Custodian. The Advisor or its delegate shall send an invoice to the Custodian indicating the amount of the fees to be deducted from the Client's account[s] at the respective quarter-end date. The amount due is calculated by applying the quarterly rate (annual rate divided by the number of days in year, multiplied by the number of days in the quarter) to the assets under management with PWP at the end of the prior quarter. Clients will be provided a statement, at least quarterly, from the Custodian reflecting deduction of the investment management fee. It is the responsibility of the Client to verify the accuracy of these fees as listed on the Custodian's brokerage statement, as the Custodian does not assume this responsibility. Clients provide written authorization permitting advisory fees to be deducted by PWP directly from their account[s] held by the Custodian as part of the investment management agreement and separate account forms provided by the Custodian. Certain assets under management may be excluded from the investment management fee.

#### Fee Discretion

PWP may, in its sole discretion, negotiate to charge a lesser fee based upon certain criteria, such as anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing/legacy client relationship, account retention, pro bono activities, or competitive purposes.

#### Additional Fees and Expenses

In addition to the advisory fees paid to PWP, clients also incur certain charges imposed by other third parties, such as broker-dealers, custodians, trust companies, banks and other financial institutions (collectively "Financial Institutions"). These additional charges include securities brokerage commissions, transaction fees, custodial fees, fees attributable to alternative assets, margin and other borrowing costs, charges imposed directly by a mutual fund or ETF in a client's account, as disclosed in the fund's prospectus (e.g., fund management fees and other fund expenses), deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. The Firm's brokerage practices are described at length in Item 12, below.

#### Account Additions and Withdrawals



Clients can make additions to and withdrawals from their account at any time, subject to PWP's right to terminate an account. Additions can be in cash or securities provided that the Firm reserves the right to liquidate any transferred securities or declines to accept particular securities into a client's account. Clients can withdraw account assets on notice to PWP, subject to the usual and customary securities settlement procedures. However, the Firm designs its portfolios as long-term investments and the withdrawal of assets may impair the achievement of a client's investment objectives. PWP may consult with its clients about the options and implications of transferring securities. Clients are advised that when transferred securities are liquidated, they may be subject to transaction fees, short-term redemption fees, fees assessed at the mutual fund level (e.g., contingent deferred sales charges) and/or tax ramifications.

#### Sweep Account Fees

In most instances, PWP "sweeps" your available cash balance temporarily into a money market mutual fund or other short-term investment vehicle (typically offered by your custodian). We also may invest in another mutual fund, including an exchange-traded fund. When we sweep your available cash balance into these unaffiliated funds, we charge our investment management fee on your total account assets, including assets in some unaffiliated funds as described in your investment advisory agreement.

### **Item 6: Performance-Based Fees & Side by Side Management**

#### Performance-Based Fees

PWP does not offer performance-based fee arrangement to clients.

#### Side-by-Side Management of Multiple Portfolios

PWP typically makes investment decisions for multiple portfolios using various investment strategies depending upon clients' guidelines and restrictions. These investment management responsibilities create conflicts of interest. We seek to conduct ourselves in a manner we consider to be the most fair and consistent with our fiduciary obligations to our clients and make investment decisions based on an account's available cash, investment objectives, restrictions, permitted investment techniques and other relevant considerations.

The conflicts of interest that arise in managing multiple accounts include, for example, conflicts among investment strategies, conflicts in the allocation of investment opportunities, or conflicts due to different fees. Some accounts have higher fees than others do. Fees charged to clients differ depending upon a number of factors including, but not limited to, the particular strategy, the size of the portfolio being managed, the relationship with the client, the service requirements, or the account type (e.g., separately managed accounts and wrap accounts). Based on these factors, a client may pay higher fees than another client in the same strategy. Also, clients with larger assets under management generate more revenue for PWP than smaller accounts. These differences give rise to a conflict that PWP may favor one account over the other or allocate more time to the management of one account over another.

To help manage conflicts, we have implemented various controls, including the following:





- We review the performance of accounts to identify performance outliers; and
- As described in Item 12, we have adopted trade order aggregation and trade allocation policy and procedures that seek to manage, monitor and, to the extent possible, minimize the effects of these conflicts.



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

### Description

PWP generally provides investment advice to high-net-worth individuals, corporations and other business entities, pension and profit sharing plans, trusts, estates, or charitable organizations.

### Account Minimums

We currently do not have an account minimum or “relationship” minimum, but we do reserve the right to accept or decline a potential client for any reason at our sole discretion.



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

### **Methods of Analysis**

PWP is an active investment manager and utilizes a variety of methods and strategies to make investment decisions and recommendations. When evaluating investment opportunities, we employ fundamental and technical research methods using various resources such as financial news sources and websites; corporate data; ratings services; third party research; SEC filings (e.g., annual reports, prospectuses); company press releases; and proprietary research.

### **Investment Strategies**

PWP implements a variety of investment strategies for clients, and does not manage a specific, single strategy for its clients. The investment strategy for a specific client is based upon the objectives stated by the client during consultations, and varies by advisory team. The client may change these objectives at any time.

PWP's advice is primarily based on long-term investment strategies using asset allocation decisions and not market timing, however, PWP may implement short term trading strategies depending on the goals of the Client and/or the fundamentals of the security or asset class. Individual securities are screened based on the basis of company financial strength, growth characteristics, and overall ability to meet client objectives.

### **Risk of Loss**

Investing in securities involves certain investment risks. Securities may fluctuate in value or lose value. Clients should be prepared to bear the potential risk of loss. PWP will assist Clients in determining an appropriate strategy based on their tolerance for risk and other factors noted above. However, there is no guarantee that a Client will meet their investment goals.

While the methods of analysis help the Advisor in evaluating a potential investment, it does not guarantee that the investment will increase in value. Assets meeting the investment criteria utilized in these methods of analysis may lose value and may have negative investment performance. The Advisor monitors these economic indicators to determine if adjustments to strategic allocations are appropriate. More details on the Advisor's review process are included below in Item 13 – Review of Accounts.

Each Client engagement will entail a review of the Client's investment goals, financial situation, time horizon, tolerance for risk and other factors to develop an appropriate strategy for managing a Client's account. Client participation in this process, including full and accurate disclosure of requested information, is essential for the analysis of a Client's account[s]. The Advisor shall rely on the financial and other information provided by the Client or their designees without the duty or obligation to validate the accuracy and completeness of the provided information. It is the responsibility of the Client to inform the Advisor of any changes in financial condition, goals or other factors that may affect this analysis.



The risks associated with a particular strategy are provided to each Client in advance of investing Client accounts. The Advisor will work with each Client to determine their tolerance for risk as part of the portfolio construction process. Following are some of the risks associated with the Advisor's approach:

- Market Risks

The value of a Client's holdings may fluctuate in response to events specific to companies or markets, as well as economic, political, or social events in the U.S. and abroad. This risk is linked to the performance of the overall financial markets.

- Options Contracts

Investments in options contracts have the risk of losing value in a relatively short period of time. Option contracts are leveraged instruments that allow the holder of a single contract to control many shares of an underlying stock. This leverage can compound gains or losses.

- ETF Risks

The performance of ETFs is subject to market risk, including the possible loss of principal. The price of the ETFs will fluctuate with the price of the underlying securities that make up the funds. In addition, ETFs have a trading risk based on the loss of cost efficiency if the ETFs are traded actively and a liquidity risk if the ETFs have a large bid-ask spread and low trading volume. The price of an ETF fluctuates based upon the market movements and may dissociate from the index being tracked by the ETF or the price of the underlying investments. An ETF purchased or sold at one point in the day may have a different price than the same ETF purchased or sold a short time later.

- Mutual Fund Risks

The performance of mutual funds is subject to market risk, including the possible loss of principal. The price of the mutual funds will fluctuate with the value of the underlying securities that make up the funds. The price of a mutual fund is typically set daily; therefore, a mutual fund purchased at one point in the day will typically have the same price as a mutual fund purchased later that same day.

- Master Limited Partnerships (MLPs)

Master Limited Partnerships ("MLPs") are collective investment vehicles, the partnership interests of which are publicly traded on national securities exchanges. MLPs invest primarily in companies within the energy sector that engage in qualifying lines of business, such as natural resource production and mineral refinement. MLPs may, therefore, be subject to the underlying volatility of the energy industry and may be adversely affected by changes to supply and demand, regional instability, currency spreads, inflation and interest rate fluctuations, among other factors. In addition, MLPs operate as pass-through tax entities, meaning that investors are liable for their pro rata share of the partnership taxes, regardless of the types of accounts where the interests are held.



- Alternative Investments

Investments in alternative assets, such as hedge funds, private equity funds or credit funds, will involve significant risks and other considerations and, therefore, may be undertaken by prospective investors capable of evaluating and bearing such risks. Prospective investors should carefully consider, among other factors, the risk factors set forth in the offering documents for the alternative investment vehicle. As a result of these factors, as well as other risks inherent in any investment, there can be no assurance that the alternative investment will meet their investment objectives or otherwise be able to successfully carry out their investment programs.

- Using Margin

You can lose more funds than you deposit in the margin account. A decline in the value of securities you purchased on margin may require you to provide additional funds or margin-eligible securities to avoid the forced sale of any securities or assets in your account(s).

**Past performance is not a guarantee of future returns. Investing in securities and other investments involve a risk of loss that each Client should understand and be financially able to tolerate the risk of capital loss. Clients are reminded to discuss these risks with the Advisor.**



#### **Item 9: Disciplinary Information**

Registered investment advisers such as PWP are required to disclose all material facts regarding any legal or disciplinary events that would be material to a client's or prospective client's evaluation of PWP or the integrity of its management. PWP does not have any such legal or disciplinary events and thus has no information to disclose with respect to this Item. PWP values the trust Clients place in the Advisor. The Advisor encourages Clients to perform the requisite due diligence on any advisor or service provider that the Client engages. The backgrounds of the Advisor and its Advisory Persons are available on the Investment Adviser Public Disclosure website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) by searching with the Advisor's firm name or CRD# 311735.



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

This item requires registered investment advisers to disclose certain financial industry activities and affiliations. The firm does not have any other financial industry activities or affiliations that need to be disclosed.



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

PWP has adopted a code of ethics in compliance with applicable securities laws (“Code of Ethics”) that sets forth the standards of conduct expected of its Supervised Persons. PWP’s Code of Ethics contains written policies reasonably designed to prevent certain unlawful practices such as the use of material nonpublic information by the Firm or any of its Supervised Persons and the trading by the same of securities ahead of clients in order to take advantage of pending orders.

The Code of Ethics also requires certain of PWP’s personnel to report their personal securities holdings and transactions and obtain pre-approval of certain investments (e.g., initial public offerings, limited offerings). However, the Firm’s Supervised Persons are permitted to buy or sell securities that it also recommends to clients if done in a fair and equitable manner that is consistent with the Firm’s policies and procedures. This Code of Ethics has been established recognizing that some securities trade in sufficiently broad markets to permit transactions by certain personnel to be completed without any appreciable impact on the markets of such securities. Therefore, under limited circumstances, exceptions may be made to the policies stated below.

When the Firm is engaging in or considering a transaction in any security on behalf of a client, no Supervised Person with access to this information may knowingly effect for themselves or for their immediate family (i.e., spouse, minor children and adults living in the same household) a transaction in that security unless:

- the transaction has been completed;
- the transaction for the Supervised Person is completed as part of a batch trade with clients; or
- a decision has been made not to engage in the transaction for the client.

These requirements are not applicable to: (i) direct obligations of the Government of the United States; (ii) money market instruments, bankers’ acceptances, bank certificates of deposit, commercial paper, repurchase agreements and other high quality short-term debt instruments, including repurchase agreements; (iii) shares issued by money market funds; and (iv) shares issued by other unaffiliated open-end mutual funds.

Clients and prospective clients may contact PWP to request a copy of its Code of Ethics by contacting the Firm at the phone number on the cover page of this brochure.





## **Item 12: Brokerage Practices**

### **Recommendation of Broker-Dealers for Client Transactions**

PWP recommends that clients establish brokerage accounts with the Schwab Advisor Services division of Charles Schwab & Co., Inc. (Schwab), a registered broker-dealer, member SIPC, to maintain custody of clients' assets and to effect trades for their accounts. The final decision to custody assets with Schwab is at the discretion of the Advisor's clients, including those accounts under ERISA or IRA rules and regulations, in which case the client is acting as either the plan sponsor or IRA accountholder. PWP is independently owned and operated and not affiliated with Schwab. Schwab provides PWP 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 advisors. Schwab's services include brokerage services that are related to the execution of securities transactions, custody, research, including that in the form of advice, analyses and reports, 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.

Schwab also makes available to PWP other products and services that benefit PWP but may not benefit its clients' accounts. These benefits may include national, regional or PWP specific educational events organized and/or sponsored by Schwab Advisor Services. Other potential benefits may include occasional business entertainment of PWP personnel by Schwab Advisor Services personnel, including meals, invitations to sporting events, including golf tournaments, and other forms of entertainment, some of which may accompany educational opportunities. Schwab's other products and services also assist PWP in managing and administering clients' accounts. These include software and other technology (and related technological training) that provide access to client account data (such as trade confirmations and account statements), facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts), provide research, pricing information and other market data, facilitate payment of PWP's fees from its clients' accounts, and assist with back-office training and support functions, recordkeeping and client reporting. Many of these services generally may be used to service all or some substantial number of PWP's accounts, including accounts not maintained at Schwab Advisor Services. Schwab Advisor Services also makes available to PWP other services intended to help PWP manage and further develop its business enterprise. These services may include professional compliance, legal and business consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance, employee benefits providers, human capital consultants, insurance and marketing. In addition, Schwab may make available, arrange and/or pay vendors for these types of services rendered to PWP by independent third parties. 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 PWP. While, as a fiduciary, PWP endeavors to act in its clients' best interests, PWP's recommendation/requirement that clients maintain their assets in accounts at Schwab may be based in part on the benefit to PWP of the availability of some of the foregoing products and services and other arrangements 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.



The commissions paid by PWP's clients to Schwab comply with the Firm's duty to obtain "best execution." Clients may pay commissions that are higher than another qualified Financial Institution might charge to affect the same transaction where PWP determines that the commissions are 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 Financial Institution's services, including among others, the value of research provided, execution capability, commission rates and responsiveness. PWP seeks competitive rates but may not necessarily obtain the lowest possible commission rates for client transactions.

Consistent with obtaining best execution, brokerage transactions are directed to certain broker-dealers in return for investment research products and/or services which assist PWP in its investment decision-making process. Such research will be used to service all of the Firm's clients, but brokerage commissions paid by one client may be used to pay for research that is not used in managing that client's portfolio. The receipt of investment research products and/or services as well as the allocation of the benefit of such investment research products and/or services poses a conflict of interest because PWP does not have to produce or pay for the products or services.

PWP periodically and systematically reviews its policies and procedures regarding its recommendation of Financial Institutions in light of its duty to obtain best execution.

#### Aggregating and Allocating Trades

The primary objective in placing orders for the purchase and sale of securities for Client accounts is to obtain the most favorable net results, taking into account such factors as: 1) price, 2) size of order, 3) difficulty of execution, 4) confidentiality and 5) skill required of the Custodian. PWP may aggregate orders in a block trade or trades when securities are purchased or sold through the Custodian for multiple (discretionary) accounts in the same trading day. If a block trade cannot be executed in-full at the same price or time, the securities actually purchased or sold by the close of each business day must be allocated in a manner that is consistent with the initial pre-allocation or other written statement. This must be done in a way that does not consistently advantage or disadvantage any particular Client accounts.



### **Item 13: Review of Accounts**

#### **Periodic Reviews**

PWP reviews clients' accounts for appropriateness and relative value of investments. Securities in client accounts are monitored on a regular and continuous basis by PWP. Formal account reviews are generally conducted at least annually or more frequently depending on the needs of the Client. PWP determines the frequency, depth and nature of reviews based on the terms of each client's advisory agreement, mandate and particular needs as they may be communicated to us by the client. We conduct reviews to determine if an account's holdings are consistent with the investment objectives and restrictions imposed by the client.

PWP may review accounts during other periods based upon certain trigger factors including significant market events, changes in a client's investment objectives or guidelines or expected or unexpected material cash flow in an account. A variation in an investor's personal life situation or psychology may trigger a review of accounts. In addition, changes in monetary and fiscal policy, inflation, supply and demand, geo-political and social factors are monitored continuously. Factors triggering reviews and perhaps triggering investment changes include: changes in regulatory or tax conditions, changes in the general condition of the economy, changes in currency, stock or bond markets and changes in any type of investment vehicle or individual security, owned by clients. Client should communicate any changes in investment objectives and restrictions as well as changes in financial condition to their PWP Advisor.

#### **Regular Reports**

Clients are provided with transaction confirmation notices and regular summary account statements directly from the Financial Institutions where their assets are custodied. From time-to-time or as otherwise requested, clients may also receive written or electronic reports from PWP and/or an outside service provider, which contain certain account and/or market-related information, such as an inventory of account holdings or account performance. Clients should compare the account statements they receive from their custodian with any documents or reports they receive from PWP or an outside service provider.



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

##### Compensation for Client Referrals

PWP does not provide compensation to any third-party solicitors for client referrals. PWP does not receive commissions or other compensation from product sponsors, broker-dealers or any un-related third party. PWP may refer Clients to various unaffiliated, non-advisory professionals (e.g. attorneys, accountants, estate planners) to provide certain services necessary to meet the goals of the referred Client. Likewise, PWP may receive non-compensated referrals of new Clients from various third-parties.

##### Other Compensation

As noted in Item 12, PWP will receive additional benefits from Schwab which includes electronic systems that assist in the management of PWP client accounts, access to research, the ability to directly debit client fees, software and other technology that provide access to client account data (such as trade confirmations and account statements), facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts), pricing information and other market data, assist with back-office functions, recordkeeping and client reporting. The benefits, conflicts of interest and how these conflicts are addressed are discussed above in response to Item 12.



### **Item 15: Custody**

Pursuant to Rule 206(4)-2 of the Advisors Act, PWP is deemed to have custody of client funds because it has the authority and ability to debit fees from clients' accounts. To mitigate and potential conflict of interest all PWP client account assets will be maintained with an independent qualified custodian. PWP does not have physical custody of client assets.

Such qualified custodians will send account statements to clients at least once per calendar quarter that typically detail any transactions in such account for the relevant period. In addition, as discussed in Item 13, PWP will also send, or otherwise make available, periodic supplemental reports to clients. Clients should carefully review the statements sent directly by the Financial Institutions and compare them to those received from PWP. Any other custody disclosures can be found in the Firm's Form ADV Part 1.

If the Client gives the Advisor authority to move money from one account to another account, the Advisor may have custody of those assets. In order to avoid additional regulatory requirements, the Custodian and the Advisor have adopted safeguards to ensure that the money movements are completed in accordance with the Client's instructions.



#### **Item 16: Investment Discretion**

PWP generally has discretion over the selection and amount of securities to be bought or sold in Client accounts. However, these purchases or sales may be subject to specified investment objectives, guidelines or limitations previously set forth by the Client and agreed to by PWP. Discretionary authority will only be authorized upon full disclosure to the Client. The granting of such authority will be evidenced by the Client's execution of an investment management agreement containing a power-of-attorney and all applicable limitations to such authority. All discretionary trades made by PWP will be in accordance with each Client's investment objectives and goals. PWP, in certain circumstances, will also advise on a non-discretionary basis.



**Item 17: Voting Client Securities**

PWP will vote any and all proxies for any account on which it has proxy voting authority. Decisions about how to vote on a proxy will be made based on the best interests of an account. In general, PWP will vote in favor of routine proposals, such as those for the election of auditors, and against proposals that in any way restrict a shareholder's ability to realize the full potential value of their investment (such as anti-takeover measures and cumulative voting rights). Other proposals, such as officer and director stock plans, will be reviewed on a case-by-case basis. In the event that voting on a proposal may cause a conflict of interest, PWP will vote as described above unless doing so does not address the potential conflict. In this case, PWP will communicate the proxy information and intended vote to the client. PWP will vote these proxies as decided by the client unless the client does not respond within a reasonable period of time, in which case PWP will vote as communicated to the client.

PWP does not direct advisory client's participation in class actions. PWP shall forward any class action documentation inadvertently received to the appropriate advisory clients. These policies have been written and in place in accordance with Rule 206(4)-6 and PWP acts in accordance with those procedures.



**Item 18: Financial Information**

PWP does not have any financial impairment that will preclude the firm from meeting contractual and fiduciary obligations to clients and has not been the subject of a bankruptcy proceeding.

A balance sheet is not required to be provided because PWP does not serve as a custodian for client funds or securities, and does not require prepayment of fees of more than \$1,200 per client, in six months or more in advance.

We look forward to working with you.