

## AVITAS WEALTH MANAGEMENT

*a Registered Investment Adviser*

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This brochure provides information about the qualifications and business practices of Avas Wealth Management, LLC (hereinafter "AWM" or the "Firm"). If you have any questions about the contents of this brochure, please contact the Firm at the telephone number listed above. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any state securities authority. Additional information about the Firm is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The Firm is a registered investment adviser. Registration does not imply any level of skill or training.

## **Item 2. Material Changes**

In this Item, AWM is required to discuss any material changes that have been made to the brochure since the last annual amendment. There have been no material changes since our last filing.



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Item 4. Advisory Business

AWM is an independent private advisory firm offering comprehensive financial advice, wealth organization, and financial/retirement planning. These services are delivered through AWM Total Wealth Organization (T.W.O.), and our in-house asset management. Prior to AWM rendering any of the foregoing advisory services, clients are required to enter into one or more written agreements with AWM setting forth the relevant terms and conditions of the advisory relationship (the “Advisory Agreement”).

AWM filed for registration in November 2017 and is principally owned by The Evans Family Trust, The Gerst Family Trust, The Satz 1993 Trust and Jones Taslitz Living Trust. As of December 31, 2019, AWM had \$771,562,639 of assets managed on a discretionary basis. Assets under advisement are assets on which a firm provides advice or consultation but for which a firm does not have discretionary authority or does not arrange or effectuate transactions. In addition to assets we manage, AWM also has assets under advisement totaling \$142,323,877.

As of August 16, 2019, AWM commenced providing investment management services to an affiliate private fund, Avitas Capital Private Equity Access 2019 Fund, (the “Access Fund”). AWM is the General Partner of the Access Fund and manages the underlying fund allocation for the Access Fund on a discretionary basis in accordance with the terms and conditions of the Access Fund’s offering and organizational documents.

While this brochure generally describes the business of AWM, certain sections also discuss the activities of its Supervised Persons, which refer to the Firm’s officers, partners, directors (or other persons occupying a similar status or performing similar functions), employees or any other person who provides investment advice on AWM’s behalf and is subject to the Firm’s supervision or control.

Financial Planning and Consulting Services

AWM offers clients a broad range of financial planning and consulting services, which includes complete financial organization. The services include any or all of the following functions:

- |                                       |                       |
|---------------------------------------|-----------------------|
| • Business Planning                   | • Charitable Planning |
| • Retirement Planning                 | • Financial Reporting |
| • Cash Flow Forecasting               | • Tax Planning        |
| • Financing Planning and Availability | • Insurance Planning  |
| • Trust and Estate Planning           | • Education Planning  |

In performing these services, AWM is not required to verify any information received from the client or from the client’s other professionals (e.g., attorneys, accountants, etc.) and is expressly authorized to rely on such information. AWM recommends certain clients engage the Firm for additional related services, its Supervised Persons in their individual capacities as insurance agents and/or other professionals to implement its recommendations. Clients are advised that a conflict of interest exists for the Firm to recommend that clients engage AWM to provide (or continue to provide) additional services for compensation, including investment management services. Clients retain absolute discretion over all decisions regarding implementation and are under no obligation to act upon any of the recommendations made by AWM under a financial planning or consulting engagement. Clients are advised that it remains their responsibility to promptly notify the Firm of any change in their financial situation or investment objectives for the purpose of reviewing, evaluating or revising AWM’s recommendations and/or services.

Wealth Management Services

AWM provides clients with wealth management services which includes a broad range of comprehensive financial planning and consulting services as well as discretionary management of investment portfolios.



AWM primarily allocates client assets among individual debt and equity securities, various mutual funds, exchange-traded funds (“ETFs”), options and annuities in accordance with their stated investment objectives.

Where appropriate, the Firm also provides advice about any type of legacy position or other investment held in client portfolios. Clients can engage AWM to manage and/or advise on certain investment products that are not maintained at their primary custodian, such as variable life insurance and annuity contracts and assets held in employer sponsored retirement plans and qualified tuition plans (i.e., 529 plans). In these situations, AWM directs or recommends the allocation of client assets among the various investment options available with the product. These assets are generally maintained at the underwriting insurance company or the custodian designated by the product’s provider.

AWM tailors its advisory services to meet the needs of its individual clients and seeks to ensure, on a continuous basis, that client portfolios are managed in a manner consistent with those needs and objectives. AWM consults with clients on an initial and ongoing basis to assess their specific risk tolerance, time horizon, liquidity constraints and other related factors relevant to the management of their portfolios. Clients are advised to promptly notify AWM if there are changes in their financial situation or if they wish to place any limitations on the management of their portfolios. Clients can impose reasonable restrictions or mandates on the management of their accounts if AWM determines, in its sole discretion, the conditions would not materially impact the performance of a management strategy or prove overly burdensome to the Firm’s management efforts.

**Sponsor and Manager of Wrap Program**

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AWM provides substantially all investment management services as the sponsor and manager of the Avitas Wealth Management Wrap Program (the “Wrap Program”), a wrap fee program (i.e., an arrangement where brokerage commissions and transaction costs are absorbed by the Firm). Accounts managed through the Wrap Program are done so in substantially the same manner as those managed under a non-wrap arrangement. Participants in the Wrap Program may pay a higher aggregate fee than if investment management and brokerage services are purchased separately. Additional information about the Wrap Program is available in AWM’s Wrap Brochure, which appears as Part 2A Appendix 1 of the Firm’s Form ADV (the “Wrap Brochure”).

**Retirement Plan Consulting Services**

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AWM provides various consulting services to qualified employee benefit plans and their fiduciaries. This suite of institutional services is designed to assist plan sponsors in structuring, managing and optimizing their corporate retirement plans. Each engagement is individually negotiated and customized, and includes any or all of the following services:

- |                               |                                 |
|-------------------------------|---------------------------------|
| • Plan Design and Strategy    | • Executive Planning & Benefits |
| • Plan Fee and Cost Analysis  | • Fiduciary and Compliance      |
| • Plan Review and Evaluation  | • Investment Selection          |
| • Plan Committee Consultation | • Participant Education         |

As disclosed in the Advisory Agreement, certain of the foregoing services are provided by AWM as a fiduciary under the Employee Retirement Income Security Act of 1974, as amended (“ERISA”). In accordance with ERISA Section 408(b)(2), each plan sponsor is provided with a written description of AWM’s fiduciary status, the specific services to be rendered and all direct and indirect compensation the Firm reasonably expects under the engagement.

**Access Fund Management**

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As investment adviser to the Access Fund, AWM participates in the structuring, management, monitoring and disposition of investments for the Access Fund.

Guidelines for investment are contained in each Fund's governing documents, which are provided to the limited partners of each such fund. Prior to making an investment in the Access Fund, the limited partners review the governing documents. Limited partners do not have any control over the operation or management of the Access Fund or discretion over when capital is drawn or which and how investments are made.

Pursuant to an investment and advisory agreement with the Access Fund, AWM provides discretionary investment advisory services and has authority to decide which investments to purchase and sell for the Access Fund. While AWM does not manage the underlying funds or make investment decisions on their behalf, it does ensure that the underlying funds participate in and exit investments alongside the Access Fund on the programmatic, fixed basis to which they are subject and on substantially the same investment terms and conditions as the Access Fund.

## Item 5. Fees and Compensation

AWM offers services on a fee basis. Additionally, certain of the Firm's Supervised Persons, in their individual capacities, offer insurance products under a separate commission-based arrangement.

AWM offers wealth management services for an annual "wrap" fee for financial advice, financial planning, liability management and comprehensive wealth organization. Fees are based on managed and supervised assets advised on as well as secured lending balances. Fee arrangements reflect the unique demands and characteristics of the advisory services provided to each family relationship. Fees range between 0.20% and 1.50% per annum.

The annual fee for managed accounts is prorated and charged quarterly, in advance. If assets in excess of \$25,000 are deposited into or withdrawn from an account after the inception of a billing period, the fee payable with respect to such assets is adjusted to reflect the interim change in portfolio value. For the initial period of an engagement, the fee is calculated on a *pro rata* basis. In the event the advisory agreement is terminated, the fee for the final billing period is prorated through the effective date of the termination and the outstanding or unearned portion of the fee is charged or refunded to the client, as appropriate. Lending fees are charged in arrears quarterly.

AWM recommends and assists clients with obtaining financing for capital needs, not to leverage investments managed by the Firm. The Firm will include amounts borrowed by the client as assets under management where the Firm has assisted the client with obtaining the financing for fee calculation purposes. Additionally, for asset management services the Firm provides with respect to certain client holdings (e.g., held-away assets, accommodation accounts, alternative investments, etc.), AWM may negotiate a fee rate that differs from the range set forth above.

### Retirement Plan Consulting Fees

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AWM may charge a fixed project-based fee to provide clients with retirement plan consulting services. Each engagement is individually negotiated and tailored to accommodate the needs of the individual plan sponsor, as memorialized in the Agreement. These fees vary, based on the scope of the services to be rendered and the amount of assets to be managed. The annual asset-based fee will range between 25 and 100 basis points (0.25% – 1.00%).

### Access Fund Management Fees

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A separate fee for management services provided by the Investment Advisor shall be assessed separately for each Limited Partner (the Limited Partner's "Management Fee"). The Management Fee amount contributed by each Limited Partner to the Access Fund will be in addition to, and will not reduce the unpaid portion of, any Limited Partner's Subscription (i.e., a Limited Partner shall be required to contribute amounts in addition to its Subscription to fund the Management Fee). The Access Fund shall pay the aggregate amount of such Management Fees assessed with respect to the Limited Partners to the Investment Advisor.

Commencing upon the initial drawdown date of the Access Fund (the "Initial Drawdown Date") and for each fiscal quarter thereafter through the end of the first fiscal quarter following the Reduction Date (as defined below), the

Management Fee of a Limited Partner shall be an amount equal to the product of (x) the Management Fee Rate (as defined below) applicable to such Limited Partner multiplied by (y) the capital contributions of such Limited Partner, up to the amount of such Limited Partner's Subscription. Commencing on the date following the end of the first fiscal quarter following the Reduction Date (as defined below) and for each fiscal quarter thereafter, the Management Fee of a Limited Partner shall be an amount equal to 90% of the Management Fee assessed for such Limited Partner in the prior year; provided, however, that in no event shall the annual Management Fee of a Limited Partner be reduced to an amount equal to less than 25% of the Management Fee assessed for such Limited Partner in the first fiscal quarter following the Reduction Date.

*Personal Investments in Funds:* Certain executive officers and/or other employees of AWM and/or their family members have invested or may invest a portion of their personal net worth in one or more of the Access Fund. In addition, certain trusts and other entities formed for the benefit of certain of the Managing Members' family members may have invested in the Access Fund, and, in some cases, in some of the underlying funds in which the Access Fund has invested.

## **Access Fund Performance Fees**

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The General Partners of the Access Fund is entitled to a percentage of the applicable Fund's distributions of net profits as performance compensation, generally 10% for the Access Fund paid on the European Waterfall method. A European-style distribution schedule is applied at an aggregate fund level. With this schedule, all distributions will go to investors and the manager will not participate in any profits until the investor's capital and preferred return have been fully satisfied. A drawback is that the majority of the manager's profits may not be realized for several years after the initial investment.

Therefore, once the investors have received an amount equal to their investment and fees paid, the General Partner will be entitled to a 10% carried interest back to dollar one, as long as a 10% annual preferred return hurdle has been met.

## **Access Fund Additional Fees**

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*Different Fee Schedules:* The Management Fee and each General Partner's Performance Fee may be discounted or waived with respect to any investor for any particular period at the sole discretion of AWM, as advisor or General Partner of the Access Fund. Such discounted rate or waiver is not available to all or even most investors in the Access Fund.

*Other Fees and Expenses:* The Access Fund will also incur expenses for certain systems expenses, valuation services, insurance, taxes, leasing and sales, brokerage commissions, and loan or other financial transaction fees.

While the Access Fund does not typically invest in mutual funds, money market mutual funds may be used to "sweep" unused cash balances until they can be appropriately invested. In addition, from time to time, as appropriate, certain Funds may permit the Access Fund to invest a portion of assets in ETFs and other publicly traded securities. Investors should recognize that all fees paid to AWM for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds and other public investment vehicles to their shareholders. These fees and expenses are described in each mutual fund's or other public investment vehicle's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee.

The Access Fund will also generally be responsible for certain Fund expenses, including, but not necessarily limited to, legal expenses, professional fees (including, without limitation, expenses of consultants and experts) relating to investments, accounting expenses, auditing and tax preparation expenses, organizational expenses, insurance, government fees and taxes, expenses incurred in connection with the offering and sale of the Access Fund's interests and other similar expenses related to the Access Fund.



In addition to fees paid to AWM as fund manager or in our capacity as General Partner, as appropriate, and to each of the underlying fund managers, investors will also be responsible for the fees and expenses charged by custodians and imposed by any broker dealer with which AWM or an underlying fund manager effects transactions for the Access Fund.

*Termination:* In general, an investor in the Access Fund may not withdraw from the Access Fund. AWM as the fund manager or the General Partner, may in its sole discretion, waive or modify any of the terms of withdrawals for certain investors who are relatives, employees or affiliates of the General Partner or its Principals, or for certain large or strategic investors as well as in any other case.

Investors in the Access Fund should refer to the Access Fund's private placement memorandum and offering documents for complete information regarding withdrawals of investments.

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## Fee Discretion

AWM 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 and pro bono activities.

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## Additional Fees and Expenses

In addition to the advisory fees paid to AWM, 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, margin and other borrowing costs, charges imposed directly by a mutual fund or ETF in a client's account, as disclosed in the Access 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. Many of these additional fees and expenses are included in the Firm's fee through the Wrap Program, as disclosed in the Wrap Brochure.

As described above, the Firm expects that the vast majority of client relationships will run through its Wrap Program. Brokerage commissions and transaction costs are absorbed by the Firm through the Wrap. Additional information about the Wrap Program is available in AWM's Wrap Brochure.

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## Managed Account Direct Fee Debit

Clients provide AWM with the authority to directly debit their accounts for payment of the investment advisory fees. The Financial Institutions that act as the qualified custodian for client accounts, from which the Firm retains the authority to directly deduct fees, have agreed to send statements to clients not less than quarterly detailing all account transactions, including any amounts paid to AWM.

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## Managed Account Additions and Withdrawals

Clients can make additions to and withdrawals from their account at any time, subject to AWM'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 AWM, 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. AWM 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. AWM reserves a reasonable amount of time to execute based on market conditions, availability resources and other factors.



Item 6. Performance-Based Fees and Side-by-Side Management

As we disclosed at Item 5 of this Brochure, the General Partner to the Access Fund, AWM, will receive performance-based compensation from the Access Fund. Such performance-based compensation is generally calculated based on a share of all net realized income and gains and losses of the Access Fund.

Investors and prospective investors in the Access Fund should note that performance-based compensation, in some contexts, can create an incentive for an adviser such as AWM to recommend investments which may be riskier or more speculative than those which would be recommended under a different fee arrangement.

*Side-by-side management* refers to multiple client relationships where an adviser manages more than one advisory client relationship or portfolio on a simultaneous basis. Various conflicts of interest arise by such side-by-side management. For example, in theory, we could have incentive to favor the Access Fund paying performance-based compensation over managed accounts. Again, in theory we could have incentive to favor the Access Fund in which members, officers and employees of AWM and our affiliates have more of their personal or family assets invested. Since we always endeavor to put the interest of our clients first as part of our fiduciary duty as a registered investment adviser, we will take the following steps to address any such conflicts, as applicable:

- Through this disclosure as well as Form ADV Part 1, we disclose to investors and prospective investors the existence of material conflicts of interest, including the potential for our firm and its employees to earn more compensation from some Funds than others, if applicable;
- We educate our employees regarding the responsibilities of a fiduciary, including the equitable treatment of all clients, regardless of the fee arrangement.

Performance-based compensation will only be charged in accordance with the provisions of Rule 205-3 of the Investment Advisers Act of 1940 and/or applicable state regulations.

Item 7. Types of Clients

AWM offers services to individuals, pension and profit sharing plans, trusts, estates, charitable organizations, corporations and business entities.

Minimum Account Value

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As a condition for starting and maintaining an investment management relationship, AWM imposes a minimum portfolio value of \$1,000,000. AWM may, in its sole discretion, accept clients with smaller portfolios based upon certain criteria, including anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, preexisting client, account retention, and pro bono activities. AWM only accepts clients with less than the minimum portfolio size if the Firm determines the smaller portfolio size will not cause a substantial increase of investment risk beyond the client’s identified risk tolerance. AWM may aggregate the portfolios of family members to meet the minimum portfolio size.

Access Fund Minimum Investment Amount

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The minimum investment amount for the Access Fund is \$250,000, although commitments of lesser amounts may be accepted at the sole discretion of the general partner.

## Side Letters

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AWM has and may in the future, waive or modify the terms of investment for certain large or strategic investors, in side letters or otherwise, in its sole discretion, including but not necessarily limited to, a waiver or lowering of the Management or Performance Fees or fee structure. We may also agree to increased transparency or reporting though we would typically provide similar increased transparency and/or reporting to other investors upon their request.

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

### Methods of Analysis and Investment Strategies

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AWM offers discretionary equity and fixed income investment management using its proprietary investment processes. A high priority is placed on preservation of capital and realistic returns.

AWM begins a client relationship by getting to know and understand a prospective clients' needs and goals. As part of AWM's "Total wealth organization and planning," we offer to go through a rigorous process to determine what a client's needs wants and goals are. At this point AWM determines if there is a 'fit', or alignment, between the client's goals and the Firm's abilities.

Before investment strategies are discussed and explained, the client expresses their needs, wants and goals. Once AWM understands what the client is trying to achieve, the portfolio strategies AWM uses are explained and an asset allocation is derived.

Together with the client, an 'asset allocation mandate' is determined based on the client's needs and goals. Examples; 30% 70% stocks and bonds, 50% 50% stocks and bonds, 70% 30% stocks and bonds, etc. The Firm endeavors to keep the balance close to the client's target asset allocation through re-balancing when the mix changes from their mandate, or when the client adds or removes funds.

Tax sensitivity is considered when managing the assets.

AWM follows various founding principles:

- The Firm puts clients' interests ahead of its own.
- The Firm seeks to develop mutual trust between the Firm and the client.
- The Firm strives to preserve and protect clients' wealth.
- The Firm strives to maintain a high level of transparency.
- The Firm's principals may invest their money alongside their clients.

### Risk of Loss

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#### *Market Risks*

Investing involves risk, including the potential loss of principal, and all investors should be guided accordingly. The profitability of a significant portion of AWM's recommendations and/or investment decisions may depend to a great extent upon correctly assessing the future course of price movements of stocks, bonds and other asset classes. During times of market volatility, AWM may raise cash on a tactical basis to preserve capital. There can be no assurance that AWM will be able to predict those price movements accurately or capitalize on any such assumptions.

#### *Mutual Funds and ETFs*

An investment in a mutual fund or ETF involves risk, including the loss of principal. Mutual fund and ETF shareholders are necessarily subject to the risks stemming from the individual issuers of the Access Fund's underlying portfolio securities. Such shareholders are also liable for taxes on any fund-level capital gains, as mutual funds and ETFs are required by law to distribute capital gains in the event they sell securities for a profit that cannot be offset by a corresponding loss.

Shares of mutual funds are generally distributed and redeemed on an ongoing basis by the Access Fund itself or a broker acting on its behalf. The trading price at which a share is transacted is equal to a fund's stated daily per share net asset value ("NAV"), plus any shareholders fees (e.g., sales loads, purchase fees, redemption fees). The per share NAV of a mutual fund is calculated at the end of each business day, although the actual NAV fluctuates with intraday changes to the market value of the Access Fund's holdings. The trading prices of a mutual fund's shares may differ significantly from the NAV during periods of market volatility, which may, among other factors, lead to the mutual fund's shares trading at a premium or discount to actual NAV.

Shares of ETFs are listed on securities exchanges and transacted at negotiated prices in the secondary market. Generally, ETF shares trade at or near their most recent NAV, which is generally calculated at least once daily for indexed based ETFs and potentially more frequently for actively managed ETFs. However, certain inefficiencies may cause the shares to trade at a premium or discount to their pro rata NAV. There is also no guarantee that an active secondary market for such shares will develop or continue to exist. Generally, an ETF only redeems shares when aggregated as creation units (usually 20,000 shares or more). Therefore, if a liquid secondary market ceases to exist for shares of a particular ETF, a shareholder may have no way to dispose of such shares.

## *Options*

Options allow investors to buy or sell a security at a contracted "strike" price at or within a specific period of time. Clients may pay or collect a premium for buying or selling an option. Investors transact in options to either hedge (i.e., limit) losses in an attempt to reduce risk or to speculate on the performance of the underlying securities. Options transactions contain a number of inherent risks, including the partial or total loss of principal in the event that the value of the underlying security or index does not increase/decrease to the level of the respective strike price. Holders of options contracts are also subject to default by the option writer which may be unwilling or unable to perform its contractual obligations.

## **Access Fund**

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### Material Risks

Investing in securities and other financial instruments involves a significant degree of risk. Funds may lose all or a substantial portion of the capital they invest and investors should be prepared to bear the risk of loss of their investment.

In addition, material risks exist relating to investment strategy, types of investments made and general market conditions, including the following:

#### *General Economic and Market Conditions*

General economic or market conditions may adversely affect the performance of the investments made by the Access Fund. Factors affecting economic conditions, including public market volatility, inflation rates, rising interest rates, currency and exchange rate fluctuations, industry conditions, competition, technological developments, and domestic and worldwide political events, none of which are in the control of AWM or the Access Fund, can substantially and adversely affect the business and prospects of the portfolio companies in which they have invested. A general economic downturn could also result in the diminution or loss of value of the investments made by the Access Fund due to a number of factors, including a reduced demand for the products or services produced by the Access Fund's portfolio companies. Market volatility may also impact the ability of portfolio companies to obtain financing for ongoing operations or expansions. In addition, a downturn or contraction in the economy or in the capital markets, or in certain industries or

geographic regions, may restrict the availability of suitable investment opportunities for the Access Fund as well as opportunities to liquidate their investments on favorable economic terms, each of which could prevent the Access Fund from meeting its investment objectives.

## *Nature of Investments; Leverage*

While investments in highly leveraged companies offer the opportunity for capital appreciation, such investments also involve a high degree of risk. The Access Funds' portfolio companies may incur high degrees of leverage, as a result of which, recessions, operating problems and other general business and economic risks may have a more pronounced effect on the profitability or survival of such companies. Leveraged investments are inherently more sensitive to declines in revenues and to increases in expenses. The amounts of a leveraged company's borrowings and the interest rates on those borrowings, which may fluctuate from time to time, as well as the fees and other costs of borrowing, may have a marked effect on a leveraged company's performance. Also, increased interest rates generally increase portfolio company interest expenses. In the event any such portfolio company cannot generate adequate cash flow to meet debt service, the Access Fund may suffer a partial or total loss of capital invested in the portfolio company.

The Access Funds' investments may also be made in companies that may have substantial variation in operating results from period to period. Portfolio companies can experience failures or substantial declines in value at any stage and may face intense competition. Some portfolio companies may have the need for additional capital to support expansion or to achieve or maintain a competitive position, and there is no assurance that such capital will be available.

## *Limited Diversification of Investments*

The Access Fund may make a limited number of investments. A consequence of a limited number of investments or of similar investments is that the aggregate returns realized by the investors may be adversely affected by the unfavorable performance of a small number of these investments. In addition, to the extent that the Access Fund concentrates investments in a particular industry, security or other financial instrument or geographic region the investments may be more susceptible to fluctuations in value resulting from certain adverse economic and conditions

## *Time Required to Maturity of Investment*

The Access Fund is intended for long-term investors who can accept the risks associated with making highly speculative, illiquid investments in privately negotiated transactions. It is generally anticipated that there will be a significant period of time (up to six years or more) before the Access Fund has completed its investments in its portfolio companies. Such investments typically take from three to ten years from the date of initial investment to reach a state of maturity when realization of the investment can be achieved.

## *Cybersecurity Threats*

AWM, the Access Fund and Fund portfolio companies may face cybersecurity threats to gain unauthorized access to sensitive information, including, without limitation, information regarding the Access Fund investors and AWM's investment activities, or to render data or systems unusable, any of which could result in significant losses. Any cybersecurity attacks against AWM, the Access Fund or any portfolio companies could lead to the loss of sensitive information essential to such entities' operations and could have a material adverse effect on such entities' reputations, financial positions or cash flows, could lead to financial losses from remedial actions or loss of business, or could lead to potential liability.

Cybersecurity attacks are evolving and include, but are not limited to, malicious software, attempts to gain unauthorized access to data, and other electronic security breaches that could lead to disruptions in critical systems, unauthorized release of confidential or otherwise protected information and corruption of data. Cyberattacks may also be carried out in a manner that does not require gaining unauthorized access, such as causing denial-of-service attacks on systems or web sites rendering them unavailable. The controls and procedures, business continuity systems, and data security systems of AWM, the Funds, the portfolio companies and each of their respective service providers could prove to be inadequate. These problems may arise in both the internally developed systems of AWM, the Access Fund or portfolio companies or in the systems of third party service providers.

Additional information regarding the material risks of the Access Fund is included in its private placement memorandum and/or its subscription agreement and disclosure summary provided to investors prior to their making their investments in the Access Fund.

## Item 9. Disciplinary Information

AWM has not been involved in any legal or disciplinary events that are material to a client's evaluation of its advisory business or the integrity of its management.

## Item 10. Other Financial Industry Activities and Affiliations

This item requires investment advisers to disclose certain financial industry activities and affiliations.

### Licensed Insurance Agents

A number of the Firm's Supervised Persons are licensed insurance agents and offer certain insurance products on a fully-disclosed commissionable basis. On rare occasions, AWM may work with other insurance brokers to offer CERTAIN FIXED insurance products in which the sales commission may be split between the insurance broker and AWM. A conflict of interest exists to the extent that AWM recommends the purchase of insurance products where its Supervised Persons are entitled to insurance commissions or other additional compensation. The Firm has procedures in place whereby it seeks to ensure that all recommendations are made in its clients' best interest regardless of any such affiliations.

### Access Fund

AWM is the Access Funds' general partner ("General Partners"). Russell, Eric, Catherine and Greg, each members of AWM, are also the principal and controlling members of the General Partner. As disclosed at Item 5 of this Brochure, the General Partner is entitled to performance fees earned pursuant to the terms and conditions of the Access Funds' offering documents. As such, these fees will ultimately inure to the benefit of the principals of AWM.

## Item 11. Code of Ethics

AWM 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. AWM's Code of Ethics contains written policies reasonably designed to prevent certain unlawful practices such as the use of material non-public 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 AWM's personnel to report their personal securities holdings and transactions and obtain pre-approval of all 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 mutual funds or money market funds; and (iv) shares issued by unit investment trusts that are invested exclusively in one or more mutual funds.

Clients and prospective clients may contact AWM to request a copy of its Code of Ethics.

## Item 12. Brokerage Practices

### Recommendation of Broker-Dealers for Client Transactions

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AWM recommends that clients utilize the custody, brokerage and clearing services of Charles Schwab & Co, Inc. through its Schwab Advisor Services division ("Schwab") for investment management accounts. The final decision to custody assets with Schwab is at the discretion of the client, 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. AWM is independently owned and operated and not affiliated with Schwab. Schwab provides AWM with access to its institutional trading and custody services, which are typically not available to retail investors.

Factors which AWM considers in recommending Schwab or any other broker-dealer to clients include their respective financial strength, reputation, execution, pricing, research and service. Schwab enables the Firm to obtain many mutual funds without transaction charges and other securities at nominal transaction charges.

Consistent with obtaining best execution, brokerage transactions are directed to certain broker-dealers in return for investment research products and/or services which assist AWM 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 AWM does not have to produce or pay for the products or services. AWM periodically and systematically reviews its policies and procedures regarding its recommendation of Financial Institutions in light of its duty to obtain best execution.

### Software and Support Provided by Financial Institutions

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AWM receives without cost from Schwab administrative support, computer software, related systems support, as well as other third party support as further described below (together "Support") which allow AWM to better monitor client accounts maintained at Schwab and otherwise conduct its business. AWM receives the Support without cost because the Firm renders investment management services to clients that maintain assets at Schwab. The Support is not provided in connection with securities transactions of clients (i.e., not "soft dollars"). The Support benefits AWM, but not its clients directly. Clients should be aware that AWM's receipt of economic benefits such as the Support from a broker-dealer creates a conflict of interest since these benefits may influence the Firm's choice of broker-dealer over another that does not furnish similar software, systems support or services. In fulfilling its duties to its clients, AWM endeavors at all times



to put the interests of its clients first and has determined that the recommendation of Schwab is in the best interest of clients and satisfies the Firm's duty to seek best execution.

Specifically, AWM receives the following benefits from Schwab: i) receipt of duplicate client confirmations and bundled duplicate statements; ii) access to a trading desk that exclusively services its institutional traders; iii) access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts; and iv) access to an electronic communication network for client order entry and account information.

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.

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

Schwab also makes available to the Firm other products and services that benefit the Firm but may not benefit its clients' accounts. These benefits may include national, regional or Firm specific educational events organized and/or sponsored by Schwab. Other potential benefits may include occasional business entertainment of personnel of AWM by Schwab personnel, including meals, invitations to sporting events, including golf tournaments, and other forms of entertainment, some of which may accompany educational opportunities. Other of these products and services assist AWM 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 the Firm'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 the Firm's accounts, including accounts not maintained at Schwab. Schwab also makes available to AWM other services intended to help the Firm 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 the Firm by independent third parties. Schwab 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 the Firm. While, as a fiduciary, AWM endeavors to act in its clients' best interests, the Firm's recommendation that clients maintain their assets in accounts at Schwab may be based in part on the benefits received and not solely on the nature, cost or quality of custody and brokerage services provided by Schwab, which creates a potential conflict of interest.

As described above, substantially all of the Firm's management services are provided through the Wrap Program where the client does not pay separately for brokerage commissions. The wrap fees clients pay to the Firm allow the Firm to pay Schwab for the brokerage services it provides to the client. The fees the Firm pays Schwab are based on the nature and scope of the business that it transacts with Schwab and on the revenue Schwab earns from the Firm's client accounts, including the amount of cash holdings enrolled in Schwab's cash feature program. This results in a conflict of interest to the Firm since it may have an incentive to use such investments for the Firm to secure a lower fee from Schwab which would benefit the Firm, but not the client. However, the Firm believes its pricing arrangement is beneficial to and in the best interests of clients because it results in lower trading costs for clients. If a client chooses to open accounts at Schwab, the client will consent to enroll in Schwab's Cash Features Program. Additional information is available in the Schwab Cash Features Disclosure Statement.

## Brokerage for Client Referrals

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AWM does not consider, in selecting or recommending broker-dealers, whether the Firm receives client referrals from the Financial Institutions or other third party.

## **Directed Brokerage**

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The client may direct AWM in writing to use a particular Financial Institution to execute some or all transactions for the client. In that case, the client will negotiate terms and arrangements for the account with that Financial Institution and the Firm will not seek better execution services or prices from other Financial Institutions or be able to “batch” client transactions for execution through other Financial Institutions with orders for other accounts managed by AWM (as described above). As a result, the client may pay higher commissions or other transaction costs, greater spreads or may receive less favorable net prices, on transactions for the account than would otherwise be the case. Subject to its duty of best execution, AWM may decline a client’s request to direct brokerage if, in the Firm’s sole discretion, such directed brokerage arrangements would result in additional operational difficulties.

## **Trade Aggregation**

Transactions for each client will be effected independently, unless AWM decides to purchase or sell the same securities for several clients at approximately the same time. AWM may (but is not obligated to) combine or “batch” such orders to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among the Firm’s clients differences in prices and commissions or other transaction costs that might not have been obtained had such orders been placed independently. Under this procedure, transactions will be averaged as to price and allocated among AWM’s clients pro rata to the purchase and sale orders placed for each client on any given day. To the extent that the Firm determines to aggregate client orders for the purchase or sale of securities, including securities in which AWM’s Supervised Persons may invest, the Firm does so in accordance with applicable rules promulgated under the Advisers Act and no-action guidance provided by the staff of the U.S. Securities and Exchange Commission. AWM does not receive any additional compensation or remuneration as a result of the aggregation.

In the event that the Firm determines that a prorated allocation is not appropriate under the particular circumstances, the allocation will be made based upon other relevant factors, which include: (i) when only a small percentage of the order is executed, shares may be allocated to the account with the smallest order or the smallest position or to an account that is out of line with respect to security or sector weightings relative to other portfolios, with similar mandates; (ii) allocations may be given to one account when one account has limitations in its investment guidelines which prohibit it from purchasing other securities which are expected to produce similar investment results and can be purchased by other accounts; (iii) if an account reaches an investment guideline limit and cannot participate in an allocation, shares may be reallocated to other accounts (this may be due to unforeseen changes in an account’s assets after an order is placed); (iv) with respect to sale allocations, allocations may be given to accounts low in cash; (v) in cases when a pro rata allocation of a potential execution would result in a de minimis allocation in one or more accounts, the Firm may exclude the account(s) from the allocation; the transactions may be executed on a pro rata basis among the remaining accounts; or (vi) in cases where a small proportion of an order is executed in all accounts, shares may be allocated to one or more accounts on a random basis.

## **Access Fund Brokerage Practices**

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When AWM uses the services of broker-dealers to effect transactions, AWM selects brokers based on a number of factors, including, but not limited to, the size and type of transaction, the markets for securities to be purchased or sold, execution, efficiency, settlement capability, financial condition of the broker-dealer, the quality of the broker-dealer’s trade execution on a continuing basis and reasonableness of brokerage commissions. While AWM attempts to achieve the best overall price for its clients, AWM does not necessarily select a broker offering the lowest possible commission cost because such a selection may not result in the best quality execution of transactions effected for the Access Funds.

To the extent that orders for purchase and sale are placed, AWM aggregates such orders among affiliated Equity Funds, for investments made by the Equity Funds, and affiliated Credit Funds, for investments made by the Credit Funds, on a pro rata basis in accordance with the limited partnership agreement of the Access Fund.

AWM has no formal soft arrangements. However, AWM may receive certain research in exchange for brokerage business.

## Item 13. Review of Accounts

### Account Reviews

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AWM monitors client portfolios on a continuous and ongoing basis while regular account reviews are conducted on at least a quarterly basis. Equity portfolios are managed to a model. Fixed income portfolios are more diverse and portfolio managers are review accounts regularly and may be triggered by a high level of cash in an account. Reviews are conducted by the Firm's Principals, as well as a non-Principal financial advisors. All investment advisory clients are encouraged to discuss their needs, goals and objectives with AWM and to keep the Firm informed of any changes thereto. The Firm contacts ongoing investment advisory clients 2-4 times a year but meets with clients at least annually to review its previous services and/or recommendations and quarterly to discuss the impact resulting from any changes in the client's financial situation and/or investment objectives.

### Account Statements and Reports

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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 AWM 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 AWM or an outside service provider.

## Item 14. Client Referrals and Other Compensation

### Client Referrals

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In the event a client is introduced to AWM by either an unaffiliated or an affiliated solicitor, the Firm may pay that solicitor a referral fee in accordance with applicable state securities laws. Unless otherwise disclosed, any such referral fee is paid solely from AWM's investment management fee and does not result in any additional charge to the client. If the client is introduced to the Firm by an unaffiliated solicitor, the solicitor is required to provide the client with AWM's written brochure(s) and a copy of a solicitor's disclosure statement containing the terms and conditions of the solicitation arrangement. Any affiliated solicitor of AWM is required to disclose the nature of his or her relationship to prospective clients at the time of the solicitation and will provide all prospective clients with a copy of the Firm's written brochure(s) at the time of the solicitation.

## Item 15. Custody

The Advisory Agreement and/or the separate agreement with any Financial Institution authorize AWM to debit client accounts for payment of the Firm's fees and to directly remit that those funds to the Firm in accordance with applicable

custody rules. The Financial Institutions that act as the qualified custodian for client accounts, from which the Firm retains the authority to directly deduct fees, have agreed to send statements to clients not less than quarterly detailing all account transactions, including any amounts paid to AWM.

In addition, as discussed in Item 13, AWM 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 AWM.

## Item 16. Investment Discretion

AWM is given the authority to exercise discretion on behalf of clients. AWM is considered to exercise investment discretion over a client's account if it can effect and/or direct transactions in client accounts without first seeking their consent. AWM is given this authority through a power-of-attorney included in the agreement between AWM and the client. Clients may request a limitation on this authority (such as certain securities not to be bought or sold).

AWM takes discretion over the following activities:

- The securities to be purchased or sold;
- The amount of securities to be purchased or sold; and
- When transactions are made.

### Access Fund

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As investment adviser to the Access Fund, AWM is granted the discretionary authority in the relevant organizational documents and/or advisory agreements to determine which securities or other assets and the amounts of such securities or other assets that are bought or sold for the Access Fund.

## Item 17. Voting Client Securities

AWM accepts the authority to vote a client's securities (i.e., proxies) on their behalf. When AWM accepts such responsibility, it will cast proxy votes only in a manner it believes consistent with the best interest of its clients. At any time clients may contact the Firm to request information about how AWM voted proxies for that client's securities. A brief summary of AWM's proxy voting policies and procedures is as follows:

- AWM has engaged Institutional Shareholder Services, Inc ("ISS"), a third-party, independent proxy advisory firm, to provide AWM with research, analysis, research proxy proposals, provide vote recommendations and vote proxies on behalf of AWM, with the aim of maximizing shareholder value for the client securities the Firm manages. In relying on ISS for that purpose, AWM has reviewed ISS's Proxy Paper Guidelines for the current proxy voting season and has approved the summary of ISS's positions on the voting positions it recommends for the types of proposals most frequently presented, including: election and composition of directors; financial reporting; compensation of management and directors; corporate governance structure and anti-takeover measures; and environmental and social risks to operations. AWM is in agreement with the approach ISS has set forth in its current Proxy Paper Guidelines for voting proxies. Although AWM, based on its approval of the positions in the Proxy Paper Guidelines, expects to vote proxies according to ISS's recommendations, certain issues may need to be considered on a case-by-case basis due to the diverse and continually evolving nature of corporate governance issues. If such cases should arise, then AWM will devote appropriate time and resources to consider those issues.

- Where AWM is responsible for voting proxies on behalf of a client, the client cannot direct the Firm's vote on a particular solicitation. The client, however, can revoke AWM's authority to vote proxies. In situations where there is a conflict of interest in the voting of proxies due to business or personal relationships that AWM maintains with persons having an interest in the outcome of certain votes, the Firm will take appropriate steps, whether by following ISS's third-party recommendation or otherwise, to ensure that proxy voting decisions are made in what it believes is the best interest of its clients and are not the product of any such conflict.

## Item 18. Financial Information

AWM is not required to disclose any financial information due to the following:

- The Firm does not require or solicit the prepayment of more than \$1,200 in fees six months or more in advance of services rendered;
- The Firm does not have a financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients; and
- The Firm has not been the subject of a bankruptcy petition at any time during the past ten years.