



**Item 1    Cover Page**

# **Cresta Advisors, Ltd.**

**2019 E. Del Mar Blvd., Suite 100**

**Laredo, TX 78041**

**(956) 267-8130**

**[www.crestaadvisors.com](http://www.crestaadvisors.com)**

**March 25, 2020**

This Brochure provides information about the qualifications and business practices of Cresta Advisors, Ltd. ("Cresta Advisors", "us", "we", "our"). If you have any questions about the contents of this Brochure, please contact us at (956) 267-8130 or via email at [manuel@crestaadvisors.com](mailto:manuel@crestaadvisors.com). 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 Cresta Advisors is also available via the SEC's website [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by using a unique identifying number, known as a CRD number. The CRD number for Cresta Advisors is 169641. The SEC's web site also provides information about any persons affiliated with Cresta Advisors who are registered, or are required to be registered, as Investment Adviser Representatives of Cresta Advisors.

Cresta Advisors is a Registered Investment Adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information that you may use to determine whether to hire or retain them.

## **Item 2    Material Changes**

Since our last annual filing on March 25, 2019, we have had the following material changes:

- We have amended item 4, 5, 7, 12, and 16 to reflect our new ERISA 3(38) retirement plan fiduciary services; and
- We have moved to 2019 E. Del Mar Blvd., Suite 100, Laredo, TX 78041.

In the future, this section of the Brochure will discuss only the specific material changes that were made to the Brochure and will provide you with a summary of all material changes that have occurred since the last filing of this Brochure. This section will also identify the date of our last annual Brochure update.

We will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business' fiscal year end which is December 31st. We will provide other ongoing disclosure information about material changes as they occur. We will also provide you with information on how to obtain the complete brochure. Currently, our Brochure may be requested at any time, without charge, by contacting Manuel Garza at (956) 267-8130.

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## Item 4 – Advisory Business Introduction

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### Our Advisory Business

Cresta Advisors is a Registered Investment Adviser (“Adviser”) which offers investment advice, securities, insurance, and other financial services to clients (“you”). We are registered through and regulated by the SEC.

We provide investment advice through Investment Adviser Representatives (“Advisor”) associated with us. These individuals are appropriately licensed, qualified, and authorized to provide advisory services on our behalf. In addition, all advisors are required to have commensurate industry or educational experience.

Cresta Advisors was founded in 2013 by Managing Members Manuel Garza and Mark Deutsch. We provide portfolio management services primarily to clients in Texas and Mexico, consisting of individuals, high net worth individuals, trusts, estates, corporations, endowments, non-profits and small businesses.

We offer our Cresta wrap program to our clients. A wrap program is one in which you pay a single “wrapped” fee for both investment advisory and brokerage execution services. This wrap fee is not based on the number of transactions made in your account. It is based on the size of the account(s) we manage for you. Because wrap programs do not have fees or charges associated with each transaction, wrap fees are generally higher for similar services than non-wrap fees. For more information regarding this program please refer to our Wrap Fee brochure.

### Services

#### Non-Discretionary ERISA 3(21) Fiduciary

Cresta offers ERISA retirement plan services for Plan Sponsors on a non-wrap fee basis. In this program: Cresta acknowledges that it is a “fiduciary” with respect to the Client as that term is defined under Section 3(21)(A) of ERISA. The Adviser agrees to obtain and maintain an ERISA bond satisfying the requirements of Section 412 of ERISA and include The Adviser and its members, agents and employees among those insured under that bond unless provided by the Plan. The person signing this Agreement on behalf of the Client acknowledges its status as a “named fiduciary” with respect to the control and management of the assets held in the Account, and agrees to notify the Adviser promptly of any change in the identity of the named fiduciary with respect to the Account;

When delivering ERISA fiduciary services, we will perform those services for the retirement plan as a fiduciary and will act in good faith and with the degree of diligence, care and skill that a prudent person rendering similar services would exercise under similar circumstances. In our capacity as a 3(21) plan fiduciary, we will conduct research to determine appropriate investment selections and allocations and to project potential ranges of returns and market values over various time periods and using various cash flows to assist the plan sponsor in determining the appropriate model(s) investment(s) for the retirement plan.

Under this arrangement the Adviser is appointed by the plan sponsor or trustee to determine a recommended lineup of investments to be included in the Plan. These recommendations are presented to the Plan Sponsor, who has the ultimate responsibility to accept or reject the recommendation. The Adviser will not have any further responsibility to communicate instructions to any third-party, including the custodian, and/or third-party administrator. The Adviser will/will not communicate directly with the recordkeeper regarding administrative and recordkeeping matters arising under the Adviser's investment advisory agreement with the Plan Sponsor, or more generally about the recordkeeper's services to the *Plan*.

The Adviser will provide the Plan Sponsor with a sample investment policy statement. Each retirement Plan Sponsor should adopt a final investment policy statement ("IPS") which serves as a guide for the Adviser's investment advisory services. Based on the circumstances of the Plan Sponsor, the Adviser may offer the following 3(21) services:

- Plan design and asset selection consultation
- Develop and annually review Investment Policy Statement ("IPS")
- Develop investment menu according to the IPS
- Review plan sponsor's stated financial criteria for each investment option
- Monitor each investment option according to the IPS
- Quarterly portfolio statements, rate of return reports, asset allocation statements
- Provide investment research and performance information on investment options
- Investment option replacement guidance
- Personal consultations with the plan sponsor as necessary
- Develop Plan Investment Committee Charter, as needed
- Fiduciary due diligence assistance
- Attendance at Plan Committee and other meetings
- Annual Fiduciary Plan Review
- Fiduciary education services to Plan Committee
- Participant education, guidance, and enrollment
- Vendor coordination assistance
- Benchmarking services

The Adviser will conduct research to determine appropriate investment selections and allocations and to project potential ranges of returns and market values over various time periods and using various cash flows to assist the Plan Sponsor in determining the appropriate investment options for the retirement plan.

The data used to select the investment options is based on estimated, forward-looking performance of various asset classes and subclasses to create our forward-looking capital markets assumptions (e.g., expected return, expected standard deviation, correlation, etc.). Past performance and the return estimates of the asset classes and the indices that correspond to these asset classes may not be

representative of actual future performance. Actual results could differ, based on various factors including the expenses associated with the management of the portfolio, the portfolio's securities versus the securities comprising the various indices and general market conditions. Before a specific investment is selected, other factors such as economic trends, which may influence the choice of investments and risk tolerance, should be considered. The Adviser has the responsibility and authority to recommend the investment line up including evaluating investment managers and mutual fund companies, individual mutual funds, and money market funds which may be retained or replaced. The Plan Sponsor has the responsibility and authority to make the final decision regarding what investments to include and when to add or exclude a specific security.

The Client confirms that any instructions that have been given to the Adviser with regard to the Account are consistent with the governing plan documents and investment policy statements of the plan.

Except as otherwise provided under ERISA the Adviser shall not be liable for any error of judgment or mistake of law or for any loss suffered by the Client in connection with the matters to which this Agreement relates except a loss resulting from the Adviser's breach of its fiduciary duty, negligence, misconduct or bad faith.

The Adviser is not (i) the "administrator" of the Plan as defined in § 3(16)(A) of ERISA or (ii) the "plan administrator" of the Plan as defined in Section 414(g) of the Internal Revenue Code of 1986, as amended (the "Code");

The Adviser is neither a law firm nor a public accounting firm and Adviser will not provide legal or accounting advice;

The Client acknowledges that the services covered by this Agreement are consultative, and give no investment authority ("discretion") or responsibility to the Adviser over any assets of the Plan or Participant regardless of how and where the assets are held. Throughout the term of this Agreement, the Plan or Participant retains full discretion to supervise, manage and direct the assets that may be held with any affiliated or unaffiliated third-party.

The Adviser encourages plan sponsors to consult with other professional advisors since we do not provide tax or legal advice that may affect asset classes or allocations. The Adviser will apply any guidelines the client supplies, as directed, however, compliance with these restrictions or guidelines, is the client's responsibility.

### ***Discretionary 3(38) Fiduciary Services***

When a client engages the Adviser to perform "3(38) Fiduciary Services", the Adviser acts as an "investment manager" (as defined in Section 3(38) of ERISA) with respect to the performance of discretionary fiduciary investment services. Under this arrangement the Adviser is appointed by the Plan Sponsor or trustee and accepts investment discretion over plan assets and assumes full responsibility and liability for fiduciary functions concerning investment decisions related to the plan assets.

Under this arrangement the Adviser is appointed by the plan sponsor or trustee and accepts discretion over plan assets and assumes full responsibility and liability for fiduciary functions concerning decisions related to the plan assets. The Adviser will review the investment options available to the Plan through

documents provided by the Plan Sponsor and notifies the Plan's record-keeper and/or the Plan Sponsor the Adviser's instructions to add, remove and/or replace these specific investment options offered to Plan participants and/or used for administrative purposes under the Plan, according to the criteria set forth in guidelines selected by the Plan Sponsor. The Plan Sponsor retains all authority, responsibility and decision-making for investment options not available on the Plan record-keeper's platform (i.e., "non-core" investment options, such as employer stock, plan loans, self-directed brokerage accounts, frozen guaranteed investment contracts, and life insurance).

The Adviser will retain final decision-making authority with respect to removing and/or replacing investments in the core lineup. The Plan Sponsor will not have responsibility to communicate instructions to any third-party, custodian and/or third-party administrator.

The data used to determine the investment options is based on estimated, forward-looking performance of various asset classes and subclasses to create our forward-looking capital markets assumptions (e.g., expected return, expected standard deviation, correlation, etc.). Past performance and the return estimates of the asset classes and the indexes that correspond to these asset classes may not be representative of actual future performance. Actual results could differ, based on various factors including the expenses associated with the management of the portfolio, the portfolio's securities versus the securities comprising the various indexes and general market conditions. Before a specific investment is selected, other factors such as economic trends, which may influence the choice of investments and risk tolerance, should be considered. The Adviser has the responsibility and authority to determine the investment line up including evaluating investment managers and mutual fund companies, individual mutual funds, and money market funds which may be retained or replaced.

The Adviser will also monitor the current managed investment line up including the investment's performance compared to an applicable benchmark. If the Adviser determines that a fund no longer meets the criteria, they will select alternatives and replace them.

## **Other Optional Retirement Plan Services**

### ***Plan Structure***

We will assist our client in evaluating the current plan's structure to determine if a change in the design of the plan better suits the needs of plan participants. We will facilitate any changes with the appropriate parties including the third-party administrator, record keeper, and custodian as well as facilitating the execution of the required plan document amendments or new plan documents. However, we will not draft any amendments as an attorney or a TPA will need to perform this service.

### ***Investment Committee***

We will assist you in the establishment of the Investment Committee (if a Committee is deemed appropriate) and the establishment of a formal investment committee charter, delineating committee responsibilities and fiduciary roles. We will also serve on the Committee in a non-fiduciary capacity if needed.

The Investment Committee may be charged with the fiduciary responsibility of the prudent management of the investment portfolio, selecting and retaining professional advisors to the portfolio including

investment managers, investment consultants, custodians, attorneys, and clerical staff, and the establishment, execution, and interpretation of an Investment Policy Statement for the portfolio. We will assist the Investment Committee in meeting the committee's responsibilities according to the investment committee charter, and fulfilling its fiduciary duty to the plan, including their review of service providers, third-party administration firms, daily record keeper, and custodian to ensure that their services, along with ours, remain competitive to other alternatives that are available to the client.

### ***Investment Policy Service***

Our Investment Policy Service is designed to assist you in creating a written investment policy statement ("IPS") to document the plan's investment goals and objectives as well as certain policies governing the investment of assets. The IPS also identifies an investment strategy that seeks to attain the plan's goals. The service is generally designed for corporate retirement plans that are managed on a discretionary basis.

We will assist the Investment Committee with the establishment, execution, and interpretation of the Investment Policy Statement. The Investment Policy Statement serves as a guide to assist the Investment Committee in effectively supervising, monitoring, and evaluating the investment of the plan's assets. We will prepare a draft of the IPS based upon information furnished by you and your firm designed to profile various factors for the account such as investment objectives, risk tolerances, projected cash flow, and demographics of your retirement plan participants. It is the client's responsibility to provide all necessary information for the preparation of the IPS, particularly any limitations imposed by law or otherwise. This draft IPS is then submitted to you for review and approval. We recommend that your professional advisors, such as an attorney, actuary, and/or accountant, also review the IPS. The review and acceptance of the IPS is the responsibility of the plan fiduciary and your retirement program's governing entity.

Upon client's final approval, the IPS is ready to be sent to client's Investment Committee. It is client's responsibility to confirm the Investment Committee's acceptance of the IPS, and it is the Investment Committee's responsibility to adhere to the IPS in managing the retirement program. We encourage you to review accounts periodically to verify investment committee's compliance with the IPS.

The Investment Policy Statement will be reviewed at least annually to determine whether stated investment objectives are still relevant and the continued feasibility of achieving those objectives. However, the Investment Policy Statement is not expected to vary much from year to year and the IPS will not be updated to account for short term changes in market conditions or the economic environment.

### ***Participant Meetings***

We will conduct plan participant meetings when a change is made either to the structure of the plan or if the investment lineup changes as a result of the decisions of the Investment Committee. We will detail the changes being made, how it affects the current participants, review the current investment opportunities, how participants may make changes to their investment selections, and will answer any and all questions a participant may have. We will review with the participants how to select the investments.



## ***Reporting***

We will send a performance report annually or as requested by the Client detailing the overall performance of the plan's assets and a detailed list of the investment holdings.

## **Financial Consulting**

Fee based financial consulting is a comprehensive relationship which incorporates many different aspects of your financial status into an overall plan that meets your goals and objectives. The financial planning relationship consists of face-to-face meetings and ad hoc meetings with you and/or your other advisors (attorneys, accountants, etc.) as necessary.

It is essential that you provide the information and documentation we request regarding your income, investments, taxes, insurance, estate plan, etc. We will discuss your investment objectives, needs and goals, but you are obligated to inform us of any changes. We do not verify any information obtained from you, your attorney, accountant or other professionals.

If you engage us to perform these services, you will receive a written agreement detailing the services, fees, terms and conditions of the relationship. You will also receive this Brochure. You are under no obligation to implement recommendations through us. You may implement your financial plan through any financial organization of your choice.

We obtain information from a wide variety of publicly available sources. We do not have any inside private information about any investments that are recommended. All recommendations developed by us are based upon our professional judgment. We cannot guarantee the results of any of our recommendations. Choosing which advice to follow is your decision.

We can also work with you, in a consulting capacity, to create an Investment Policy Statement (IPS) that will serve as the roadmap to guide your wealth management program. Your IPS will incorporate many different aspects of your financial status into an overall plan designed to meet your goals and objectives. We will create a formal IPS and deliver it to you upon completion.

If you decide to implement our recommendations, we will help you open a custodial account(s). The funds in your account will generally be held in a separate account, in your name, at an independent custodian, and not with us. We recommend using either TD Ameritrade or Pershing.

## **Assets Under Management**

As of December 31, 2019, we provided asset management services for 395 accounts, managing total assets of \$272,008,226. Approximately \$254,448,485 of the assets we manage are discretionary and \$17,17,559,741 are non-discretionary.

## **Item 5 – Fees and Compensation**

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### **Retirement Plan Services Fees**

The standard fee schedules for the Discretionary 3(38) and Non-Discretionary 3(21) Fiduciary Services programs (the “Programs”) is 1.5% of assets under management or lower. This fee may be negotiable based upon certain circumstances.

Advisory fees for the plan are paid to us by the plan, or directly from the plan sponsor, or in some cases a combination of both. These fees are generally collected by the plan record keeper or vendor and paid directly to our firm. This fee includes services as an ERISA section 3(21) or 3(38) fiduciary with respect to client’s plan.

The timing of fees paid is generally at the beginning of the upcoming quarter, based upon asset levels at the end of the preceding quarter. Cresta Advisors’s advisory agreement with each plan sponsor outlines the timing of fees collected and the process of fee remittal to our firm.

You may also incur fees related to your use of outside service providers including third-party administrators and record keepers. The fee schedule for each outside service provider varies dramatically from service provider to service provider. The service provider’s fees will also vary from plan to plan as each plan’s structure and characteristics are different from the next.

We believe our services help plan sponsors and plan fiduciaries meet their fiduciary duty to the plan and its participants. As a part of our services, we review the fees of service providers and the transparency of their fees. We will assist the plan sponsors with a review of service providers including the third-party administrator, daily record keeper, and custodian to ensure that their services, along with ours, remain competitive to alternatives that are available.

### **Financial Consulting Fees**

We will charge an hourly fee of \$250 for our financial consulting services. We can provide an-in depth analysis of your financial situation or other defined projects as requested. Based upon your needs, we may provide consultations throughout the year to advise and counsel you about other financial issues. We can help you with transition planning, transaction services, major transaction analysis, coordinated with cash flow needs, retirement needs, estate planning needs, income tax planning, life and disability insurance needs, investment needs, and college education planning.

All recommendations developed by us are based upon our professional judgment. We cannot guarantee the results of any of our recommendations.

### **Automatic Payment of Fee**

The Client agrees to authorize the Custodian to pay directly to Cresta Advisors upon receipt of notice, the Account's investment advisory services fee. Fee withdrawals will occur no more frequently than quarterly from the Client's Account, unless specifically instructed otherwise by the Client.

The Custodian will send to the Client a statement, at least quarterly, indicating all amounts disbursed from the Account, including the fee paid directly to Cresta Advisors. Cresta Advisors's access to the Assets of the Account will be limited to trading and the withdrawals authorized above.

## **Item 6 – Performance Based Fee and Side by Side Management**

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We do not charge any performance-based fees. These are fees based on a share of capital gains on or capital appreciation of the assets of a client.

## **Item 7 – Types of Client(s)**

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ERISA 3(21) and 3(38) fiduciary services are only offered for plan sponsors of ERISA based plans. Financial consulting services are offered to individuals, high net worth individuals, trusts, estates, corporations, endowments, non-profits and small businesses.

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

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### **Methods of Analysis**

We may use fundamental analysis, technical analysis, Modern Portfolio Theory (MPT), cyclical analysis, and targeted asset allocation as part of our overall investment management discipline. We use these method(s) of analysis to determine asset class, region, sector, industry, suitability, and maximum desired allocation for each security selected.

We focus on utilizing these methods of analysis when scrutinizing general economic conditions and geopolitical actions, current market conditions, interest rates and yield curves, inflation trends and market volatility, sector valuations and relative asset class valuations, and taxation concerns. In some instances, we utilize a “bottom-up investing” strategy, and focus on the analysis of individual stocks rather than economic and market cycles.

The implementation of these analyses as part of our investment advisory services to you may include any, all or a combination of the following:

### **Fundamental Analysis**

Fundamental analysis is a technique that attempts to determine a security's value by focusing on the underlying factors that affect a company's actual business and its future prospects. Fundamental analysis is about using real data to evaluate a security's value. It refers to the analysis of the economic well-being of a financial entity as opposed to only its price movements.

The end goal of performing fundamental analysis is to produce a value that we can compare with the security's current price, with the aim of figuring out what sort of position to take with that security (underpriced = buy, overpriced = sell or short).

Once we discover undervalued securities or funds that are investing in undervalued stocks; we look at the stability and volatility.

In order to perform this fundamental analysis, we use many resources, such as:

- Proprietary In house Research
- Third Party research
- Nationally recognized statistical rating organizations
- Morningstar
- Financial newspapers and magazines (e.g. Wall Street Journal, Forbes, etc.)
- Annual reports, prospectuses, filings with the Securities and Exchange Commission
- Research materials prepared by others
- Company press releases
- Inspections of corporate activities.

The investment strategies we use to implement any investment advice given to you include, but are not limited to:

- Long term purchases -securities held at least a year
- Short term purchases - securities sold within a year
- Trading -securities sold within 30 days
- Short sales

### **Modern Portfolio Theory (MPT)**

We use publicly available research and reports regarding individual securities, issuers, investment strategies and performance of asset classes to select the funds they will offer. They also use Modern Portfolio Theory to help them select the funds they offer.

Modern portfolio theory tries to understand the market as a whole, rather than looking for what makes each investment opportunity unique. Investments are described statistically, in terms of their expected long-term return rate and their expected short-term volatility. The volatility is equated with "risk," measuring how much worse than average an investment's bad years are likely to be. The end goal is to identify your acceptable level of risk tolerance, and then to find a portfolio with the maximum expected return for that level of risk.

### **Technical Analysis**

Technical Analysis is a technique that attempts to determine a security's value by developing models and trading rules based upon price and volume transformation. Technical analysis assumes that a market's price reflects all relevant information so the analysis focuses on the history of a security's trading behavior

rather than external drivers such as economic, fundamental and news events. The practice of technical analysis incorporates the importance of understanding how market participants perceive and act upon relevant information rather than focusing on the information itself. Ultimately, technical analysts develop trading models and rules by evaluating factors such as market trends, market participant behaviors, supply and demand and pricing patterns and correlations.

In order to perform technical analysis, we may use the following techniques:

- Calculate moving averages
- Charting and chart patterns
- Supply and demand indicators
- Investor behavior and psychology.

The investment strategies we use to implement any investment advice given to you include, but are not limited to:

- Long term purchases (securities held at least a year)
- Short term purchases (securities sold within a year)
- Trading (securities sold within 30 days)

As with other types of analysis, the predictive nature of technical analysis can vary greatly; models and rules are often modified and updated as new patterns and behaviors develop. Past performance is not an indicator of future return.

### **Cyclical Analysis**

While we do not attempt to time the market, we may use cyclical analysis in conjunction with other strategies to help determine if shifts are required in your investment strategies depending upon long and short-term trends in financial markets and the performance of the overall national and global economy.

### **Risk of Loss**

We cannot guarantee our analysis methods will yield a return. In fact, a loss of principal is always a risk. Investing in securities involves a risk of loss that you should be prepared to handle. You need to understand that investment decisions made for your account by us are subject to various market, currency, economic, political and business risks. The investment decisions we make for you will not always be profitable nor can we guarantee any level of performance.

## **Item 9 – Disciplinary Information**

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Registered Investment Advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of us or the integrity of our management. We do not have any information to disclose concerning Cresta Advisors or any of our IARs. We adhere to high ethical standards for all IARs and associates.

## Item 10 – Other Financial Industry Activities and Affiliations

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The investment adviser representatives of Cresta Advisors have the following outside business activities and/or affiliations to disclose.

### Other Financial Industry Affiliations

#### Insurance Agent

We have one investment adviser representative who is licensed to sell insurance products and may recommend and sell life, disability, health, and long-term care insurance and will receive the usual and customary commissions in addition to any agreed upon advisory fee. Our IARs may be eligible to receive incentive awards (including prizes such as trips or bonuses) for recommending certain types of insurance policies or other investment products that he recommends.

While our IARs endeavor at all times to put the interest of our clients first as part of our fiduciary duty, the possibility of receiving incentive awards creates a conflict of interest, and may affect their judgment when making recommendations. We require that all IARs disclose this conflict of interest when such recommendations are made. Also, we require IARs to disclose that Clients may purchase recommended insurance products from other insurance agents not affiliated with us.

#### Other Activities and Affiliations

Manuel Garza is a partner with Cresta Advisors, Ltd., and works full time in this capacity. Mr. Garza is also a manager at D&G Management Co. LLC, and spends 10% of his time in this capacity, which is investment related, and pays a salary and splits profits at the end of the year, if any.

Mark Deutsch has the following business affiliations and activities to disclose, as listed in the table below:

Affiliation, Name of Firm	Hours/year	Investment related?
Partner, TDLM Minerals LTD	0	No
General Partner, TDLM Minerals Management, LLC	0	No
Partner, TDLM Real Estate LTD	0	No
General Partner , TDLM Real Estate Management, LLC	0	No
Trustee, Mark Deutsch Trust	0	No
Partner, Cresta Advisors, Ltd.	Full Time	Yes
Manager, D&G Management Co. LLC (Pays a salary and splits profits at the end of the year, if any)	10% of Time	Yes
Partner, TDLM- Brand Investment Group	0	No

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

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### **General Information**

We have adopted a Code of Ethics for all IAR's of the firm describing its high standards of business conduct, and fiduciary duty to you, our client. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition of rumor mongering, restrictions on the acceptance of significant gifts, the reporting of certain gifts and business entertainment items, and personal securities trading procedures. All of our IAR's must acknowledge the terms of the Code of Ethics annually, or as amended.

### **Participation or Interest in Client Accounts**

Our Compliance policies and procedures prohibit anyone associated with Cresta Advisors from having an interest in a client account or participating in the profits of a client's account without the approval of the CCO.

The following acts are prohibited:

- Employing any device, scheme or artifice to defraud
- Making any untrue statement of a material fact
- Omitting to state a material fact necessary in order to make a statement, in light of the circumstances under which it is made, not misleading
- Engaging in any fraudulent or deceitful act, practice or course of business
- Engaging in any manipulative practices

Clients and prospective clients may request a copy of the firm's Code of Ethics by contacting the CCO.

### **Privacy Statement**

We are committed to safeguarding your confidential information and hold all personal information provided to us in the strictest confidence. These records include all personal information that we collect from you or receive from other firms in connection with any of the financial services they provide. We also require other firms with whom we deal with to restrict the use of your information. Our Privacy Policy is available upon request.

### **Conflicts of Interest**

Cresta Advisors's IARs may employ the same strategy for their personal investment accounts as it does for its clients. However, IARs may not place their orders in a way to benefit from the purchase or sale of a security.

We act in a fiduciary capacity. If a conflict of interest arises between us and you, we shall make every effort to resolve the conflict in your favor. Conflicts of interest may also arise in the allocation of investment opportunities among the accounts that we advise. We will seek to allocate investment

opportunities according to what we believe is appropriate for each account. We strive to do what is equitable and in the best interests of all the accounts we advise.

## **Item 12 – Brokerage Practices**

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### **Factors Used to Select Custodians**

In recommending a custodian/broker-dealer, we look for a company that offers relatively low transaction fees, access to desired securities, trading platforms, and support services. We may recommend clients use TD Ameritrade and Pershing as the qualified custodian for their accounts when utilizing our asset management services.

### **Soft Dollars**

We do not have any soft dollar benefits for this service.

### **Brokerage for Client Referrals**

In selecting and/or recommending broker-dealers, we do not take into consideration whether or not we will receive client referrals from the broker-dealer or third-party.

### **Directed Brokerage**

We do not permit directed brokerage. We will require you to use the custodian of our choosing as the custodial firm.

### **Trading**

#### **ERISA 3(21) and 3(38)**

As it relates to ERISA Plan business, the Adviser's model does not involve transactional business and, consequently, the Adviser does not currently engage brokers in any transactional capacity.

### **Best Execution**

The Adviser does not trade in any Plan client accounts.

### **Trading**

The Adviser does not trade in individual Plan participant accounts.

## **Item 13 – Review of Accounts**

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### **Reviews**

Reviews with the client are conducted at least annually or as agreed to by Cresta and the client.



## **Reports**

You will be provided with account statements reflecting the transactions occurring in the account on at least an annual basis. These statements will be available electronically in the client online portal, and will be sent by mail upon request. You need to notify us of any discrepancies in the account(s) or any concerns you have about the account(s).

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

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We do not receive any compensation for referring clients to another advisor nor do we pay any compensation to another advisor if they refer clients to us.

## **Item 15 – Custody**

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We do not have physical custody of any accounts or assets. However, we may be deemed to have custody of your account(s) if we have the ability to deduct your advisory fees from the custodian. We use TD Ameritrade and/or Pershing as the custodian and/or broker-dealer for all your accounts. You should receive at least quarterly statements from the broker-dealer or custodian that holds and maintains your investment assets. We urge you to carefully review such statements.

We do not debit the client fees directly from your advisory account. We send information to your custodian to debit your fees and to pay them to us. You authorized the custodian to pay us directly at the onset of the relationship.

### **Qualified Retirement Plan Custody**

We do not have actual or constructive custody of any client's account. We do not have the ability to deduct fees directly from the plan accounts.

If authorized by the Plan Sponsor, the Adviser has the ability to debit fees directly from the Plan Sponsor's brokerage account through the submission of a billing file to the plan custodian, however, the Adviser does not have authority to possess or take actual custody of clients' funds or securities. Plan Sponsors and plan participants should receive at least quarterly statements from the recordkeeper and Plan Sponsors and participants should carefully review such statements.

## **Item 16 – Investment Discretion**

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Our recommendations regarding our 3(21)-qualified retirement plan consulting services are made on a non-discretionary basis. The plan sponsor retains the decision-making authority over the plan. When recommending securities, we observe the investment policies, limitations, and restriction set by the plan

and plan sponsor. Our investment decisions regarding our 3(38)-qualified retirement plan consulting services are made on a discretionary basis.

In performing discretionary management services, the Adviser is acting as an “investment manager” (as that term is defined in Section 3(38) of ERISA) and as a fiduciary to the Plan and shall act with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent man acting in a capacity and familiar with such matters would use in the conduct of an enterprise of like character and with like aims.

## **Item 17 – Voting Client Securities**

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As a matter of firm policy and practice, we do not have any authority to and does not vote proxies on behalf of Clients. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in your portfolios.

## **Item 18 – Financial Information**

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We are required to provide you with certain financial information or disclosures about our financial condition. We have no financial commitment that would impair our ability to meet any contractual and fiduciary commitments to you, our client. We have not been the subject of any bankruptcy proceedings. In no event shall we charge advisory fees that are both in excess of twelve hundred dollars and more than six months in advance of advisory services rendered.