

# Amadeus Wealth Advisors, LLC

## Firm Brochure - Form ADV Part 2A

*This brochure provides information about the qualifications and business practices of Amadeus Wealth Advisors. If you have any questions about the contents of this brochure, please contact us at (917) 338-4138 or by email at: [epapier@sp-wm.com](mailto:epapier@sp-wm.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.*

*Additional information about Amadeus Wealth Advisors is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Amadeus Wealth Advisors CRD number is: 170408.*

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

Version Date: 03/20/2020

## **Item 2: Material Changes**

This item discusses only specific material changes that are made to the Brochure since the Firm's last annual update. It will also reference the date of the last annual update of the brochure. Since the Firm's last update dated September , 2019, the Firm has had no material changes.

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, which is December 31. We will further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.

Currently, Amadeus Wealth Advisors, LLC's Brochure may be requested by phone at (212) 697-3930 or via email at [ep@amadeuswealth.com](mailto:ep@amadeuswealth.com).

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## **Item 4: Advisory Business**

### ***Business Description***

Our advisory firm is a registered investment adviser with the SEC. We provide investment advisory services to individuals, high-net-worth individuals, pension and profit sharing plans and charitable organizations concerning various securities, including mutual funds, fixed income securities (including private debt), real estate funds (including REITs), insurance products including annuities, equities, ETFs (including ETFs in the gold and precious metal sectors, as well as oil and gas), treasury inflation protected/inflation linked bonds, commodities, non-U.S. securities, venture capital funds and private placements. As a registered investment adviser, we are held to the highest standard of client care – a fiduciary standard. As a fiduciary, we always put our client’s interests first and must fully disclose any potential conflict of interest. We do not directly hold customer funds or securities and all transactions are sent to our qualified custodian which executes, compares, allocates, clears and settles them. Our custodian also maintains our clients’ accounts and may grant clients access to them.

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

Amadeus Wealth Advisors, LLC (hereinafter “AWA”) is a Limited Liability Company organized in the State of Florida.

The firm was formed in January 2014, and the principal owner is Edward Papier.

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

#### ***Portfolio Management Services***

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

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

AWA evaluates the current investments of each client with respect to their risk tolerance levels and time horizon. AWA will request discretionary authority from clients in order to select securities and execute transactions without permission from the client prior to

each transaction. Risk tolerance levels are documented in the Investment Policy Statement, which is given to each client.

AWA seeks to provide that investment decisions are made in accordance with the fiduciary duties owed to its accounts and without consideration of AWA's economic, investment or other financial interests. To meet its fiduciary obligations, AWA attempts to avoid, among other things, investment or trading practices that systematically advantage or disadvantage certain client portfolios, and accordingly, AWA's policy is to seek fair and equitable allocation of investment opportunities/transactions among its clients to avoid favoring one client over another over time. It is AWA's policy to allocate investment opportunities and transactions it identifies as being appropriate and prudent, including initial public offerings ("IPOs") and other investment opportunities that might have a limited supply, among its clients on a fair and equitable basis over time.

### ***Selection of Other Advisers or Feeder Funds***

AWA has discretion to choose third-party investment advisers to manage all or a portion of the client's assets. Before selecting other advisers for clients, AWA will always ensure those other advisers are properly licensed or registered as an investment adviser. AWA conducts due diligence on any third-party investment adviser, which may involve one or more of the following: phone calls, meetings and review of the third-party adviser's performance and investment strategy. AWA then makes investments with a third-party investment adviser by investing with the third-party adviser. These investments may be allocated either through the third-party adviser's hedge fund or through a separately managed account managed by such third-party adviser on behalf of AWA's client. AWA may also allocate among one or more private equity funds or private equity fund advisers. AWA will review the ongoing performance of the third-party adviser as a portion of the client's portfolio.

At times, AWA will utilize third party feeder funds to gain access to alternative investments. This third- party feeder fund receives a fee for such access, which may increase to cost of the investment to the specific client(s).

### ***Financial Planning***

Financial plans and financial planning may include but are not limited to: investment planning; life insurance; tax concerns; retirement planning; college planning; and debt/credit planning.

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

AWA generally limits its investment advice to mutual funds, fixed income securities (including private debt), real estate funds (including REITs), insurance products including annuities, equities, ETFs (including ETFs in the gold and precious metal sectors), treasury inflation protected/inflation linked bonds, commodities, non-U.S. securities, venture capital funds and private placements. AWA may use other securities as well to help diversify a portfolio when applicable.

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

If AWA has clients with specific income needs, AWA will tailor a program to meet those needs. AWA will also a client's investment preference alongside net worth, income and risk tolerance. This will include an interview session to get to know the client's specific needs and requirements as well as a plan that will be executed by AWA on behalf of the client. AWA may use "model portfolios" together with a specific set of recommendations for each client based on their personal restrictions, needs, and targets. Clients may impose restrictions in investing in certain securities or types of securities in accordance with their values or beliefs. However, if the restrictions prevent AWA from properly servicing the client account, or if the restrictions would require AWA to deviate from its standard suite of services, AWA reserves the right to end the relationship.

### D. Wrap Fee Programs

A wrap fee program is an investment program where the investor pays one stated fee that includes management fees, transaction costs, fund expenses, and other administrative fees. AWA does not participate in any wrap fee programs.

### E. Assets Under Management

AWA has the following assets under management:

Discretionary Amounts:	Non-discretionary Amounts:	Date Calculated:
\$33,678,781	26,774,932	12/31/2019

## Item 5: Fees and Compensation

### A. Fee Schedule

#### *Asset-Based Fees for Portfolio Management*

Total Assets Under Management	Annual Fee
\$0 - 4,000,000	1.000%
+ \$4,000,000	0.875%
\$5,000,000	0.75%

Total Assets Under Management	Annual Fee
\$6,000,000	0.70%
\$7,000,000	0.65%
\$8,000,000	0.60%
\$9,000,000	0.55%
\$10,000,000	0.50%
\$12,500,000	0.46%
\$15,000,000	0.42%
\$17,500,000	0.38%
\$20,000,000	0.34%
\$25,000,000	0.30%
\$30,000,000	0.29%
\$35,000,000	0.28%
\$40,000,000	0.27%
\$45,000,000	0.26%
\$50,000,000	0.25%
\$60,000,000	0.23%
\$70,000,000	0.21%
\$80,000,000	0.19%
\$90,000,000	0.17%
\$100,000,000+	0.15%

These fees are generally negotiable and the final fee schedule is included in the Investment Advisory Contract. Clients may terminate the agreement without penalty for a full refund of AWA's fees within five business days of signing the Investment Advisory Contract. Thereafter, clients may terminate the Investment Advisory Contract generally with thirty days' written notice.

AWA bills based on the average daily balance during the previous billing period.



### ***Selection of Other Advisers Fees***

AWA may engage in the selection of third-party money managers but does not have any such arrangements in place at this time. AWA will receive its standard fee on top of the fee paid to the third-party adviser. This relationship will be memorialized in each contract between AWA and each third-party adviser. The fees will not exceed any limit imposed by any regulatory agency. The notice of termination requirement and payment of fees for third-party investment advisers will depend on the specific third-party adviser selected.

### ***Financial Planning Fees***

Clients may terminate the agreement without penalty for a full refund of AWA's fees within five business days of signing the Investment Advisory Contract. Thereafter, clients may terminate the Investment Advisory Contract generally upon written notice.

### ***Fixed Fees***

The rate for creating client financial plans is between \$5,000 and \$10,000. The fees are negotiable and the final fee schedule will be attached as Exhibit II of the Financial Planning Agreement. This service may be canceled with 0 days' notice.

### ***Other Fees***

AWA clients may incur certain charges imposed by custodians, brokers, third party investment and other third parties such as fees charged by managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees, such as commissions, and taxes on brokerage accounts and securities transactions. Mutual funds and exchange traded funds also charge internal management fees, which are disclosed in a fund's prospectus. Such charges, fees and commissions are exclusive of and in addition to AWA's fees.

## **B. Payment of Fees**

### ***Payment of Asset-Based Portfolio Management Fees***

Asset-based portfolio management fees are withdrawn directly from the client's accounts with client's written authorization on a quarterly basis. Fees are paid in arrears.

### ***Payment of Selection of Other Advisers Fees***

The timing, frequency, and method of paying fees for selection of third-party managers will depend on the specific third-party adviser selected and will be disclosed to the client prior to entering into a relationship with the third-party adviser.

### ***Payment of Financial Planning Fees***

Financial planning fees are paid via check.

Fixed financial planning fees are paid 100% in advance, but never more than six months in advance.

### **C. Client Responsibility for Third Party Fees**

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

### **D. Prepayment of Fees**

AWA will generally bill its fees quarterly in advance. Clients may also elect to be billed directly for fees or to authorize our clearing firm to directly debit fees from client accounts. Accounts initiated or terminated during a calendar quarter will be charged a prorated fee based on AWA's advisory agreement with each client. Upon termination of any account, any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable.

For all asset-based fees paid in advance, the fee refunded will be the balance of the fees collected in advance minus the daily rate\* times the number of days in the billing period up to and including the day of termination. (\*The daily rate is calculated by dividing the annual asset-based fee rate by 365.)

Fixed fees that are collected in advance will be refunded based on the prorated amount of work completed at the point of termination.

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

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

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

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

## Item 7: Types of Clients

AWA generally provides advisory services to the following types of clients:

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

### *Minimum Account Size for Portfolio Management*

There is an account minimum of \$2,000,000, which may be waived by AWA in its discretion.

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

### A. Methods of Analysis and Investment Strategies

#### *Methods of Analysis*

AWA's methods of analysis include fundamental analysis and modern portfolio theory.

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

**Modern portfolio theory** is a theory of investment that attempts to maximize portfolio expected return for a given amount of portfolio risk, or equivalently minimize risk for a given level of expected return, each by carefully choosing the proportions of various asset.

#### *Investment Strategies*

AWA uses long term trading, short sales, margin transactions and options trading (including covered options, uncovered options, or spreading strategies).

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

### B. Material Risks Involved

#### *Methods of Analysis*

**Fundamental analysis** concentrates on factors that determine a company's value and expected future earnings. This strategy would normally encourage equity purchases in

stocks that are undervalued or priced below their perceived value. The risk assumed is that the market will fail to reach expectations of perceived value.

**Modern Portfolio Theory** assumes that investors are risk adverse, meaning that given two portfolios that offer the same expected return, investors will prefer the less risky one. Thus, an investor will take on increased risk only if compensated by higher expected returns. Conversely, an investor who wants higher expected returns must accept more risk. The exact trade-off will be the same for all investors, but different investors will evaluate the trade-off differently based on individual risk aversion characteristics. The implication is that a rational investor will not invest in a portfolio if a second portfolio exists with a more favorable risk-expected return profile – i.e., if for that level of risk an alternative portfolio exists which has better expected returns.

### ***Investment Strategies***

AWA's use of short sales, margin transactions and options trading generally hold greater risk, and clients should be aware that there is a material risk of loss using any of those strategies.

**Long term trading** is designed to capture market rates of both return and risk. Due to its nature, the long-term investment strategy can expose clients to various types of risk that will typically surface at various intervals during the time the client owns the investments. These risks include but are not limited to inflation (purchasing power) risk, interest rate risk, economic risk, market risk, and political/regulatory risk.

**Short sales** entail the possibility of infinite loss. An increase in the applicable securities' prices will result in a loss and, over time, the market has historically trended upward.

**Margin transactions** use leverage that is borrowed from a brokerage firm as collateral. When losses occur, the value of the margin account may fall below the brokerage firm's threshold thereby triggering a margin call. This may force the account holder to either allocate more funds to the account or sell assets on a shorter time frame than desired.

**Options transactions** involve a contract to purchase a security at a given price, not necessarily at market value, depending on the market. This strategy includes the risk that an option may expire out of the money resulting in minimal or no value, as well as the possibility of leveraged loss of trading capital due to the leveraged nature of stock options.

**Selection of Other Advisers:** Although AWA will seek to select only money managers who will invest clients' assets with the highest level of integrity, AWA's selection process cannot ensure that money managers will perform as desired and AWA will have no control over the day-to-day operations of any of its selected money managers. AWA would not necessarily be aware of certain activities at the underlying money manager level, including without limitation a money manager's engaging in unreported risks, investment "style drift" or even regulator breach or fraud.

**Hedge Funds** often engage in leveraging and other speculative investment practices that may increase the risk of investment loss; can be highly illiquid; are not required to provide periodic pricing or valuation information to investors; May involve complex tax structures and delays in distributing important tax information; are not subject to the same regulatory requirements as mutual funds; and often charge high fees. In addition, hedge funds may invest in risky securities and engage in risky strategies.

**Private equity funds** carry certain risks. Capital calls will be made on short notice, and the failure to meet capital calls can result in significant adverse consequences, including but not limited to a total loss of investment.

The Firm will generally value the investments held in client accounts at cost unless the Firm determines a more appropriate price is necessary.

On occasion, AWA may not be able to independently verify the pricing of securities. Whenever valuation information for specific, illiquid, foreign, private or other investments is not available through custodians, pricing services, or plan Administrators, or if the CCO determines that a significant event would require that the securities be re-valued, the Firm will value the position at a price that the Firm believes is reasonably related to the then current market. (This price shall be calculated based on information and techniques that the CCO believes provide the best available estimate of a current market price. In these instances, the Firm will attempt to gather additional information such as audited financial statements, independent third-party valuations and/or other sources available to the Firm and use this information to make an independent determination of value/pricing for illiquid and hard to value investments held by its clients.

On occasion, AWA may recommend private placements, alternative investments or illiquid investments to clients, such as an early stage private equity position or private placements. In these instances, the Firm may not be able to obtain audited financial statements from the issuer or independent third-party valuations, and thus information provided to clients, and the price upon which Awa assesses its advisory fees, may not be reasonably related to the true market price of the investment. This situation may create additional risk to the investor when purchasing for these types of investments.

On occasion, AWA may recommend private placements, alternative investments or illiquid investments to clients, such as a private debt placements. In these instances, the client may not be paid some, or all, of the accrued interest owned by the issuer. **Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

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

AWA's use of short sales, margin transactions and options trading generally hold greater risk of capital loss. Clients should be aware that there is a material risk of loss using any investment strategy. The investment types listed below (leaving aside Treasury Inflation

Protected/Inflation Linked Bonds) are not guaranteed or insured by the FDIC or any other government agency.

**Mutual Funds:** Investing in mutual funds carries the risk of capital loss and thus you may lose money investing in mutual funds. All mutual funds have costs that lower investment returns. The funds can be of bond “fixed income” nature (lower risk) or stock “equity” nature (mentioned below).

**Equity** investment generally refers to buying shares of stocks in return for receiving a future payment of dividends and/or capital gains if the value of the stock increases. The value of equity securities may fluctuate in response to specific situations for each company, industry conditions and the general economic environments.

**Fixed income** investments generally pay a return on a fixed schedule, though the amount of the payments can vary. This type of investment can include corporate and government debt securities, private debt, leveraged loans, high yield, and investment grade debt and structured products, such as mortgage and other asset-backed securities, although individual bonds may be the best-known type of fixed income security. In general, the fixed income market is volatile and fixed income securities carry interest rate risk. (As interest rates rise, bond prices usually fall, and vice versa. This effect is usually more pronounced for longer-term securities.) Fixed income securities also carry inflation risk, liquidity risk, call risk, and credit and default risks for both issuers and counterparties. The risk of default on treasury inflation protected/inflation linked bonds is dependent upon the U.S. Treasury defaulting (extremely unlikely); however, they carry a potential risk of losing share price value, albeit rather minimal. Risks of investing in foreign fixed income securities also include the general risk of non-U.S. investing described below. Some of the risks of private debt include the potential for default, limited liquidity and the lack of independent credit ratings to assist in the evaluation of private companies.

**Exchange Traded Funds (ETFs):** An ETF is an investment fund traded on stock exchanges, similar to stocks. Investing in ETFs carries the risk of capital loss (sometimes up to a 100% loss in the case of a stock holding bankruptcy). Areas of concern include the lack of transparency in products and increasing complexity, conflicts of interest and the possibility of inadequate regulatory compliance. Precious Metal ETFs (e.g., Gold, Silver, or Palladium Bullion backed “electronic shares” not physical metal) specifically may be negatively impacted by several unique factors, among them (1) large sales by the official sector which own a significant portion of aggregate world holdings in gold and other precious metals, (2) a significant increase in hedging activities by producers of gold or other precious metals, (3) a significant change in the attitude of speculators and investors. Oil and gas ETFs will carry the risks of those industries as well, which are significant.

**Real Estate** funds (including REITs) face several kinds of risk that are inherent in the real estate sector, which historically has experienced significant fluctuations and cycles in performance. Revenues and cash flows may be adversely affected by: changes in local real estate market conditions due to changes in national or local economic conditions or changes in local property market characteristics; competition from other properties offering the same or similar services; changes in interest rates and in the state of the debt

and equity credit markets; the ongoing need for capital improvements; changes in real estate tax rates and other operating expenses; adverse changes in governmental rules and fiscal policies; adverse changes in zoning laws; the impact of present or future environmental legislation and compliance with environmental laws.

**Annuities** are a retirement product for those who may have the ability to pay a premium now and want to guarantee they receive certain monthly payments or a return on investment later in the future. Annuities are contracts issued by a life insurance company designed to meet requirement or other long-term goals. An annuity is not a life insurance policy. Variable annuities are designed to be long-term investments, to meet retirement and other long-range goals. Variable annuities are not suitable for meeting short-term goals because substantial taxes and insurance company charges may apply if you withdraw your money early. Variable annuities also involve investment risks, just as mutual funds do.

**Private placements** carry a substantial risk as they are subject to less regulation than are publicly offered securities, the market to resell these assets under applicable securities laws may be illiquid, due to restrictions, and the liquidation may be taken at a substantial discount to the underlying value or result in the entire loss of the value of such assets.

**Venture capital funds** invest in start-up companies at an early stage of development in the interest of generating a return through an eventual realization event; the risk is high as a result of the uncertainty involved at that stage of development.

**Commodities** are tangible assets used to manufacture and produce goods or services. Commodity prices are affected by different risk factors, such as disease, storage capacity, supply, demand, delivery constraints and weather. Because of those risk factors, even a well-diversified investment in commodities can be uncertain.

**Options** are contracts to purchase a security at a given price, risking that an option may expire out of the money resulting in minimal or no value. An uncovered option is a type of options contract that is not backed by an offsetting position that would help mitigate risk. The risk for a “naked” or uncovered put is not unlimited, whereas the potential loss for an uncovered call option is limitless. Spread option positions entail buying and selling multiple options on the same underlying security, but with different strike prices or expiration dates, which helps limit the risk of other option trading strategies. Option transactions also involve risks including but not limited to economic risk, market risk, sector risk, idiosyncratic risk, political/regulatory risk, inflation (purchasing power) risk and interest rate risk.

**Non-U.S. securities** present certain risks such as currency fluctuation, political and economic change, social unrest, changes in government regulation, differences in accounting and the lesser degree of accurate public information available.

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

## **Item 9: Disciplinary Information**

### **A. Criminal or Civil Actions**

In two separate instances in 2015, Amadeus, a registered investment adviser, exercised proxy voting authority with respect to client securities held in a total of 20 client accounts, notwithstanding Amadeus's representations in its Forms ADV and written advisory agreements that it did not exercise voting authority over client securities. In doing so, Amadeus violated Sections 206(2) and Section 207 of the Advisers Act. Respondent paid a civil monetary settlement to the Securities Exchange Commission. For more information please refer to <https://adviserinfo.sec.gov/firm/summary/170408>

### **B. Administrative Proceedings**

See Item A above.

### **C. Self-regulatory Organization (SRO) Proceedings**

There are no self-regulatory organization proceedings to report.

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

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

Neither AWA nor its representatives are registered as, or have pending applications to become, a broker/dealer or a representative of a broker/dealer.

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

Neither AWA nor its representatives are registered as or have pending applications to become either a Futures Commission Merchant, Commodity Pool Operator, or Commodity Trading Advisor or an associated person of the foregoing entities.

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

Edward Papier acts as a partner of Artist Rare Instrument Fund. From time to time, he may offer clients advice or products from those activities and clients should be aware that these services may involve a conflict of interest. AWA always acts in the best interest of the client and clients are in no way required to the services of any representative of AWA in connection with such individual's activities outside of AWA.



AWA has an affirmative duty of care, loyalty, honesty, and good faith to act in the best interest of its clients. All supervised persons must refrain from engaging in any activity or having a personal interest that presents a "conflict of interest." A conflict of interest may arise if an access person's personal interest interferes, or appears to interfere, with the interests of AWA or its clients. A conflict of interest can arise whenever an access person takes any action or has an interest that makes it difficult for them to perform their duties and responsibilities for AWA honestly, objectively and effectively.

Under Section 206 of the Advisers Act, the duty of the Firm to refrain from fraudulent conduct includes an obligation to disclose material facts to its clients whenever the failure to do so would defraud any client or prospective client. The Firm's duty to disclose material facts is particularly pertinent whenever the Firm is in a situation involving a conflict, or potential conflict, of interest with a client. The type of disclosure required by the Firm in such a situation will depend upon all the facts and circumstances, but as a general matter, the Firm must disclose to clients all material facts regarding the potential conflict of interest so that the client can make an informed decision whether to enter into or continue an advisory relationship with the Firm or whether to take some action to protect himself against the specific conflict of interest involved.

Access persons are prohibited from recommending, implementing or considering any securities transaction for a client without having disclosed any material beneficial ownership, business or personal relationship, or other material interest in the issuer or its affiliates, to the CCO. If the CCO deems the disclosed interest to present a material conflict, the investment personnel may not participate in any decision-making process regarding the securities of that issuer.

While it is impossible to describe all of the possible circumstances under which a conflict of interest may arise, listed below are situations that most likely could result in a conflict of interest and that are prohibited under the Firm's Code of Ethics:

Access persons may not favor the interest of one client over another client (e.g., larger accounts over smaller accounts, accounts compensated by performance fees over accounts not so compensated, etc. This kind of favoritism would constitute a breach of fiduciary duty

Access persons are prohibited from using knowledge about pending or currently considered securities transactions for clients to profit personally, directly or indirectly, as a result of such transactions, including by purchasing or selling such securities.

Access persons owning a different share or class of security of the same issuer as clients. When an access person of the Firm owns, or anticipates a purchase or sale, may a security that has different terms or conditions, such as different maturities, interest rates or share class, (for example) this will specifically be disclosed to all clients to whom the security is recommended or who hold the securities in their account. If the access person purchases debt securities and the client purchases equity securities, or vice-versa, this

conflict shall also be disclosed to clients. If an access person purchases a security from an issuer that is held by the Firm's clients, the Firm shall, as soon as practical, notify all clients holding securities of the same issue, of this conflict. The CCO shall maintain records evidencing these notifications.

The Firm should consider if there is any conflict of interest, real or perceived, when it negotiates a deal for an access person or a client at the exclusion of other clients.

An example of this is an access person or a client whose loan has gone into default receives more favorable terms from the issuer (such as additional shares or a higher interest rate) and not offering other clients a similar deal.

Another example is when an access person or a specific client converts an issuer's debt to equity without making a similar offer to clients.

Finally, another example is when it appears that an access person places their interest ahead of the Firm's clients, such as receiving more favorable loan interest rate or repayment terms than the Firm's clients.

**Selection of Other Advisers or Managers and How This Adviser is Compensated for Those Selections**

Clients will pay AWA its standard fee in addition to the standard fee for the advisers or private funds it chooses for those clients. This relationship will be memorialized in each contract between AWA and each third-party adviser. The fees will not exceed any limit imposed by any regulatory agency. AWA will always act in the best interests of the client, including when determining which third-party investment adviser to select on behalf of clients. AWA will ensure that all advisers are licensed or notice filed in the states in which AWA is recommending them to clients.

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

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

AWA has a written Code of Ethics that covers the following areas: Prohibited Purchases and Sales, Insider Trading, Personal Securities Transactions, Exempted Transactions, Prohibited Activities, Conflicts of Interest, Gifts and Entertainment, Confidentiality, Service on a Board of Directors, Compliance Procedures, Compliance with Laws and Regulations, Procedures and Reporting, Certification of Compliance, Reporting Violations, Compliance Officer Duties, Training and Education, Recordkeeping, Annual Review, and Sanctions. AWA's Code of Ethics is available free upon request to any client or prospective client.

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

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

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

As part of its Code of Ethics, AWA has implemented a restricted list to ensure that neither the adviser nor its representatives will trade in securities that AWA also recommends to clients.

Edward Papier, has previously invested in a private equity company named AiResource Technologies. After his purchase, he converted his convertible note to equity at the company's request. (it is Mr. Papier's understanding that this was done in order to help the company reduce the debt on their balance sheet). In connection with this conversion, Mr. Papier received additional shares of the company stock. This could be a conflict of interest in that Mr. Papier converted his debt to equity and received additional shares when the Firm's clients were not offered this opportunity. The Firm believes this potential conflict was mitigated because Mr. Papier is no longer receiving a fixed rate of interest on his investment but rather will only benefit should the share price of the AiResource increase.

Clients should be aware that the receipt of additional compensation by AWA in connection with the sale of alternative investments, for example) and its management persons or employees creates a conflict of interest that may impair the objectivity of the Firm and these individuals when making advisory recommendations, because AWA may receive additional transaction-based compensation should the client purchase a security recommended by Sendero. For example, Mr. Papier may receive "bonus shares" in the future, dependent on the facts and circumstances of each investment he is involved in. These receipt of these shares, if any, may be deemed additional compensation to Mr. Papier. This potential conflict of interest is mitigated by Mr. Papier putting the interest of the clients first and not taking this potential compensation into effect when recommending or purchasing investments for his advisory clients. This potential conflict is also mitigated by Mr. Papier disclosing that the offer of these "bonus shares", when and if received, will be disclosed to clients of the Firm holding the specific investment at the time of the offer of shares to Mr. Papier.

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

Please see Item 11.C above.

## **Item 12: Brokerage Practices**

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

Custodians/broker-dealers will be recommended based on AWA's duty to seek "best execution," which is the obligation to seek execution of securities transactions for a client on the most favorable terms for the client under the circumstances. Clients will not necessarily pay the lowest commission or commission equivalent, and AWA may also consider the market expertise and research access provided by the broker-dealer/custodian, including but not limited to access to written research, oral communication with analysts, admittance to research conferences and other resources provided by the brokers that may aid in AWA's research efforts. AWA will never charge a premium or commission on transactions, beyond the actual cost imposed by the broker-dealer/custodian.

AWA recommends Schwab Institutional, a division of Charles Schwab.

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

While AWA has no formal soft dollars' program in which soft dollars are used to pay for third party services, AWA may receive research, products, or other services from custodians and broker-dealers in connection with client securities transactions ("soft dollar benefits"). AWA may enter into soft-dollar arrangements consistent with (and not outside of) the safe harbor contained in Section 28(e) of the Securities Exchange Act of 1934, as amended. There can be no assurance that any particular client will benefit from soft dollar research, whether or not the client's transactions paid for it, and AWA does not seek to allocate benefits to client accounts proportionate to any soft dollar credits generated by the accounts. AWA benefits by not having to produce or pay for the research, products or services, and AWA will have an incentive to recommend a broker-dealer based on receiving research or services. Clients should be aware that AWA's acceptance of soft dollar benefits may result in higher commissions charged to the client.

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

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

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

AWA may permit clients to direct it to execute transactions through a specified broker-dealer. If a client directs brokerage, then the client will be required to acknowledge in writing that the client's direction with respect to the use of brokers supersedes any authority granted to AWA to select brokers; this direction may result in higher commissions, which may result in a disparity between free and directed accounts; the client may be unable to participate in block trades (unless AWA is able to engage in "step

outs"); and trades for the client and other directed accounts may be executed after trades for free accounts, which may result in less favorable prices, particularly for illiquid securities or during volatile market conditions. Not all investment advisers allow their clients to direct brokerage.

#### **4. *Valuation Methodologies***

In computing the market value of any investment of Client Account, each security listed on any national securities exchange or otherwise subject to current last-sale reporting shall be valued at the value reported on the statement that clients receive from the custodian. Such securities which are not traded nor subject to last-sale reporting shall be valued at the latest available bid price reflected by quotations furnished to by such sources as it may deem appropriate. The firm's Billing procedures are disclosed and updated in the Form ADV 2A and the client contracts.

The Firm will generally value the investments held in client account at cost unless the Firm determines a more appropriate price is necessary.

Whenever valuation information for specific, illiquid, foreign, private or other investments is not available through custodians, pricing services, or plan Administrators, or if the CCO determines that a significant event would require that the securities be re-valued, the Firm will value the position at a price that the Firm believes is reasonably related to the then current market. (This price shall be measured based on information and techniques that provide the best available estimate of a current market price. In these instances, the Firm will attempt to gather additional information such as audited financial statements, independent third-party valuations and/or other sources available to the Firm and use this information to make an independent determination of value/pricing for illiquid and hard to value investments held by its clients.

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

If AWA buys or sells the same securities on behalf of more than one client, then it may (but would be under no obligation to) aggregate or bunch such securities in a single transaction for multiple clients in order to seek more favorable prices, lower brokerage commissions, or more efficient execution. In such case, AWA would place an aggregate order with the broker on behalf of all such clients in order to ensure fairness for all clients; provided, however, that trades would be reviewed periodically to ensure that accounts are not systematically disadvantaged by this policy. AWA would determine the appropriate number of shares and select the appropriate brokers consistent with its duty to seek best execution, except for those accounts with specific brokerage direction (if any).

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

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

All client portfolio management accounts are reviewed at least quarterly only by Edward Papier with regard to clients' respective investment policies and risk tolerance levels. All accounts at AWA are assigned to this reviewer.

All financial planning accounts are reviewed upon financial plan creation and plan delivery by Edward Papier. There is only one level of review for financial planning, and that is the total review conducted to create the financial plan.

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

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

With respect to financial plans, AWA's services will generally conclude upon delivery of the financial plan.

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

Each client will receive a monthly report detailing the client's account, including assets held, asset value, and calculation of fees. This written report will come from the custodian. AWA will also provide at least quarterly a separate written statement to the client.

Each client will receive the financial plan upon completion.

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

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

AWA does not receive any economic benefit, directly or indirectly from any third party for advice rendered to AWA's clients.

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

AWA may enter into written arrangements with third parties to act as solicitors for AWA's investment management services. Solicitor relationships will be fully disclosed to each client to the extent required by applicable law. All such referral activities will be conducted in accordance with Rule 206(4)-3 under the Advisers Act, where applicable.

### **Item 15: Custody**

When advisory fees are deducted directly from client accounts at client's custodian, AWA will be deemed to have limited custody of client's assets and must have written authorization from the client to do so. Clients will receive all account statements and billing invoices that are required in each jurisdiction, and they should carefully review those statements for accuracy.

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

AWA provides discretionary investment advisory services to clients. The Investment Advisory Contract established with each client sets forth the discretionary authority for trading. Where investment discretion has been granted, AWA generally manages the client's account and makes investment decisions without consultation with the client as to when the securities are to be bought or sold for the account, the total amount of the securities to be bought/sold, what securities to buy or sell, or the price per share. In some instances, AWA's discretionary authority in making these determinations may be limited by conditions imposed by a client (in investment guidelines or objectives, or client instructions otherwise provided to AWA).

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

AWA will not ask for, nor accept voting authority for client securities. Clients will receive proxies directly from the issuer of the security or the custodian. Clients should direct all proxy questions to the issuer of the security.

### **Item 18: Financial Information**

#### **A. Balance Sheet**

AWA neither requires nor solicits prepayment of more than \$1,200 in fees per client, six months or more in advance, and therefore is not required to include a balance sheet with this brochure.

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

Neither AWA nor its management has any financial condition that is likely to reasonably impair AWA's ability to meet contractual commitments to clients.

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

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