

**Item 1 – Cover Page**

OMDURMAN, LLC

DOING BUSINESS AS

AVANTIA

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March 11, 2020

This firm brochure provides information about the qualifications and business practices of Avantia. If you have any questions about the contents of this brochure, please contact us at (206) 304-1190. 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 Avantia is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable CRD number for Avantia is 307869.

Please note that the use of the term “registered investment advisor” and description of our firm and/or our associates as “registered” does not imply a certain level of skill or training. Clients are encouraged to review this brochure and any brochure supplements (“brochure supplements”) for more information on the qualifications of our firm and our associates.

**Item 2 – Material Changes**

This is the initial version of our firm brochure. Therefore, we have no material changes to report.

We will ensure that all current clients receive a Summary of Material Changes to this and subsequent firm brochures within 120 days of the close of our fiscal year. A Summary of Material Changes is also included with our firm brochure on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable IARD/CRD number for Avantia is set forth on the cover page of this firm brochure. Clients will further be provided with disclosure about material changes effecting our firm or a new brochure as may become necessary or appropriate at any time in the future, without charge.

You may request a copy of our firm brochure by contacting us at the telephone number reflected on the cover page. A copy will be provided to you free of charge.

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#### Item 4 – Advisory Business

About Our Firm. Avantia is a Washington limited liability company founded in 2016 by its sole principal, Trevor J. Cobb. We began conducting advisory business and became registered as an investment advisor with the SEC in 2020. Our principal offices are located in Seattle, Washington.

The information contained in this brochure describes our investment advisory services, practices, and fees. Please refer to the below description of our services for information on how we tailor our investment advice to the needs of our clients. As used throughout this firm brochure, the words “we,” “our,” “firm,” “Avantia” and “us” refer to Avantia, and the words “you,” “your,” and “client” refer to you as either a client or prospective client of our firm.

Prior to forming an investment advisor-client relationship with you, we may offer a complimentary general consultation to discuss the nature of our services and to determine the possibility of a potential advisory relationship. Investment advisory services begin only after the prospective client and Avantia formalize their relationship by the execution of a written advisory agreement.

Wealth Management Services. Avantia offers custom tailored *Wealth Management Services* that combine portfolio management with financial consulting into a single comprehensive package. Under this service, we seek to act as your personal and family chief financial officer, advising on, monitoring, and coordinating the ongoing execution of virtually all of your financial and investment-related activities - including legal, accounting, and tax needs, discretionary portfolio management, and the selection and monitoring of third party money managers or sub-advisors to your accounts.

Our wealth management process begins by developing a thorough understanding of your financial circumstances, including, among other items, your current tax status, income level, and personal balance sheet; your estate planning needs, insurance coverage, and family tree; and your expected liquidity needs (including recurring and periodic flows of income and expense) in the short and long term. We will discuss your overall investment goals, previous investment experience, and tolerance for certain types of risk and complexity that can be involved in investing and planning for your financial future.

Based on our analysis of these factors, we will work with you and your existing tax, legal, accounting and/or insurance advisors to put into place an overall wealth management action plan that is uniquely designed to address your investment needs, goals and objectives. If you do not have existing trusted advisors in any particular area of concern, we may recommend appropriate third party professionals to you. You are never required to engage such persons for any services. Recommendations may be made that the client begin or revise certain investment programs or accounts, create or revise wills or trusts, obtain or revise insurance coverage, commence or alter retirement savings, or establish education savings or charitable giving programs. We may also recommend different financing options such as mortgages, lines of credit, or other custom credit solutions as those needs arise from time-to-time. We will share our recommendations with you in-person, telephonically, or by e-mail.

In addition to the consulting portion of our services, we will design an investment portfolio to meet a particular investment goal which we determine to be suitable to your financial circumstances and investment profile. The portfolio we recommend for you shall primarily consist of separately managed accounts (each account an “SMA”) managed directly by third party money managers or sub-advisors (collectively, “TPMMs”) that have been pre-screened by our firm. You will be provided with the Form ADV Part 2A brochure (or equivalent disclosures) for each recommended TPMM. We will act as a co-advisor to each of your SMAs, monitoring their performance and communicating changes in your investment profile to the underlying TPMM. Avantia, or a third-party engaged by Avantia, conducts initial and ongoing due diligence on each recommended TPMM, negotiates fees to be paid by clients and other terms, and will provide you with consolidated performance reporting of all of your SMAs. Investments typically held within SMAs include individual stocks and fixed income securities, mutual funds, exchange traded funds (“ETFs”), cash and cash equivalents.

In addition to our recommendation of TPMMs, we may further supplement your portfolio with investments in individual stocks, fixed income securities, mutual funds, and/or ETFs, as we deem appropriate and in your best interests. Client portfolios may also contain options on equity securities, structured notes, municipal securities, U.S. government securities, and other public and privately offered securities or investments, as appropriate. Where requested, we may further provide advice with respect to variable products (life insurance and annuities) and any other types of investments or asset classes held in the client’s portfolio at the inception of our advisory relationship.

We will monitor your investment accounts (including your SMAs) on an ongoing basis, and formally review them at least annually, rebalancing and/or reallocating your assets as necessary, based upon your individual needs, stated goals, investment objectives and restrictions. In addition to our ongoing monitoring of your investment accounts, the other assets contained on your personal balance sheet will be reviewed on a quarterly basis for tax, risk level (volatility, concentration, leverage, etc.), estate/retirement planning, and financing/cash flow concerns, as necessary and appropriate. During each quarter, one review topic will typically receive additional focus. For example, estate and retirement concerns may receive additional focus in the fourth quarter and tax concerns may receive additional focus in the first quarter. This quarterly review process is repeated annually in an effort to continuously improve your financial well-being.

*Investment Discretion and Restrictions.* You will be required to grant Avantia the discretionary authority to implement its investment recommendations directly within your investment accounts held at the independent qualified custodian, typically a licensed broker-dealer (“Custodian”) *without* obtaining your specific consent prior to each transaction. This authority may include the ability to allocate your assets directly to certain TPMMs available on the trading platform of your Custodian. In some instances, you may be required to execute a separate advisory agreement and/or trading authorization granting the recommended TPMMs the discretionary authority to manage and trade the assets contained in your SMAs.

For assets held outside of your investment account(s) and SMAs on which you seek our advice, including, for example, real property interests, closely held business interests, certain insurance products, automobiles, fine art, jewelry and other items of personal property (collectively “Held-

Away Assets”), we will provide recommendations which you may accept or reject, in whole or in part. We will assist you in implementing any accepted recommendations regarding your Held-Away Assets, coordinating our activities with your trusted advisors as you authorize and request. We do not provide you with legal or tax advice, although we will coordinate your needs in these areas with your trusted advisors. You are never obligated to use our firm or any third parties we might recommend for implementation of any recommendations for your Held-Away Assets. The full scope of our discretionary authority and advisory relationship with you will be set forth in a written advisory agreement.

*Investment Restrictions.* Clients always have the ability to request that we avoid transactions in certain securities, industry sectors, and/or asset classes. We will advise you if we (or any TPMs we recommend) are unable to accommodate such requests, or if we determine that your investment restrictions will otherwise frustrate our management of your account.

*Wrap Fee Program.* We do not offer, sponsor or participate in any wrap fee program.

Please see Item 8 of this brochure for a detailed description of the investment strategies we typically implement within client accounts.

*Our Assets Under Management.* Our firm is newly registered and therefore, as of the date set forth on the cover page of this firm brochure, we do not have any assets under management to report.

## **Item 5 – Fees and Compensation**

Our advisory fees for *Wealth Management Services* consist of (1) annual asset-based management fees in connection with our advisement of your investment accounts and SMAs held at the qualified Custodian and (2) fixed fees in connection with our advisement of your Held-Away Assets. These fees are negotiable and individual clients may pay fees that are higher or lower than those described in this firm brochure. We may combine the value of your related accounts to determine the applicable annual advisory fee we will charge for our services.

*Asset Based Fees.* Our asset-based advisory fees are calculated and payable quarterly, in arrears, based on a percentage of the market value of your portfolio (including any cash balances) at the end of the prior billing period as calculated by the Custodian. Asset-based fees shall be applied based on the below fee schedule on a linear basis (i.e., there is no blending of fee tiers across the value of your account). We will pro-rate our advisory fees for any partial billing periods based on the number of days services are provided. The asset-based fee portion of our advisory fees may only be amended upon at least twenty (20) days’ written notice to you.

**[CONTINUED ON THE FOLLOWING PAGE]**

### **Fee Schedule**

<b>Assets Under Management</b>	<b>Investment Grade Fixed Income/Cash and Cash Equivalents Per Annum Fee</b>	<b>Equity and Other Fixed Income Per Annum Fee</b>
\$0 – \$2,000,000	0.55%	0.80%
\$2,000,001 - \$5,000,000	0.50%	0.70%
\$5,000,001 – 10,000,000	0.40%	0.60%
\$10,000,001 - \$25,000,000	0.30%	0.50%
\$25,000,001 - \$50,000,000	0.20%	0.30%
\$50,000,001 - \$100,000,000	0.15%	0.25%
\$100,000,001 - \$250,000,000	0.08%	0.20%
\$250,000,001 - \$100,000,000,000	0.06%	0.15%

**Fixed Fees.** Our annual fixed fees typically range from \$1,500 - \$10,000 per annum, although the specific fixed fee charged to you for advisement of your Held-Away Assets may vary outside of this range. The fee you will pay for this portion of our services is agreed in advance and will be set forth in a written advisory agreement you will enter with our firm. The fixed fee will be determined based on our evaluation of the nature of your Held-Away Assets, overall financial circumstances, and financial consulting needs. As part of this analysis, we will consider, among other factors, your net worth, the complexity, amount, location and types of Held-Away Assets you hold or expect to obtain, your income, liabilities, cash reserves, retirement, tax and educational planning needs, and the time and resources expected to be required from our firm to provide services. The fixed fee will be charged quarterly, in arrears. The fixed fee portion of our Advisory Fees may vary from year to year. Any change in the fixed fees to be charged to your account will be communicated to you in writing at least twenty (20) days prior to the anniversary of our engagement.

**Direct Fee Deduction.** Unless we otherwise agree, our advisory fees will be paid to us directly from your account(s) at the Custodian. Your written authorization for our direct deduction of advisory fees will be contained in our advisory agreement and/or the Custodian's account opening documentation. We will liquidate money market shares or use cash balances from your account to pay our advisory fees, however, if money market shares or cash value are not available other investments may be liquidated to pay our fees. Clients may make additions or withdrawals from their account at any time, however, we reserve the right to adjust our advisory fees on account of such transactions on a pro-rata basis. Clients should note that some or all of the investments in their account may be intended as long-term investments and withdrawals of cash and premature liquidations of securities positions may impair the achievement of your investment objectives.

The Custodian of your account will send an account statement to you at least quarterly, identifying the amount of funds and each security in your account at the end of the period, and setting forth all transactions in the account during that period, including the amount of any advisory fees paid directly to us. You share responsibility for verifying the accuracy of our fee calculations. The

Custodian is not responsible for verifying our fees. Therefore, *we encourage you to review the Custodian's account statements carefully and promptly upon receipt.* If you believe we have miscalculated our advisory fees or if there is any other issue with your account, you should contact us immediately at the phone number listed on the cover page of this firm brochure.

*Terminating Our Services.* Our *Wealth Management Services* may be terminated by either party, without penalty or cost, within five (5) days of entering into an agreement for services. Thereafter, either party may terminate services by providing ten (10) days' written notice of termination to the non-terminating party. In the event of termination, Avantia shall be compensated by the client's payment of a pro-rated advisory fee based on the number of days during which services were provided prior to termination. All custodial termination and transfer fees, if any, assessed by Custodian will be the responsibility of the client and the client shall be solely responsible for the management of all assets held in the account following termination.

*Additional Fees and Expenses.* As part of our investment advisory services, your account may be invested in mutual funds, ETFs, privately offered investment vehicles, and or Separately Managed Accounts managed by TPMMs. Separate and in addition to our advisory fees, you will also bear the costs of any internal management, administration, and/or operating fees and expenses that may be charged by mutual funds, ETFs, private investment vehicles, and/or TPMMs to their investors. You will also pay the Custodian of your account all transaction charges, custodial, and/or brokerage fees and commissions, mark-ups and mark-downs, spreads, wire transfer fees and other fees and taxes associated with activity in your brokerage account. We do not share in any portion of the foregoing additional fees and expenses. To fully understand the total cost you will incur you should review the prospectus of each mutual fund, ETF, private investment vehicle, and/or Separately Managed Account program in which you are invested and the contractual arrangement with the Custodian of your account. For information on our brokerage practices, please refer to Item 12 of this firm brochure.

*Fee Only.* Avantia is a "fee-only" investment advisory firm. This means we are compensated solely through the advisory fees paid by our clients. No supervised person associated with Avantia receives or accepts any fees or commissions for the sale of any securities or insurance products or services or for referrals of our clients to any third parties. We believe this method of compensation best aligns with our fiduciary duty to our clients.

*Individual Retirement Account Rollover Disclosure.* As part of our advisory services to you, we may recommend that you withdraw or "roll over" assets from an employer's retirement plan to an individual retirement account ("IRA") that we may advise on and which may therefore result in additional advisory fees payable to us. This type of recommendation represents a conflict of interest for our firm. If we make this type of recommendation you are under no obligation to follow such advice. Alternatively, you may have the options of (1) maintaining your retirement plan as is, (2) rolling over your account to the employer's new retirement plan, (3) taking a taxable distribution, or (4) rolling over your account to a new IRA. It is important to understand the advantages and disadvantages of each approach, which will depend on individual financial circumstances. Prior to proceeding with any such action, we encourage you to contact us and your independent legal and/or tax professionals for more information.



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

We do not charge any performance-based fees for our services or engage in side-by-side management of client accounts.

Avantia and/or individuals associated with our firm may manage accounts which belong either to themselves, individually, or to their family or their affiliates (collectively, “Proprietary Accounts”) while simultaneously managing client accounts. It is possible that orders for Proprietary Accounts may be entered simultaneously (but typically only as part of a block trade) with or opposite to orders for client accounts, pursuant to, for instance, a neutral allocation system, a different trading strategy, or trading at a different risk level. The management of any Proprietary Account is subject to our Code of Ethics and the duty of our firm and its personnel to exercise good faith and fairness in all matters affecting client accounts.

### **Item 7 – Types of Clients**

We provide investment advice to individuals, high net worth individuals, non-profit organizations, trusts, partnerships, corporations and other business entities. We generally require a minimum opening account size of \$10,000,000 and a minimum annual fee of \$20,000 to open or maintain an advisory relationship. We may waive these minimums in our sole discretion on a per client basis.

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

*Methods of Analysis and Investment Strategies.* We take a pragmatic approach to identifying, researching, and implementing prospective investments in client accounts. We independently research and monitor the markets for equities, fixed income, separately managed account strategies, and other public and private investments to identify investment ideas and opportunities we believe to be appropriate for our clients. We then conduct deeper analysis and due diligence on the investments and managers we believe to be most likely to improve risk adjusted returns for our clients’ portfolios and which fit within their overall financial blueprints. We regularly monitor our clients’ portfolios (including SMAs) and will implement and/or recommend changes as needed or appropriate, in consideration of current economic conditions, our market opinions and assumptions, and the client’s unique financial circumstances and goals.

As part of this process, we may use some or all of the following *methods of analysis* and *investment strategies*:

*Asset Allocation.* Rather than focusing on selecting the particular securities or other assets to invest for your account, we attempt to identify an appropriate ratio of various types of investments (for example, stocks, fixed income, and cash) suitable to investment goals, time horizon, and risk tolerance. A risk of asset allocation is that you may not participate in sharp increases in a particular security, industry or market sector. Another risk is that the ratio of securities, fixed income, and cash will change over time due to stock and market

movements and, if not corrected, will no longer be appropriate to meet with your investment goals.

*Mutual Fund and ETF Selection and Analysis.* We evaluate and select mutual funds and/or ETFs for your account based on several factors which may include, without limitation, the fund's (1) performance track record, (2) fees, (3) tracking error to the relevant asset class benchmark used in the portfolio, (4) concentration risks, and (5) exposure to other risk factors such as geographic, political, tax, and other risks. We also seek to understand the liquidity in the ETF as well as any premium or discount it might trade at in the market.

A risk of mutual funds and ETF analysis is that, as in all securities investments, past performance does not guarantee future results. A fund manager's past track record of success cannot be relied upon as a predictor of success in the future. In addition, the underlying holdings of the fund are determined by independent fund managers and may change overtime without advance warning, creating the potential for overlap with other investments held in your account. This increase in the correlation of your holdings will increase the risk of loss where the value of any overlapping holdings should decrease. There is also a risk that a manager may deviate from the stated investment mandate or strategy of the mutual fund or ETF, which could make the holding(s) less suitable for the client's portfolio.

*TPMM Selection and Analysis.* This is the analysis of the experience, investment philosophies, and past performance of independent TPMMs in an attempt to determine if that manager has demonstrated an ability to invest over a period of time and in different economic conditions. Key factors we consider when evaluating TPMMs are their investment process and philosophy, risk management methods and procedures, historical performance, investment strategy and style, fees and operating expenses, assets under management and number of clients, and tax-efficiencies. Our evaluation may also incorporate both qualitative and quantitative fundamental analysis to validate and confirm a TPMM's investment style and skill, as well as to compare them to other managers of similar style. We may utilize various research databases, proprietary models, financial periodicals, prospectuses and filings with the SEC, industry contacts and manager data, among other items, as part of the research process. Monitoring the TPMM's underlying holdings, strategies, concentrations and leverage as part of our overall periodic risk assessment typically completes the analysis. As part of the due-diligence process, the TPMM's compliance and business enterprise risks may be surveyed and reviewed.

Please refer to the disclosure brochure of each recommended TPMM for more information on the methods of analysis and investment strategies they may utilize in managing your SMA(s).

*Long-term Purchases.* We primarily take a long term, passive, "buy and hold" approach to investing client assets. In this type of investment strategy, we suggest the purchase of securities with the idea of holding them in a portfolio for a year or longer. Typically, we employ this strategy when (1) we believe the securities to be currently undervalued, and/or

(2) we want the portfolio to have exposure to a particular asset class over time, regardless of the current projection for this class.

A risk in a long-term purchase strategy is that by holding the security for this length of time, we may not take advantage of short-term gains that could be profitable to a client. Moreover, if our predictions are incorrect, a security may decline sharply in value before we make the recommendation to sell.

*Short-term Purchases.* When utilizing this strategy, we may suggest the purchase of securities with the idea of selling them within a relatively short time (typically a year or less). We do this in an attempt to take advantage of conditions that we believe will soon result in a price swing in the securities we recommend for purchase.

A short-term purchase strategy poses risks should the anticipated price swing not materialize; we are then left with the option of having a long-term investment in a security that was designed to be a short-term purchase, or potentially taking a loss. In addition, this strategy involves more frequent trading than does a longer-term strategy, and will result in increased brokerage and other transaction-related costs, as well as less favorable tax treatment of short-term capital gains.

We use our best judgment and good faith efforts in rendering investment advice to our clients. We cannot warrant or guarantee any particular level of account performance, or that an account will be profitable over time. Not every investment recommendation we make will be profitable. **Investing in securities involves risk of loss that clients should be prepared to bear.** You assume all market risk involved in the investment of your account assets. Investments are subject to various market, currency, economic, political, and business risks.

Except as may otherwise be provided by law, we are not liable to you for:

- any loss that you may suffer by reason of any investment recommendation we made with that degree of care, skill, and diligence under the circumstances that a prudent person acting in a fiduciary capacity would use; or
- any independent act or failure to act by a custodian of your account(s).

*Summary of Investment Risks.* While all investing involves risks and losses can and will occur, our advisory services generally recommend a broad and diversified allocation of mutual funds and other securities intended to reduce the specific risks associated with a concentrated or undiversified portfolio. Nonetheless, you should consider the following high-level summary of investment risks. **This list is not intended to be an exhaustive description of all risks you may encounter in engaging our firm for advisory services. We encourage you to inquire with us frequently about the risks related to any investments in your account.**

*Risk of Loss.* Securities investments are not guaranteed, and you may lose money on your investments. As with any investment manager that invests in common stocks and other equity securities, our investment recommendations are subject to market risk—the

possibility that securities prices will decline over short or extended periods of time. As a result, the value of your account(s) will fluctuate with the market, and you could lose money over short or long periods of time. You should recognize whenever you determine to invest in the securities markets your entire investment is at risk. Clients should not invest money if they are unable to bear the risk of total loss of their investments.

*Economic Risk.* The prevailing economic environment is important to the health of all businesses. Some companies, however, are more sensitive to changes in the domestic or global economy than others. These types of companies are often referred to as cyclical businesses. Countries in which a large portion of businesses are in cyclical industries are thus also very economically sensitive and carry a higher amount of economic risk. If an investment is issued by a party located in a country that experiences wide swings from an economic standpoint or in situations where certain elements of an investment instrument are hinged on dealings in such countries, the investment instrument will generally be subject to a higher level of economic risk.

*Liquidity Risk.* Certain assets, including without limitation, private investment vehicles, may not be readily converted into cash or may have a very limited market in which they trade. Thus, you may experience the risk that your investment or assets within your investment may not be able to be liquidated quickly, thus, extending the period of time by which you may receive the proceeds from your investment. Liquidity risk can also result in unfavorable pricing when exiting (i.e. not being able to quickly get out of an investment before the price drops significantly) a particular investment and therefore, can have a negative impact on investment returns.

*Market Risk.* The value of your portfolio may decrease if the value of an individual company or multiple companies in the portfolio decreases or if our belief about a company's intrinsic worth is incorrect. Further, regardless of how well individual companies perform, the value of your portfolio could also decrease if there are deteriorating economic or market conditions. It is important to understand that the value of your investment may fall, sometimes sharply, in response to changes in the market, and you could lose money. Investment risks include price risk as may be observed by a drop in a security's price due to company specific events (e.g. earnings disappointment or downgrade in the rating of a bond) or general market risk (e.g. such as a "bear" market when stock values fall in general). For fixed-income securities, a period of rising interest rates could erode the value of a bond since bond values generally fall as bond yields go up. Past performance is not a guarantee of future returns.

*TPMM Risks.* A TPMM's past track record of success cannot be relied upon as a predictor of success in the future. In addition, the underlying holdings of your TPMM account(s) are determined by TPMM directly, and may change overtime without advance warning to Avantia, creating the potential for overlap with other investments held in your account. This increase in the correlation of your holdings will increase the risk of loss where the value of any overlapping holdings should decrease. There is also a risk that a TPMM may deviate from the stated investment mandate or strategy of the account, which could make the holding(s) less suitable for the client's portfolio. Avantia does not control any TPMM's

daily business and compliance operations, and thus our firm may be unaware of any lack of internal controls necessary to prevent business, regulatory or reputational deficiencies.

*Private Investment Vehicle Risks.* Private investment vehicles involve a substantially higher degree of risk and are more speculative than public (market-traded) securities. They are not appropriate for all clients. You should be financially capable of accepting an extremely high degree of risk and should have significant resources beyond those invested in any privately offered investment or fund. Stated differently, your private investments should purely represent “risk capital” within your overall investment portfolio, the complete loss of which would have insubstantial effect on your overall financial circumstances and financial goals. Clients are urged to carefully review any disclosure documents, operating agreements, subscription materials, private placement memoranda, prospectuses and similar documentation provided by the issuers of private securities with their independent legal and tax advisors before investing.

*Risks Related to Analysis Methods.* Our analysis of securities relies in part on the assumption that the issuers whose securities we recommend for purchase and sale, the rating agencies that review these securities, and other publicly-available sources of information about these securities, are providing accurate and unbiased data. While we are alert to indications that data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information.

*Securities Transactions at the Direction of Clients.* Clients always maintain the concurrent ability to make transactions within their client’s account held at the Custodian and with respect to Held-Away Assets. Our firm is not responsible for the consequences of the client’s self-directed transactions.

*Interim Changes in Client Risk Tolerance and Financial Outlook.* The particular investments recommended by our firm are based solely upon the investment objectives and financial circumstances disclosed to us by the client. While we strive to meet with clients at regular intervals (at least annually, unless otherwise agreed) to discuss any changes in the client’s financial circumstances, the lack of constant and continuous communication presents a risk insofar as your liquidity, net worth, risk tolerance and/or investment goals could change abruptly, with no advance notice to our firm, resulting in a mis-aligned investment portfolio and the potential for losses or other negative financial consequences.

**It is your continuing and exclusive responsibility to give us complete information and to notify us of any changes in your financial circumstances, income level, investment goals or employment status. We encourage you to contact us regularly and promptly to discuss any such changes.**

### **Item 9 – Disciplinary Information**

Avantia is required to disclose all material facts regarding any legal or disciplinary event that would be material to your evaluation of our firm, or the integrity of our management. We have no information to disclose under this Item.

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

Our firm and our related persons are not registered, nor do they have an application pending to register, as a broker-dealer, futures commission merchant, commodity pool operator, commodity trading advisor, or an associated person of any of the foregoing.

Avantia does not have any relationships, activities, affiliations or arrangements that create a material conflict of interest with its clients.

We do not receive any additional compensation, either directly or indirectly, in connection with referrals of our client to any TPMMs, attorneys, tax advisors, accountants, insurance professionals, or any other third parties. We will only recommend and refer such third party professionals to you when we believe the same to be in your best interests.

**Item 11 – Code of Ethics, Participation or Interest in Client Transaction & Personal Trading**

*Our Code of Ethics.* We subscribe to an ethical and high standard of conduct in all our business activity in order to fulfill the fiduciary duty we owe to our clients. Included in these ethical obligations is the duty to put our client's interests ahead of our own along with duties of loyalty, fairness, and good faith towards our clients. We disclose to clients material conflicts of interest which could reasonably be expected to impair our rendering of unbiased and objective advice.

Avantia has a Code of Ethics ("Code") which all employees are required to follow. The Code outlines proper conduct related to all services provided to Clients and will be made available to you, free of charge, upon request by contacting us at the phone number listed on the cover page of this firm brochure. Prompt reporting of internal violations is mandatory.

Designed to prevent conflicts of interest between the financial interests of clients and the interests of the firm and its staff, the Code requires, among other procedures, our "access persons" to report their personal securities transactions quarterly and to report all securities positions in which they have a beneficial interest at least annually. These reporting requirements allow us to determine whether to allow or prohibit certain employee securities purchases and sales based on transactions made, or anticipated to be made, in the same securities which may be purchased or sold for client accounts. The Code is required to be reviewed annually and updated as necessary.

*Material/Proprietary Interests in Securities Recommended to Clients.* Our firm and individuals associated with our firm do not have any proprietary or material interests in or any role in the management of any companies or investments that we recommend to our clients.

*Personal Trading; Participation or Interest in Client Transactions.* As described in Item 6 of this brochure, Avantia and/or individuals associated with our firm may manage Proprietary Accounts. Proprietary Accounts may buy and sell some the same securities as we buy or sell for client accounts. This practice creates an actual conflict of interest with our clients insofar as our firm or individuals associated with our firm may have a financial incentive to trade in securities for Proprietary Accounts in advance of or opposite to transactions in the same securities for client



accounts. To address this conflict, our policy is that, assuming the purchase or sale is otherwise appropriate for the subject client accounts, we will purchase or sell securities for our clients' accounts, as the case may be, before purchasing or selling any of the same securities for any Proprietary Accounts. In some cases we may buy or sell securities for our own account for reasons not related to the strategies adopted by our clients. The only exception to this general rule is where our Proprietary Accounts may participate in an aggregate ("block") trade simultaneously with client accounts.

In summary, our practice of buying and selling for Proprietary Accounts the same securities that we buy or sell for client accounts is restricted by the following controls:

- We are required to uphold our fiduciary duty to our clients;
- We are prohibited from misusing information about our clients' securities holdings or transactions to gain any undue advantage for ourselves or others;
- We are prohibited from buying or selling any security that we are currently recommending for client accounts, unless we participate in an aggregated trade with clients, or unless we place our orders after client orders have been executed; and
- We are required to periodically report our securities holdings and transactions to the firm's Chief Compliance Officer, who must review those reports for improper trades.

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 interest of all the accounts we advise.

We will disclose to advisory clients any material conflict of interest relating to us, our representatives, or any of our employees which could reasonably be expected to impair the rendering of unbiased and objective advice.

## **Item 12 – Brokerage Practices**

*Recommendation of Broker-Dealers; Duty of Best Execution; Directed Brokerage; and Soft Dollar Practices.* Although clients may request us to use a broker-dealer of their choosing, we generally recommend that clients open brokerage accounts with Charles Schwab ("Charles Schwab"), an unaffiliated SEC registered broker-dealer firm and member of the Financial Industry Regulatory Authority ("FINRA") and the Securities Investor Protection Corporation ("SIPC"). We are not affiliated with Charles Schwab and Charles Schwab does not monitor or control the activities of Avantia or its personnel. We do not have the discretion to determine the broker to be used for the execution of client transactions or the commission rates at which such transactions are to be effected for the client. The client will make the final decision of the Custodian to be used to hold the client's investments and to execute transactions for the client's account by signing the selected broker's account opening documentation.

In recommending broker-dealers, we have an obligation to seek the "best execution" of transactions in your account. This duty requires that we seek to execute securities transactions for

clients such that the total costs or proceeds in each transaction are the most favorable under the circumstances. The determinative factor in the analysis of best execution is not the lowest possible commission cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of the recommended broker-dealer's services. The factors we consider when evaluating a broker-dealer for best execution include, without limitation, the broker-dealer's:

- Execution capability;
- Commission rate;
- Financial responsibility;
- Responsiveness and customer service;
- Custodian capabilities;
- Research services/ancillary brokerage services provided; and
- Any other factors that we consider relevant.

Therefore, we will seek competitive commission rates, but we may not obtain the lowest possible commission rates for specific account transactions. With this in consideration, our firm will continue to recommend that clients use Charles Schwab until their services do not result, in our opinion, in best execution of client transactions.

If the client selects the broker-dealer other than the recommended broker-dealer (i.e., *directed brokerage*), you are advised that we may be unable to seek best execution of your transactions and your commission costs may be higher than those of our recommended broker-dealer. For example, in a directed brokerage account, you may pay higher brokerage commissions and/or receive less favorable prices on the underlying securities purchased or sold for your account because we may not be able to aggregate your order with the orders of other clients. In addition, where you direct brokerage, we may place orders for your transactions after we place transactions for clients using our recommended broker-dealer. We reserve the right to reject your request to use a particular broker-dealer if we believe such selection would frustrate our management of your account, or for any other reason.

Charles Schwab may provide us with certain brokerage and research products and services that qualify as "brokerage or research services" under Section 28(e) of the Securities Exchange Act of 1934 ("Exchange Act"). This is commonly referred to as a "*soft dollar*" arrangement. These research products and/or services will assist us in our investment decision making process. Such research generally will be used to service all of our client accounts, but brokerage charges paid by the client may be used to pay for research that is not used in managing that specific client's account. Your account may pay to Charles Schwab a charge greater than another qualified broker-dealer might charge to effect the same transaction where we determine in good faith that the charge is reasonable in relation to the value of the brokerage and research services received.

There may be other benefits from recommending Charles Schwab such as software and other technology that (i) provide access to client account data (such as trade confirmations and account statements); (ii) facilitate trade execution and allocate aggregated trade orders for multiple client accounts; (iii) provide research, pricing and other market data; (iv) facilitate payment of fees from its client accounts; and (v) assist with back-office functions, recordkeeping and client reporting.



Other services may include, but are not limited to, performance reporting, contact management systems, third party research, publications, access to educational conferences, roundtables and webinars, practice management resources, access to consultants and other third party service providers who provide a wide array of business related services and technology with whom we may contract directly.

While we do not pay a fee for these products/services, all client accounts may not be the direct or exclusive beneficiary of such products/services. Based upon the receipt of such services and information, we may have an incentive to select a broker-dealer based upon our desire to receive these services rather than receiving best execution for you.

We do not receive any compensation or incentive for referring you to broker-dealers for brokerage trades.

Order Aggregation. We may aggregate client orders, so long as it is done for purposes of achieving best execution, and so long as no client is systematically advantaged or disadvantaged. Before aggregating client orders, we document the participating accounts and the allocation instructions. We submit allocation instructions to the broker-dealer before the market closes on the day of the order. We allocate aggregated orders to client accounts at the average price obtained. We allocate partially filled orders pro-rata based on the size of the order placed by each account. If we judge that we cannot or should not allocate a partially filled order pro-rata (e.g., if the quantity of securities obtained is too small or would not have a material impact if distributed among each account), then we apply the following procedures:

- We allocate the order to client accounts only (i.e., no employees that participated in the order may receive any allocation); and
- We document our allocation decision.

### **Item 13 – Review of Accounts**

Account Review Policy. *Wealth Management Services* accounts are generally reviewed by our sole principal, Trevor J. Cobb, who is responsible for overseeing all investment advisory activities for the firm, on a regular basis. However, individuals conducting reviews may vary from time to time, as personnel join or leave our firm. The frequency of reviews is determined based on each client's investment objectives and investment profile. Accounts are generally reviewed quarterly, but in any event, no less than annually.

More Frequent Account Reviews. More frequent reviews of *Wealth Management Services* accounts and may be triggered by a change in the client's investment objectives; risk/return profile; tax considerations; contributions and/or withdrawals; large sales or purchases; security specific events; changes in the economy more generally; or upon the client's reasonable request for a specific topical update.

Reporting to Clients. Clients receive standard account statements and trade confirmations from their Custodian at least quarterly, detailing all holdings and transactions in their account for the covered period. In addition, Avantia will provide written reports to you at least annually, and

otherwise as you may reasonably request. Reports we provide to you will contain relevant account and/or market-related information such as an inventory of account holdings and account performance, as examples.

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

Aside from any research or services we may receive from Charles Schwab described in Item 12, we have no arrangements, written or oral, in which we compensate others or are compensated by others for client referrals.

#### **Item 15 – Custody**

With the exception of our ability to directly debit fees as outlined in Item 5, we do not hold, directly or indirectly, client funds or securities, or have any authority to obtain possession of them. All client assets are held at the qualified Custodian. We currently recommend Charles Schwab to act as your qualified Custodian to hold your assets and execute securities transactions for your account.

We shall have no liability to you for any loss or other harm to any property in the account, including any harm to any property in the account resulting from the insolvency of the custodian or any acts of the agents or employees of the custodian and whether or not the full amount of such loss is covered by the SIPC or any other insurance which may be carried by the Custodian. Clients understand that SIPC provides only limited protection for the loss of property held by a Custodian.

#### **Item 16 – Investment Discretion**

We receive discretionary authority from you at the outset of an advisory relationship to select the identity and amount of securities to be bought or sold for your account and the timing of all such transactions, *without* your prior approval of each specific transaction we may direct. In all cases, we exercise such discretion only in a manner consistent with our understanding of your unique investment profile. When considering and selecting securities and determining amounts for investments, we will observe the guidelines for your investment policies, limitations, and restrictions, if any. Any investment guidelines and restrictions must be provided to us in writing. Our discretionary authority is formalized in a written advisory agreement with the client.

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

Avantia exercises voting authority over client proxies and has adopted proxy voting policies and procedures in accordance with Rule 206(4)-6 under the Investment Advisers Act of 1940. The policies require us to vote proxies received in a manner consistent with the best interests of the client.

The policies also require Avantia to vote proxies in a prudent and diligent manner intended to enhance the economic value of the assets of its clients. However, the policies permit us to abstain from voting proxies if, in Avantia's judgment, the client's economic interest in the matter being voted upon is limited relative to the client's overall portfolio or the impact of the client's vote will

not have an effect on its outcome or on the client's economic interests. Once Avantia has agreed to vote proxies on behalf of a client account, it may instruct the client's custodian to forward all proxy materials to a third party proxy voting service provider engaged by Avantia to administer proxy voting.

Avantia's voting guidelines are summarized below:

- Avantia will generally vote in line with recommendations for proxies relating to general housekeeping items.
- Avantia will generally vote against proposals to entrench the board or adopt anti-takeover measures and that provide cumulative voting rights.
- Although many proxy proposals can be voted in accordance with our proxy voting guidelines, some proposals will require special consideration, and we will make a decision on a case-by case basis in these situations.
- Where a proxy proposal raises a material conflict between Avantia's interests and the interests of the clients, we will seek to resolve the conflict in the best interest of the clients.

Clients may obtain a copy of the Avantia's complete proxy voting policies and procedures upon request. Clients may also obtain information from us about how we voted any proxies on behalf of their account(s).

### **Item 18 – Financial Information**

As an advisory firm that maintains discretionary authority for client accounts, Avantia is required to disclose any financial condition that is reasonably likely to impair our ability to meet our contractual obligations. We have no such financial circumstances to report.

We do not require or solicit payment of fees in excess of \$1,200 per client six months or more in advance of services being rendered. Therefore, we are not required to include a financial statement.

Neither Avantia nor its principal have been the subject of a bankruptcy petition at any time.