

# Silicon Private Wealth, LLC

## Firm Brochure - Form ADV Part 2A

*This brochure provides information about the qualifications and business practices of Silicon Private Wealth, LLC. If you have any questions about the contents of this brochure, please contact us at (408) 645-7784 or by email at: [ccunningham@siliconprivatewealth.com](mailto:ccunningham@siliconprivatewealth.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 Silicon Private Wealth, LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Silicon Private Wealth, LLC's CRD number is: 284145.*

48883 Crown Ridge Common  
Fremont, CA 94539

500 Washington St., Ste. 325  
San Francisco, CA 94111

408-645-7784  
[ccunningham@siliconprivatewealth.com](mailto:ccunningham@siliconprivatewealth.com)

*Silicon Private Wealth, LLC is a registered investment adviser. Registration does not imply a certain level of skill or training.*

Version Date: 05/13/2020

## **Item 2: Material Changes**

The material changes in this brochure from the last annual updating amendment of Silicon Private Wealth, LLC on 1/23/2019 are described below. Material changes relate to Silicon Private Wealth, LLC's policies, practices or conflicts of interests.

- SPWL has updated their ownership information. (Item 4.A)
- Calum John Cunningham is the firm's Chief Compliance Officer.
- The firm has transitioned to registration with the United States Securities and Exchange Commission from its prior registration at the state level.
- SPWL has updated fees and compensation (Item 5).

## Item 3: Table of Contents

Item 1: Cover Page.....	i
Item 2: Material Changes.....	ii
Item 3: Table of Contents.....	iii
Item 4: Advisory Business.....	6
A. Description of the Advisory Firm.....	6
B. Types of Advisory Services.....	6
Selection of Other Advisers.....	7
C. Client Tailored Services and Client Imposed Restrictions.....	7
D. Wrap Fee Programs.....	7
E. Assets Under Management.....	8
Item 5: Fees and Compensation.....	8
A. Fee Schedule.....	8
Selection of Other Advisers Fees.....	9
B. Payment of Fees.....	9
Payment of Selection of Other Advisers Fees.....	9
C. Client Responsibility For Third Party Fees.....	9
D. Prepayment of Fees.....	9
E. Outside Compensation For the Sale of Securities to Clients.....	10
Item 6: Performance-Based Fees and Side-By-Side Management.....	10
Item 7: Types of Clients.....	11
Item 8: Methods of Analysis, Investment Strategies, & Risk of Loss.....	11
A. Methods of Analysis and Investment Strategies.....	11
B. Material Risks Involved.....	12
C. Risks of Specific Securities Utilized.....	13
Item 9: Disciplinary Information.....	16
A. Criminal or Civil Actions.....	16
B. Administrative Proceedings.....	16
C. Self-regulatory Organization (SRO) Proceedings.....	16
Item 10: Other Financial Industry Activities and Affiliations.....	16
A. Registration as a Broker/Dealer or Broker/Dealer Representative.....	16
B. Registration as a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor.....	16
C. Registration Relationships Material to this Advisory Business and Possible Conflicts of Interests.....	16
D. Selection of Other Advisers or Managers and How This Adviser is Compensated for Those Selections.....	17
Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.....	18

A.Code of Ethics .....	18
B.Recommendations Involving Material Financial Interests .....	18
C.Investing Personal Money in the Same Securities as Clients .....	18
D.Trading Securities At/ Around the Same Time as Clients’ Securities.....	18
Item 12: Brokerage Practices.....	19
A.Factors Used to Select Custodians and/or Broker/Dealers.....	19
1.Research and Other Soft-Dollar Benefits .....	19
2.Brokerage for Client Referrals.....	19
3.Clients Directing Which Broker/Dealer/Custodian to Use.....	20
B.Aggregating (Block) Trading for Multiple Client Accounts .....	20
Item 13: Review of Accounts .....	20
A.Frequency and Nature of Periodic Reviews and Who Makes Those Reviews .....	20
B.Factors That Will Trigger a Non-Periodic Review of Client Accounts.....	20
C.Content and Frequency of Regular Reports Provided to Clients .....	21
Item 14: Client Referrals and Other Compensation .....	21
A.Economic Benefits Provided by Third Parties for Advice Rendered to Clients (Includes Sales Awards or Other Prizes) .....	21
B.Compensation to Non – Advisory Personnel for Client Referrals .....	22
Item 15: Custody.....	22
Item 16: Investment Discretion .....	23
Item 17: Voting Client Securities (Proxy Voting).....	23
Item 18: Financial Information.....	23
A.Balance Sheet.....	23
B.Financial Conditions Reasonably Likely to Impair Ability to Meet Contractual Commitments to Clients .....	24
C.Bankruptcy Petitions in Previous Ten Years .....	24

## **Item 4: Advisory Business**

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

Silicon Private Wealth, LLC (hereinafter "SPWL") is a Limited Liability Company. The firm was formed in April 2016, and the principal owners are Patricia Gail Williams, Calum Cunningham, Richard Mordesovich, and Scott Smith.

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

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

SPWL offers ongoing portfolio management services based on the individual goals, objectives, time horizon, and risk tolerance of each client. SPWL 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
- Asset allocation
- Risk tolerance
- Third Party arrangements
- Personal investment policy
- Asset selection
- Regular portfolio monitoring

SPWL evaluates the current investments of each client with respect to their risk tolerance levels and time horizon. Risk tolerance levels are documented in the Investment Policy Statement, which is given to each client.

SPWL seeks to provide that investment decisions are made in accordance with the fiduciary duties owed to its accounts and without consideration of SPWL's economic, investment or other financial interests. To meet its fiduciary obligations, SPWL attempts to avoid, among other things, investment or trading practices that systematically advantage or disadvantage certain client portfolios, and accordingly, SPWL'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 SPWL'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.

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

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

In offering financial planning, a conflict exists between the interests of the investment adviser and the interests of the client. The client is under no obligation to act upon the investment adviser's recommendation, and, if the client elects to act on any of the recommendations, the client is under no obligation to effect the transaction through the investment adviser. This statement is required by California Code of Regulations, 10 CCR Section 260.235.2.

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

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

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

SPWL may direct clients to third-party investment advisers. Before selecting other advisers for clients, SPWL will verify that all recommended advisers are properly licensed, notice filed, or exempt in the states where SPWL is recommending the adviser to clients.

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

SPWL will tailor a program for each individual client. 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 SPWL on behalf of the client. SPWL 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 SPWL from properly servicing the client account, or if the restrictions would require SPWL to deviate from its standard suite of services, SPWL 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. SPWL does not participate in any wrap fee programs.

## **E. Assets Under Management**

SPWL has the following assets under management:

<b>Discretionary Amounts:</b>	<b>Non-discretionary Amounts:</b>	<b>Date Calculated:</b>
\$69,966,416	\$48,869,213	December 2019

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

Lower fees for comparable services may be available from other sources.

### **A. Fee Schedule**

#### ***Portfolio Management Fees***

<b>Total Assets Under Management</b>	<b>Annual Fees</b>
\$0 - \$249,999	1.50%
\$250,000 - \$999,999	1.30%
\$1,000,000 - \$5,000,000	1.00%
\$5,000,000 - And Up	0.80%

SPWL uses the portfolio value of the last business day of the quarter, billing in advance for the coming quarter in the client's account throughout the billing period, after taking into account deposits and withdrawals, for purposes of determining the market value of the assets upon which the advisory fee is based.

These fees are generally negotiable and the final fee schedule is attached as Exhibit II of the Investment Advisory Contract. Clients may terminate the agreement without penalty for a full refund of SPWL's fees within five business days of signing the Investment Advisory Contract. Thereafter, clients may terminate the Investment Advisory Contract generally with 14 days' written notice.

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

##### **Fixed Fees**

The negotiated fixed rate for creating client financial plans is \$5,000 - \$10,000.

## Hourly Fees

The hourly fee for these services is \$300.

### *Selection of Other Advisers Fees*

SPWL may direct clients to third-party investment advisers. SPWL will be compensated via a fee share from the advisers to which it directs those clients. The fees shared are negotiable and 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.

SPWL may specifically direct clients to Harris Associates LP. The annual fee schedule is as follows:

Total Assets	SPWL's Fee	Harris Associates LP's Fee	Total Fee
\$500,000 and Up	0.45%	0.55%	1.00%

## **B. Payment of Fees**

### *Payment of 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, or may be invoiced and billed directly to the client on a quarterly basis. Clients may select the method in which they are billed. Fees are paid in advance and SPWL will refund any pre-paid fees not utilized within 15 business days of account closure.

### *Payment of Financial Planning Fees*

Financial planning fees are withdrawn directly from client account with client written authorization & Invoiced and payable via cash, check, or wire and 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 advisor.

## **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 SPWL. Please see Item 12 of this brochure regarding broker-dealer/custodian.

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

SPWL collects fees in advance. Refunds for fees paid in advance will be returned within fourteen days to the client via check, or return deposit back into the client's account.

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

Patricia Gail Williams and Scott Taylor Smith are registered representatives of a broker-dealer and in this role, they accept compensation for the sale of investment products to SPWL clients.

##### ***1. This is a Conflict of Interest***

Supervised persons may accept compensation for the sale of investment products, including asset based sales charges or service fees from the sale of mutual funds to SPWL's clients. This presents a conflict of interest and gives the supervised person an incentive to recommend products based on the compensation received rather than on the client's needs. When recommending the sale of investment products for which the supervised persons receives compensation, SPWL will document the conflict of interest in the client file and inform the client of the conflict of interest.

##### ***2. Clients Have the Option to Purchase Recommended Products from Other Brokers***

Clients always have the option to purchase SPWL recommended products through other brokers or agents that are not affiliated with SPWL.

##### ***3. Commissions are not SPWL's primary source of compensation for advisory services***

Commissions are not SPWL's primary source of compensation for advisory services.

##### ***4. Advisory Fees in Addition to Commissions or Markups***

Advisory fees that are charged to clients are not reduced to offset the commissions or markups on investment products recommended to clients.

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

SPWL 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

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

- ❖ Individuals
- ❖ High-Net-Worth Individuals

There is no account minimum for any of SPWL's services.

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

### A. Methods of Analysis and Investment Strategies

#### *Methods of Analysis*

SPWL's methods of analysis include Charting analysis, Cyclical analysis, Fundamental analysis, Modern portfolio theory, Quantitative analysis or Technical analysis.

**Charting analysis** involves the use of patterns in performance charts. SPWL uses this technique to search for patterns used to help predict favorable conditions for buying and/or selling a security.

**Cyclical analysis** involves the analysis of business cycles to find favorable conditions for buying and/or selling a security.

**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.

**Quantitative analysis** deals with measurable factors as distinguished from qualitative considerations such as the character of management or the state of employee morale, such as the value of assets, the cost of capital, historical projections of sales, and so on.

**Technical analysis** involves the analysis of past market data; primarily price and volume.

## *Investment Strategies*

SPWL uses long term trading, short term trading, short sales, margin transactions or 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*

**Charting analysis** strategy involves using and comparing various charts to predict long and short term performance or market trends. The risk involved in using this method is that only past performance data is considered without using other methods to crosscheck data. Using charting analysis without other methods of analysis would be making the assumption that past performance will be indicative of future performance. This may not be the case.

**Cyclical analysis** assumes that the markets react in cyclical patterns which, once identified, can be leveraged to provide performance. The risks with this strategy are two-fold: 1) the markets do not always repeat cyclical patterns; and 2) if too many investors begin to implement this strategy, then it changes the very cycles these investors are trying to exploit.

**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 averse, 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.

**Quantitative analysis** Investment strategies using quantitative models may perform differently than expected as a result of, among other things, the factors used in the models, the weight placed on each factor, changes from the factors' historical trends, and technical issues in the construction and implementation of the models.

**Technical analysis** attempts to predict a future stock price or direction based on market trends. The assumption is that the market follows discernible patterns and if these patterns can be identified then a prediction can be made. The risk is that markets do not always follow patterns and relying solely on this method may not take into account new patterns that emerge over time.

### ***Investment Strategies***

SPWL's use of short sales, margin transactions or options trading generally holds 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.

**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.

**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.

**Short term trading** risks include liquidity, economic stability, and inflation, in addition to the long term trading risks listed above. Frequent trading can affect investment performance, particularly through increased brokerage and other transaction costs and taxes.

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

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

SPWL's use of short sales, margin transactions or options trading generally holds 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.

**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, 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. Risks of investing in foreign fixed income securities also include the general risk of non-U.S. investing described below.

**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.

**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.

**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**

There are no criminal or civil actions to report.

## **B. Administrative Proceedings**

There are no administrative proceedings to report.

## **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**

As a registered representative of Purshe Kaplan Sterling, Patricia Gail Williams accepts compensation for the sale of securities.

As a registered representative of Viant Capital LLC, Scott Taylor Smith accepts compensation for the sale of securities.

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

Neither SPWL 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**

Patricia Gail Williams registered representative of Purshe Kaplan Sterling and from time to time, will offer clients advice or products from those activities. Clients should be aware that these services pay a commission or other compensation and involve a conflict of interest, as commissionable products conflict with the fiduciary duties of a registered investment adviser. SPWL always acts in the best interest of the client, including with respect to the sale of commissionable products to advisory clients. Clients are in no way required to implement the plan through any representative of SPWL in such individual's capacity as a registered representative.

Patricia Gail Williams is a licensed insurance agent. From time to time, she will offer clients advice or products from those activities. Clients should be aware that these services pay a commission or other compensation and involve a conflict of interest, as commissionable products conflict with the fiduciary duties of a registered investment adviser. SPWL always acts in the best interest of the client; including the sale of commissionable products to advisory clients. Clients always have the right to decide

whether or not to utilize the services of any SPWL representative in such individual's outside capacities.

Scott Taylor Smith is CEO of, and a registered representative with, Viant Capital LLC, a registered broker-dealer. From time to time, he will offer clients advice or products from this activity. Clients should be aware that these services pay a commission and involve a possible conflict of interest, as commissionable products can conflict with the fiduciary duties of a registered investment adviser. Silicon Private Wealth, LLC always acts in the best interest of the client; including in the sale of commissionable products to advisory clients. Clients are in no way required to utilize the services any representative of Silicon Private Wealth, LLC in such individual's outside capacity.

Richard Charles Mordesovich is the founder of Sonoma Private Wealth LLC.

All material conflicts of interest under California Code of Regulations Section 260.238(k) are disclosed regarding the investment adviser, its representatives or any of its employees, which could be reasonably expected to impair the rendering of unbiased and objective advice.

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

SPWL may direct clients to third-party investment advisers. SPWL will be compensated via a fee share from the advisers to which it directs those clients. The fees shared will not exceed any limit imposed by any regulatory agency. This creates a conflict of interest in that SPWL has an incentive to direct clients to the third-party investment advisers that provide SPWL with a larger fee split. SPWL will always act in the best interests of the client, including when determining which third-party investment adviser to recommend to clients. SPWL will verify that all recommended advisers are properly licensed, notice filed, or exempt in the states where SPWL is recommending the adviser to clients.

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

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

SPWL 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. SPWL's Code of Ethics is available free upon request to any client or prospective client.



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

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

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

From time to time, representatives of SPWL may buy or sell securities for themselves that they also recommend to clients. This may provide an opportunity for representatives of SPWL to buy or sell the same securities before or after recommending the same securities to clients resulting in representatives profiting off the recommendations they provide to clients. Such transactions may create a conflict of interest. SPWL will always document any transactions that could be construed as conflicts of interest and will never engage in trading that operates to the client's disadvantage when similar securities are being bought or sold.

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

From time to time, representatives of SPWL may buy or sell securities for themselves at or around the same time as clients. This may provide an opportunity for representatives of SPWL to buy or sell securities before or after recommending securities to clients resulting in representatives profiting off the recommendations they provide to clients. Such transactions may create a conflict of interest; however, SPWL will never engage in trading that operates to the client's disadvantage if representatives of SPWL buy or sell securities at or around the same time as clients.

# **Item 12: Brokerage Practices**

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

Custodians/broker-dealers will be recommended based on SPWL'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 SPWL 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 SPWL's research efforts. SPWL will never charge a premium or commission on transactions, beyond the actual cost imposed by the broker-dealer/custodian.

SPWL recommends Charles Schwab & Co., Inc. Advisor Services and Fidelity Brokerage Services LLC (CRD# 7784).

SPWL offers to some clients its Institutional Intelligent Portfolios through Charles Schwab. Clients use an online link to open their account. SPWL constructs and manages the portfolio. The fee agreement in the Investment Advisory Contract apply; no additional costs are incurred by the client.

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

While SPWL has no formal soft dollars program in which soft dollars are used to pay for third party services, SPWL may receive research, products, or other services from custodians and broker-dealers in connection with client securities transactions ("soft dollar benefits"). SPWL 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 SPWL does not seek to allocate benefits to client accounts proportionate to any soft dollar credits generated by the accounts. SPWL benefits by not having to produce or pay for the research, products or services, and SPWL will have an incentive to recommend a broker-dealer based on receiving research or services. Clients should be aware that SPWL's acceptance of soft dollar benefits may result in higher commissions charged to the client.

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

SPWL 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***

SPWL will require clients to use a specific broker-dealer to execute transactions. Not all advisers require clients to use a particular broker-dealer.

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

If SPWL 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, SPWL 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. SPWL 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: Review of Accounts**

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

All client accounts for SPWL's advisory services provided on an ongoing basis are reviewed at least annually by Patricia Williams, CEO, with regard to clients' respective investment policies and risk tolerance levels. All accounts at SPWL are assigned to this reviewer.

All financial planning accounts are reviewed upon financial plan creation and plan delivery by Patricia Williams, CEO. 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, SPWL's services will generally conclude upon delivery of the financial plan.

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

Each client of SPWL's advisory services provided on an ongoing basis will receive a quarterly report detailing the client's account, including assets held, asset value, and calculation of fees. This written report will come from the custodian.

Each financial planning 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)**

SPWL receives compensation from third-party advisers to which it directs clients.

Charles Schwab & Co., Inc. Advisor Services provides SPWL with access to Charles Schwab & Co., Inc. Advisor Services' institutional trading and custody services, which are typically not available to Charles Schwab & Co., Inc. Advisor Services retail investors.

These services generally are available to independent investment advisers on an unsolicited basis, at no charge to them so long as a total of at least \$10 million of the adviser's clients' assets are maintained in accounts at Charles Schwab & Co., Inc. Advisor Services. Charles Schwab & Co., Inc. Advisor Services includes brokerage services that are related to the execution of securities transactions, custody, research, including that in the form of advice, analyses and reports, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment. For SPWL client accounts maintained in its custody, Charles Schwab & Co., Inc. Advisor Services generally does not charge separately for custody services but is compensated by account holders through commissions or other transaction-related or asset-based fees for securities trades that are executed through Charles Schwab & Co., Inc. Advisor Services or that settle into Charles Schwab & Co., Inc. Advisor Services accounts.

Charles Schwab & Co., Inc. Advisor Services also makes available to SPWL other products and services that benefit SPWL but may not benefit its clients' accounts. These benefits may include national, regional or SPWL specific educational events organized and/or sponsored by Charles Schwab & Co., Inc. Advisor Services. Other potential benefits may include occasional business entertainment of personnel of SPWL by Charles Schwab & Co., Inc. Advisor Services personnel, including meals, invitations to sporting events, including golf tournaments, and other forms of entertainment, some of which may accompany educational opportunities. Other of these products and services assist SPWL in managing and administering clients' accounts. These include software and other technology (and related technological training) that provide access to client account data (such as trade confirmations and account statements), facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts, if applicable), provide research, pricing information and other market data, facilitate payment of SPWL's fees from its clients' accounts (if applicable), and assist with back-office training and support functions, recordkeeping and client reporting. Many of these services generally may be used to service all or some substantial number of SPWL's accounts. Charles Schwab & Co., Inc. Advisor Services also makes available to SPWL other services intended to help SPWL manage and further develop its business enterprise. These services may include professional compliance, legal and business consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance, employee benefits providers, and human capital consultants, insurance and marketing. In addition, Charles Schwab & Co., Inc. Advisor Services may make available, arrange and/or pay vendors for these types of services rendered to SPWL by independent third parties. Charles Schwab & Co., Inc. Advisor Services may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to SPWL. SPWL is independently owned and operated and not affiliated with Charles Schwab & Co., Inc. Advisor Services.

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

SPWL does not directly or indirectly compensate any person who is not advisory personnel for client referrals.

## **Item 15: Custody**

When advisory fees are deducted directly from client accounts at client's custodian, SPWL will be deemed to have limited custody of client's assets. Because client fees will be withdrawn directly from client accounts, SPWL will:

- (A) Possess written authorization from the client to deduct advisory fees from an account held by a qualified custodian.
- (B) Send the qualified custodian written notice of the amount of the fee to be deducted from the client's account and verify that the qualified custodian sends invoices to the client.
- (C) Send the client a written invoice itemizing the fee upon or prior to fee deduction, including the formula used to calculate the fee, the time period covered by the fee and the amount of assets under management on which the fee was based.

Clients will receive all account statements and billing invoices that are required in each jurisdiction, and they should carefully review those statements for accuracy. Clients are urged to compare the account statements they received from custodian with those they received from SPWL.

## **Item 16: Investment Discretion**

SPWL provides discretionary investment advisory services to clients. The Investment Advisory Contract established with each client outlines the discretionary authority for trading. Where investment discretion has been granted, SPWL generally manages the client's account and makes investment decisions without consultation with the client as to what securities to buy or sell, when the securities are to be bought or sold for the account, the total amount of the securities to be bought/sold, or the price per share.

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

SPWL acknowledges its fiduciary obligation to vote proxies on behalf of those clients that have delegated to it, or for which it is deemed to have, proxy voting authority. SPWL will vote proxies on behalf of a client solely in the best interest of the relevant client. SPWL has established general guidelines for voting proxies. SPWL may also abstain from voting if, based on factors such as expense or difficulty of exercise, it determines that a client's interests are better served by abstaining. Further, because proxy proposals and individual company facts and circumstances may vary, SPWL may vote in a manner that is contrary to the general guidelines if it believes that it would be in a client's best interest to do so. If a proxy proposal presents a conflict of interest between SPWL and a client, then SPWL will disclose the conflict of interest to the client prior to the proxy vote and, if participating in the vote, will vote in accordance with the client's wishes.

Clients may obtain a complete copy of the proxy voting policies and procedures by contacting SPWL in writing and requesting such information. Each client may also request, by contacting SPWL in writing, information concerning the manner in which proxy votes have been cast with respect to portfolio securities held by the relevant client during the prior annual period. Clients can send written requests to the Chief Compliance Officer at: CCUNNINGHAM@SILICONPRIVATEWEALTH.COM

## **Item 18: Financial Information**

### **A. Balance Sheet**

SPWL 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 SPWL nor its management has any financial condition that is likely to reasonably impair SPWL's ability to meet contractual commitments to clients.

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

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