

# **SUREVEST PRIVATE WEALTH WRAP PROGRAM**

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SUREVEST PRIVATE WEALTH**



**SUREVEST  
PRIVATE WEALTH**

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This brochure provides information about the qualifications and business practices of Surevest, LLC *dba* Surevest Private Wealth. Being registered as a registered investment adviser does not imply a certain level of skill or training. If you have any questions about the contents of this brochure, please contact us at 310-997-0794. 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 Surevest Private Wealth (CRD#306872) is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)

**AUGUST 2020**

## Item 2: Material Changes

Surevest, LLC *dba* Surevest Private Wealth is required to make clients aware of information that has changed since the last annual update to the Firm Brochure (“Brochure”) and that may be important to them. Clients can then determine whether to review the brochure in its entirety or to contact us with questions about the changes.

Since the last annual amendment filed on January 22, 2019, the following changes have been made:

- Our firm has changed its doing business as (dba) name, moving forward we will use the dba: Surevest Private Wealth.
- Our firm no longer offers Dividend Grower Portfolio or the Concentrated Growth Portfolio on a Wrap basis. Our firm now offers these services on a non-wrap basis. Please refer to Items 4 and 5 in our firm’s Form ADV Part 2A.
- Our firm has opened a new office which will serve as our main office location. Our new address is 1880 Century Park East Suite 1020 Los Angeles, CA 90067.
- Our firm has established a business relationship with Schwab Advisor Services division of Charles Schwab & Co., Inc. an unaffiliated custodian. For more information please refer to Items 12 & 14 of our firm’s Form ADV Part 2A and Item 9 of our firm’s Form ADV Part 2A Wrap Fee Program Brochure for more information.
- We are no longer conducting business out of our San Diego office location, 11622 El Camino Real Suite 100 San Diego, CA 92130, and our Long Beach office location, 216 The Promenade North, Suite 206, Long Beach, CA 90802.

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## Item 4: Services, Fees & Compensation

Our firm manages assets for many different types of clients to help meet their financial goals while remaining sensitive to risk tolerance and time horizons. As a fiduciary, it is our duty to always act in the client's best interest. This is accomplished in part by knowing the client. Our firm has established a service-oriented advisory practice with open lines of communication. Working with clients to understand their investment objectives while educating them about our process, facilitates the kind of working relationship we value.

Our firm sponsors and offers a wrap fee program, which allows clients to pay a single fee for investment advisory services and associated custodial transaction costs. Transaction fees will be paid by our firm via individual transaction charges. Because our firm absorbs client transaction fees, an incentive exists to limit trading activities in client accounts. Custodial transaction costs, however, are not included in the advisory fee charged by our firm for non-wrap services and are to be paid by the client to their chosen custodian. Depending on the client's account or portfolio trading activity, clients may pay more for using our wrap fee services than they would for using our non-wrap services.

Our recommended custodians, TD Ameritrade, Inc. ("TD Ameritrade") and Schwab Advisor Services division of Charles Schwab & Co., Inc. ("Schwab"), do not charge transaction fees for U.S. listed equities and exchange traded funds. Since we pay the transaction fees charged by the custodian to clients participating in our wrap fee program, this presents a conflict of interest because we are incentivized to recommend equities and exchange traded funds over other types of securities in order to reduce our costs.

### Our Wrap Advisory Services

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#### Private Family CFO Service & 40 Gate Multi Family Office

Surevest's Family CFO Service offers professional services to the needs of premium level families. This service is primarily reserved for clients who have a minimum account balance of at least \$5 million for Private Family CFO or \$25 million for 40 Gate MFO, due to its scope and nature. As part of this service, Surevest will assign a minimum of two Investment Advisor Representatives to the client and their family. In the Case of 40 Gate, the list of services provided may be more extensive and these clients in most cases will also consult directly with Surevest CEO, Robert Luna. The Client shall also be afforded unlimited access to their team for comprehensive financial planning, coordination with their tax, legal, and financial professionals of their choosing as well as travel time and expenses incurred by our representatives. 40 Gate Services may encompass all or some of the following services depending on the clients' needs:

#### Wealth Management

- Traditional and alternative Investment management
- Financial & estate Planning
- Charitable planning
- Cash Flow & Balance Sheet management
- Personal debt & credit facility management
- Document E-Vaulting
- Consolidated reporting & Oversight

- \*Internal Bill Coordination and facilitation (MFO expenses)
- External bill pay oversight
- Private Investment due diligence
- Tax and legal coordination and management
- Custodian fee reimbursement

### **Risk Management**

- Insurance analysis, coordination & management
- Portfolio Risk mitigation strategies
- Reputational risk
- Cyber security consulting
- \*Family protection
- \*Domestic staff screening

### **Strategy**

- Design Vision & Mission Statement for the Family
- Set annual strategic objectives & Key performance Indicators (KPI's)
- Annual KPI accountability and adjustments
- Investment policy Statement
- Family Wealth Education
- Executive Career coaching and compensation negotiations
- Private business & succession consulting
- Philanthropic planning -Donor Advised Fund and Foundation oversight and guidance

### **Banking & Credit Consulting**

- Strategically manage banking relationships
- Negotiate and establish Pledged Asset LOC
- Coordinate and negotiate credit
- Interest & credit risk management

### **\*MFO Structure & Oversight**

- Establish MFO structure duties & responsibilities
- Assign internal family and external team member Org chart
- Coordination and oversight of all professional advisors
- Annual education & review meetings with all MFO members

### **\*Concierge Services**

- Luxury Travel Assistance
- Auto purchase and negotiation
- Aircraft Leasing and Jet share consulting
- Watercraft Leasing, purchase and negotiation

\*40 Gate Multi Family Office Service Only

### **Fee Schedule**

<b>Assets Under Management</b>	<b>Max Advisory Fee (% AUM)</b>
First \$25,000,000	1.00% Annual Fee
Next \$25,000,000	0.75% Annual Fee
Above \$50,000,000	0.50% Annual Fee

Client's will not pay more than max fee listed above. The annualized advisory fees are billed on a pro-rata basis quarterly or monthly in advance based on the value of the client's account on the last business day of the previous quarter or month. Client will sign off on quarterly or monthly billing in their managed account agreement prior to the first billing. Fees are negotiable and will be outlined in the advisory agreement to be signed by the client. Our firm charges a minimum annual fee of \$50,000 for the Private Family CFO Service. Our firm charges a minimum annual fee of \$250,000 for our 40 Gate Multi Family Office. Clients will not receive a refund on any assets that are withdrawn within a quarter. Client deposits of \$6,500 and above made within a quarter will be charged at a prorated fee. Assets managed by Surevest under this agreement will not be subject to our Comprehensive Asset Management Schedule.

### **Other Types of Fees & Expenses**

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In addition to our advisory fees above, clients may also pay holdings charges imposed by the chosen custodian for certain investments, charges imposed directly by a mutual fund, index fund, or exchange traded fund, which shall be disclosed in the fund's prospectus (i.e., fund management fees, initial or deferred sales charges, mutual fund sales loads, 12b-1 fees, surrender charges, variable annuity fees, IRA and qualified retirement plan fees, and other fund expenses), mark-ups and mark-downs, spreads paid to market makers, fees for trades executed away from custodian, wire transfer fees and other fees and taxes on brokerage accounts and securities transactions. Our firm does not receive a portion of these fees.

### **Termination and Refunds**

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Either party may terminate the advisory agreement signed with our firm for Private Family CFO Service & 40 Gate Multi Family Office service in writing at any time. Upon notice of termination our firm will process a pro-rata refund of the unearned portion of the advisory fees charged in advance.

### **Wrap Fee Program Recommendations**

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Our firm does not recommend or offer the wrap program services of other providers.

## **Item 5: Account Requirements & Types of Clients**

### **Account Minimums**

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Our requirements for opening and maintaining accounts or otherwise engaging us:

- Our firm typically requires a client's minimum account balance to be \$5,000,000 prior to our firm engaging them with our Private Family CFO services & \$25,000,000 for our 40 Gate Service. This minimum account balance requirement is negotiable and would be required throughout the course of the client's relationship with our firm.

Should the market value of the client's account fall below the minimum account balance requirement, our firm reserves the right to require that additional funds or securities be deposited to bring the account value up to the required minimum or to close the account. While certain clients may choose one of the strategic portfolios there are most likely differences between the positions of some clients based on market conditions and available options at the time of allocation. Clients in the same strategic portfolio may have positions different from another based on what we deem appropriate for a particular client at time of allocation and rebalancing.

## **Item 6: Portfolio Manager Selection & Evaluation**

### **Selection of Portfolio Managers**

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Our firm does not utilize outside portfolio managers. All accounts are managed by our in-house licensed investment adviser representatives ("IARs") of our firm. Prior to becoming licensed with our firm, each IARs industry experience, licensure, outside business activities, client complaints (if any), disciplinary or regulatory history (if any) and financial well-being will be reviewed. Each IAR will then have a Form U4 and ADV Part 2B on file with our firm.

Performance returns of wrap portfolios are reviewed at least quarterly. The nature of these reviews is to learn whether client accounts are in line with their investment objectives and appropriately positioned based on market conditions. If these standards fall below the client objectives, our firm will discuss the review with the portfolio manager for proactive action to realign the investment strategy.

### **Advisory Business**

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Information about our wrap fee services can be found in Item 4 of this brochure. Our firm offers individualized investment advice to our Private Family CFO Service & 40 Gate Multi Family Office service clients.

Each Private Family CFO Service & 40 Gate Multi Family Office service client has the opportunity to place reasonable restrictions on the types of investments to be held in the portfolio. Restrictions on investments in certain securities or types of securities may not be possible due to the level of difficulty this would entail in managing the account.

### **Participation in Wrap Fee Programs**

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Our firm does not manage wrap fee accounts in a different fashion than non-wrap fee accounts. All accounts are managed on an individualized basis according to the client's investment objectives, financial goals, risk tolerance, etc.

### **Performance-Based Fees & Side-By-Side Management**

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Our firm does not charge performance-based fees.

### **Methods of Analysis**

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Surevest utilizes various methods of analysis in formulating its investment advice for managing assets and designing its strategic portfolios. Our Firm employs a defined process for each step in the

investment management cycle. This includes ongoing selection, implementation and monitoring.

Additionally, our firm typically engages in fundamental, technical and/or quantitative analysis when reviewing prospective investments. Surevest carefully selects its investments by beginning with an investment performance evaluation and screen of the broadest possible universe of assets and securities. Investments that qualify from a performance standpoint are then examined to determine their process for security selection, portfolio construction and sell decisions. Once that evaluation is complete, a qualitative examination of the investment is typically conducted. During this phase, our firm gains insights through reviewing reports from external industry data providers, including market news reports, financial publications, corporate rating services, outside research reports, annual reports, prospectuses, SEC filings and company press releases. Utilizing this broad information gathering process, Surevest attempts to determine what investments appear to be suitable and in line with the investment objectives of the Firm's various strategic portfolios and/or SMAs. To assist in this investment analysis process, the Firm may utilize the services of an outside analyst or third-party software for quantitative analysis and technical analysis. All data is analyzed by our Chief Investment Strategist, Robert J. Luna & or our Managing Director of Investments, Luis Galdamez, CFA.

### **Investment Strategy**

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The investment strategies Surevest may pursue on behalf of clients include derivative transactions (e.g., covered calls, long puts, etc.), long and short-term purchases, dependent upon the client's investment objectives and current needs. Surevest may recommend, on occasion, redistributing investment allocations to diversify the portfolio in an effort to reduce risk and increase performance. For example, Surevest may recommend specific stocks, bonds or funds to increase sector weighting and/or dividend potential, or may recommend employing cash positions, options or short positions as a possible hedge against market movement which may adversely affect the portfolio. Additionally, Surevest may recommend selling positions for reasons that include, but are not limited to, harvesting capital gains or losses, business or sector risk exposure to a specific security or class of securities, overvaluation or overweighting of the position(s) in the portfolio, change in the risk tolerance of the client, or any risk deemed unacceptable for the client's risk tolerance.

### **Security Specific Material Risks**

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All investment programs have certain risks that are borne by the investor. Our investment approach constantly keeps the risk of loss in mind. Surevest's investment recommendations are subject to various markets, currency, economic, political and business risks and such investment decisions may not always be profitable. Clients should be aware that there may be a loss or depreciation to the value of the client's account, which clients should be prepared to bare. There can be no assurance that the client's investment objectives will be obtained and no inference to the contrary should be made. Clients are advised that they should only commit assets for management that can be invested for the long term, that volatility from investing can occur, and that all investing is subject to risk and consequently, the value of the client's account may at any time be worth more or less than the amount invested.

Prior to entering into an agreement with Surevest, a client should carefully consider: (1) committing to management only those assets that the client believes will not be needed for current purposes and that can be invested on a long-term basis, usually a minimum of ten years, (2) that volatility from investing in the stock market can occur, and (3) that over time the client's assets may fluctuate and at any time be worth more or less than the amount invested.



In addition, generally, the market value of stocks will fluctuate with market conditions, and small-stock prices generally will fluctuate more than large-stock prices. Additionally, small-cap stocks may be subject to a higher degree of risk than more established companies' securities. The market value of bonds will generally fluctuate inversely with interest rates and other market conditions prior to maturity and will equal par value at maturity. Interest rates for bonds may be fixed at the time of issuance, and payment of principal and interest may be guaranteed by the issuer and, in the case of U.S. Treasury obligations, backed by the full faith and credit of the U.S. Treasury. The market value of Treasury bonds will generally fluctuate more than Treasury bills, since Treasury bonds have longer maturities. In addition, there is no assurance that a mutual fund, ETF or strategic portfolio will achieve its investment objective. Past performance of investments is no guarantee of future results. High yield bonds carry with it certain risks as it invests a portion of net assets in lower-rated and non-rated convertible and other debt securities which present greater risk of loss of income and principal than higher-rated securities and are considered to be predominantly speculative with respect to the payment of interest and repayment of principal. Such securities may also be subject to greater volatility as a result of changes in prevailing interest rates than other debt securities. Investments in overseas markets also pose special risks, including currency fluctuation and political risks, and it may be more volatile than that of a U.S. only investment. Such risks are generally intensified for investments in emerging markets.

Mutual fund investing involves risk including the possible loss of principal. Non-diversified funds are more susceptible to financial, market and economic events affecting the particular issuers and industry sectors in which they invest and therefore may be more volatile or risky than less concentrated investments. There can be no assurance that any fund will be able to achieve its investment objective. For more information on a particular fund's associated risks, please refer to that fund's prospectus or equivalent disclosure document.

Investors face the following investment risks and should discuss these risks with Surevest:

- *Interest-rate Risk:* Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- *Market Risk:* The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events.
- *Inflation Risk:* When any type of inflation is present, a dollar today will buy more than a dollar next year, because purchasing power is eroding at the rate of inflation.
- *Currency Risk:* Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- *Reinvestment Risk:* This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.
- *Business Risk:* These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.

- *Liquidity Risk:* Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.
- *Financial Risk:* Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.

**Alternative Investments:** Hedge funds, commodity pools, Real Estate Investment Trusts ("REITs"), Business Development Companies ("BDCs"), and other alternative investments involve a high degree of risk and can be illiquid due to restrictions on transfer and lack of a secondary trading market. They can be highly leveraged, speculative and volatile, and an investor could lose all or a substantial amount of an investment. Alternative investments may lack transparency as to share price, valuation and portfolio holdings. Complex tax structures often result in delayed tax reporting. Compared to mutual funds, hedge funds and commodity pools are subject to less regulation and often charge higher fees. Alternative investment managers typically exercise broad investment discretion and may apply similar strategies across multiple investment vehicles, resulting in less diversification.

**Covered Calls:** The risks associated with this type of strategy involve having the underlying stock called away. Each contract has a strike price at which the writer of the contract agrees to allow the purchaser call the stock away from the writer. This can create a taxable event whereby the writer of the option is required to recognize a capital gain on the underlying security. Furthermore, the market price could appreciate beyond the strike price, forcing the writer to sell their holdings below current market value.

**Please Note:** Investing in securities involves risk of loss that clients should be prepared to bear. While the stock market may increase, and your account(s) could enjoy a gain, it is also possible that the stock market may decrease, and your account(s) could suffer a loss. It is important that you understand the risks associated with investing in the stock market, are appropriately diversified in your investments, and ask any questions you may have.

**Strategy Risk:** There is no guarantee that the investment strategies discussed herein will work under all market conditions and each investor should evaluate his/her ability to maintain any investment he/she is considering in light of his/her own investment time horizon. Investments are subject to risk, including possible loss of principal.

**Concentrated Risk:** Non-diversified portfolios are designed to be aggressive. There are risks associated with placing a large portion of one's portfolio in a small number of securities. Depending on market fluctuation or the fluctuation of those few securities in one's portfolio, one's portfolio could feel outsized losses that would not normally be felt if the portfolio was more diversified and held more securities.

### **Voting Client Securities**

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Our firm does not accept the proxy authority to vote client securities. Clients will receive proxies or other solicitations directly from their custodian or a transfer agent. In the event that proxies are sent to our firm, our firm will forward them to the appropriate client and ask the party who sent

them to mail them directly to the client in the future. Clients may call, write or email us to discuss questions they may have about particular proxy votes or other solicitations.

### **Item 7: Client Information Provided to Portfolio Manager(s)**

All accounts are managed by our in-house licensed IARs. The IAR selected to manage the client's account(s) or portfolio(s) will be privy to the client's investment goals and objectives, risk tolerance, restrictions placed on the management of the account(s) or portfolio(s) and relevant client notes taken by our firm. Please see our firm's Privacy Policy for more information on how our firm utilizes client information.

### **Item 8: Client Contact with Portfolio Manager(s)**

Any questions or concerns about the management of client portfolios shall be directed to our firm.

### **Item 9: Additional Information**

#### **Disciplinary Information**

There are no legal or disciplinary events that are material to the evaluation of our advisory business or the integrity of our management.

#### **Financial Industry Activities & Affiliations**

Surevest is a registered investment advisor and only provides investment advisory services. We are not engaged in any other business activities and offer no other services except those described in this Disclosure Brochure. However, while we do not sell products or services other than investment advice, our representatives are licensed to sell other products or provide services outside of their role as investment advisor representatives with us. Our representatives, however, no longer accept customary fees as a result of insurance sales. We may help clients facilitate insurance transactions but will not accept commissions.

#### **Code of Ethics, Participation or Interest in Client Transactions & Personal Trading**

As a fiduciary, it is an investment adviser's responsibility to provide fair and full disclosure of all material facts and to act solely in the best interest of each of our clients at all times. Our fiduciary duty is the underlying principle for our firm's Code of Ethics, which includes procedures for personal securities transaction and insider trading. Our firm requires all representatives to conduct business with the highest level of ethical standards and to comply with all federal and state securities laws at all times. Upon employment with our firm, and at least annually thereafter, all representatives of our firm will acknowledge receipt, understanding and compliance with our firm's Code of Ethics. Our firm and representatives must conduct business in an honest, ethical, and fair manner and avoid all circumstances that might negatively affect or appear to affect our duty of complete loyalty to all clients. This disclosure is provided to give all clients a summary of our Code of Ethics. If a client or a potential client wishes to review our Code of Ethics in its entirety, a copy will be provided promptly upon request.

Our firm recognizes that the personal investment transactions of our representatives demands the application of a Code of Ethics with high standards and requires that all such transactions be carried

out in a way that does not endanger the interest of any client. At the same time, our firm also believes that if investment goals are similar for clients and for our representatives, it is logical, and even desirable, that there be common ownership of some securities.

In order to prevent conflicts of interest, our firm has established procedures for transactions effected by our representatives for their personal accounts<sup>1</sup>. In order to monitor compliance with our personal trading policy, our firm has pre-clearance requirements and a quarterly securities transaction reporting system for all of our representatives.

Neither our firm nor a related person recommends, buys or sells for client accounts, securities in which our firm or a related person has a material financial interest without prior disclosure to the client.

Related persons of our firm may buy or sell securities and other investments that are also recommended to clients. In order to minimize this conflict of interest, our related persons will place client interests ahead of their own interests and adhere to our firm's Code of Ethics, a copy of which is available upon request.

Likewise, related persons of our firm buy or sell securities for themselves at or about the same time they buy or sell the same securities for client accounts. In order to minimize this conflict of interest, our related persons will place client interests ahead of their own interests and adhere to our firm's Code of Ethics, a copy of which is available upon request. Further, our related persons will refrain from buying or selling the same securities prior to buying or selling for our clients in the same day. If related persons' accounts are included in a block trade, our related persons will always trade personal accounts last.

## **Review of Accounts**

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Our management personnel or financial advisors review accounts on at least an annual basis for our Private Family CFO Service & 40 Gate Multi Family Office service clients. The nature of these reviews is to learn whether clients' accounts are in line with their investment objectives, appropriately positioned based on market conditions, and investment policies, if applicable. Our firm may review client accounts more frequently than described above. Among the factors which may trigger an off-cycle review are major market or economic events, the client's life events, requests by the client, etc. Our firm does not provide written reports to clients, unless asked to do so. Verbal reports to clients take place on at least an annual basis when our Private Family CFO Service & 40 Gate Multi Family Office service clients are contacted.

## **Other Compensation**

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**TD Ameritrade:** Our firm participates in the TD Ameritrade Institutional program. TD Ameritrade Institutional is a division of TD Ameritrade, Inc. ("TD Ameritrade") member FINRA/SIPC. TD Ameritrade is an independent [and unaffiliated] SEC-registered broker-dealer. TD Ameritrade offers to independent investment Advisors services which include custody of securities, trade execution, clearance and settlement of transactions. As such, our firm may recommend TD

<sup>1</sup> For purposes of the policy, our associate's personal account generally includes any account (a) in the name of our associate, his/her spouse, his/her minor children or other dependents residing in the same household, (b) for which our associate is a trustee or executor, or (c) which our associate controls, including our client accounts which our associate controls and/or a member of his/her household has a direct or indirect beneficial interest in.

Ameritrade to Clients for custody and brokerage services. There is no direct link between our participation in the program and the investment advice we give our Clients, although our firm receives economic benefits through our participation in the program that are typically not available to TD Ameritrade retail investors. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate Client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving our participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to Client accounts); the ability to have advisory fees deducted directly from Client accounts; access to an electronic communications network for Client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to our firm by third party vendors. TD Ameritrade may also have paid for business consulting and professional services received by our firm's related persons. Some of the products and services made available by TD Ameritrade through the program may benefit our firm but may not benefit our Client accounts. These products or services may assist us in managing and administering Client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help us manage and further develop our business enterprise. The benefits received by our firm or our personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of our fiduciary duty to clients, we endeavor at all times to put the interests of our clients first. Clients should be aware, however, that the receipt of economic benefits by our firm or our related persons in and of itself creates a potential conflict of interest and may indirectly influence our choice of TD Ameritrade for custody and brokerage services.

**Charles Schwab:** Our firm receives economic benefit from Schwab in the form of the support products and services made available to our firm and other independent investment advisors that have their clients maintain accounts at Schwab. These products and services, how they benefit our firm, and the related conflicts of interest are described in Form ADV Part 2A, Item 12 – Brokerage Practices. The availability of Schwab's products and services is not based on our firm giving particular investment advice, such as buying particular securities for our clients.

Schwab has eliminated commissions for online trades of equities, ETFs and options (subject to \$0.65 per contract fee). This means that, in most cases, when we buy and sell these types of securities, we will not have to pay any commissions to Schwab. We encourage you to review Schwab's pricing to compare the total costs of entering into a wrap fee arrangement versus a non-wrap fee arrangement. If you choose to enter into a wrap fee arrangement, your total cost to invest could exceed the cost of paying for brokerage and advisory services separately. To see what you would pay for transactions in a non-wrap account please refer to Schwab's most recent pricing schedules available at [schwab.com/aspricingguide](http://schwab.com/aspricingguide).

Products & Services Available to Us From Schwab: Schwab Advisor Services (formerly called Schwab Institutional) is Schwab's business serving independent investment advisory firms like ours. They provide us and our clients with access to its institutional brokerage – trading, custody, reporting and related services – many of which are not typically available to Schwab retail customers. Schwab also makes available various support services. Some of those services help us manage or administer our clients' accounts while others help us manage and grow our business. Schwab's support services are generally available on an unsolicited basis and at no charge to us as long as we maintain a total of at least \$10 million of our clients' assets in accounts at Schwab.

Services that Benefit Client: Schwab's institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through Schwab include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients. Schwab's services described in this paragraph generally benefit clients or their account(s).

Services that May Not Directly Benefit Clients: Schwab also makes available to us other products and services that benefit us but may not directly benefit the client or their account(s). These products and services assist us in managing and administering our clients' accounts. They include investment research, both Schwab's own and that of third parties. We may use this research to service all or some substantial number of our clients' accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab also makes available software and other technology that:

- provides access to client account data (such as duplicate trade confirmations and account statements);
- facilitates trade execution and allocate aggregated trade orders for multiple client accounts;
- provides pricing and other market data;
- facilitates payment of our fees from our clients' accounts; and
- assists with back-office functions, recordkeeping and client reporting.

Schwab also offers other services intended to help us manage and further develop our business enterprise. These services include:

- educational conferences and events
- technology, compliance, legal, and business consulting;
- publications and conferences on practice management and business succession; and
- access to employee benefits providers, human capital consultants and insurance providers.

Schwab may provide some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to us. Schwab may also discount or waive its fees for some of these services or pay all or a part of a third party's fees.

### **Product Sponsor Funded Events**

In an effort to keep our clients informed as to the services we offer and the various financial products we utilize, our firm occasionally sponsors events in conjunction with our product providers. These events are educational in nature and are not dependent upon the use of any specific products. While a conflict of interest may exist given that these events are at least partially funded by product sponsors, all funds received from the sponsors are used for the education of our clients, and we will always adhere to our fiduciary duties in selecting appropriate investments for our clients.

### **Client Referrals**

Our firm pays referral fees (non-commission based) to independent solicitors (non-registered representatives) for the referral of their clients to our firm in accordance with Rule 206 (4)-3 of the Investment Advisers Act of 1940. Such referral fee represents a share of our investment advisory fee charged to our clients. This arrangement will not result in higher costs to the referred client. In this regard, our firm maintains Solicitors Agreements in compliance with Rule 206 (4)-3 of the Investment Advisers Act of 1940 and applicable state and federal laws. All clients referred by

Solicitors to our firm will be given full written disclosure describing the terms and fee arrangements between our firm and Solicitor(s). In cases where state law requires licensure of solicitors, our firm ensures that no solicitation fees are paid unless the solicitor is registered as an investment adviser representative of our firm. If our firm is paying solicitation fees to another registered investment adviser, the licensure of individuals is the other firm's responsibility.

Our firm has entered into a referral program with CI Financial Corp. ("CI") a Canadian registered asset management firm, wherein CI may refer Canadian citizens and/or expatriates to our firm for our services. This arrangement will not result in higher costs to the referred client and the referred client will be given full written disclosure describing the terms of the referral and any fee arrangements between our firm and CI.

### **Financial Information**

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Our firm is not required to provide financial information in this Brochure because:

- Our firm does not require the prepayment of more than \$1,200 in fees when services cannot be rendered within 6 months.
- Our firm does not take custody of client funds or securities.
- Our firm does not have a financial condition or commitment that impairs our ability to meet contractual and fiduciary obligations to clients.
- Our firm has never been the subject of a bankruptcy proceeding.