

## **TALISMAN WEALTH ADVISORS, LLC**

*a Registered Investment Adviser*

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This brochure provides information about the qualifications and business practices of Talisman Wealth Advisors, LLC (hereinafter “TWA” or the “Firm”). If you have any questions about the contents of this brochure, please contact the Firm at the telephone number listed above. 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 the Firm is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The Firm is a registered investment adviser. Registration does not imply any level of skill or training.

## **Item 2. Material Changes**

In this Item, TWA is required to discuss any material changes that have been made to the brochure since the last annual amendment. There are no such material changes to disclose.

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## Item 4. Advisory Business

TWA offers a variety of advisory services, which include financial planning, consulting, and investment management services. Prior to TWA rendering any of the foregoing advisory services, clients are required to enter into one or more written agreements with TWA setting forth the relevant terms and conditions of the advisory relationship (the “Advisory Agreement”).

TWA filed for registration as an investment adviser in March 2021 and is owned by Francis E. Granizo and Jennifer Kirby. As of the date of this filing, TWA does not have any assets under management; however, the Firm reasonably expects to be eligible for registration with the SEC within 120 days of approval as an investment adviser.

While this brochure generally describes the business of TWA, certain sections also discuss the activities of its Supervised Persons, which refer to the Firm’s officers, partners, directors (or other persons occupying a similar status or performing similar functions), employees or other persons who provide investment advice on TWA’s behalf and are subject to the Firm’s supervision or control.

TWA provides advisory services through certain programs sponsored by LPL Financial LLC (“LPL”), a registered investment advisor and broker-dealer. TWA has included a brief description of each LPL advisory program that it intends to use. For more information regarding the LPL programs, including more information on the advisory services and fees that apply, the types of investments available in the programs and the potential conflicts of interest presented by the programs please see the program account packet (which includes the account agreement and LPL Form ADV program brochure) and the Form ADV, Part 2A of LPL or the applicable program.

### Financial Planning and Consulting Services

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TWA offers clients a broad range of financial planning and consulting services, which include any or all of the following functions:

- Business Planning
- Cash Flow Forecasting
- Trust and Estate Planning
- Financial Reporting
- Insurance Planning
- Retirement Planning
- Tax Planning
- Education Planning

While each of these services is available on a stand-alone basis, certain of them can also be rendered in conjunction with investment portfolio management as part of a comprehensive wealth management engagement (described in more detail below).

In performing these services, TWA is not required to verify any information received from the client or from the client's other professionals (e.g., attorneys, accountants, etc.,) and is expressly authorized to rely on such information. TWA recommends certain clients engage the Firm for additional related services and/or other professionals to implement its recommendations. Clients are advised that a conflict of interest exists for the Firm to recommend that clients engage TWA or its affiliates to provide (or continue to provide) additional services for compensation, including investment management services. Clients retain absolute discretion over all decisions regarding implementation and are under no obligation to act upon any of the recommendations made by TWA under a financial planning or consulting engagement. Clients are advised that it remains their responsibility to promptly notify the Firm of any change in their financial situation or investment objectives for the purpose of reviewing, evaluating or revising TWA's recommendations and/or services.

### **Investment and Wealth Management Services**

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TWA provides clients with wealth management services which include a broad range of financial planning and consulting services as well as discretionary and/or non-discretionary management of investment portfolios.

TWA primarily allocates client assets among various mutual funds, exchange-traded funds ("ETFs"), individual debt and equity securities, and independent investment managers ("Independent Managers") in accordance with their stated investment objectives.

Where appropriate, the Firm also provides advice about any type of legacy position or other investment held in client portfolios, but clients should not assume that these assets are being continuously monitored or otherwise advised on by the Firm unless specifically agreed upon. Clients can engage TWA to manage and/or advise on certain investment products that are not maintained at their primary custodian, such as variable life insurance and annuity contracts and assets held in employer sponsored retirement plans and qualified tuition plans (i.e., 529 plans). In these situations, TWA directs or recommends the allocation of client assets among the various investment options available with the product. These assets are generally maintained at the underwriting insurance company or the custodian designated by the product's provider.

TWA tailors its advisory services to meet the needs of its individual clients and seeks to ensure, on a continuous basis, that client portfolios are managed in a manner consistent with those needs and objectives. TWA consults with clients on an initial and ongoing basis to assess their specific risk tolerance, time horizon, liquidity constraints and other related factors relevant to the management of their portfolios. Clients are advised to promptly notify TWA if there are changes in their financial situation or if they wish to place any limitations on the management of their portfolios. Clients can impose reasonable restrictions or mandates on the management of their accounts if TWA determines, in its sole discretion, the conditions would not materially impact the performance of a management strategy or prove overly burdensome to the Firm's management efforts.

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**Sponsor and Manager of Wrap Program**

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TWA provides investment management services as the sponsor and manager of the Talisman Wealth Advisors Wrap Program (the “Wrap Program”), a wrap fee program (i.e., an arrangement where certain brokerage commissions and transaction costs are absorbed by the Firm). Accounts managed through the Wrap Program are done so in substantially the same manner as those managed under a non-wrap arrangement. Participants in the Wrap Program may pay a higher or lower aggregate fee than if investment management and brokerage services are purchased separately. Additional information about the Wrap Program is available in TWA’s Wrap Brochure, which appears as Part 2A Appendix 1 of the Firm’s Form ADV (the “Wrap Brochure”).

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**Use of Independent Managers**

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As mentioned above, TWA selects certain Independent Managers to actively manage a portion of its clients’ assets. The specific terms and conditions under which a client engages an Independent Manager are set forth in a separate written agreement with the designated Independent Manager. That agreement can be between the Firm and the Independent Manager (often called a subadvisor) or the client and the Independent Manager (sometimes called a separate account manager). In addition to this brochure, clients will typically also receive the written disclosure documents of the respective Independent Managers engaged to manage their assets.

TWA evaluates a variety of information about Independent Managers, which includes the Independent Managers’ public disclosure documents, materials supplied by the Independent Managers themselves and other third-party analyses it believes are reputable. To the extent possible, the Firm seeks to assess the Independent Managers’ investment strategies, past performance and risk results in relation to its clients’ individual portfolio allocations and risk exposure. TWA also takes into consideration each Independent Manager’s management style, returns, reputation, financial strength, reporting, pricing and research capabilities, among other factors.

TWA continues to provide services relative to the discretionary selection of the Independent Managers. On an ongoing basis, the Firm monitors the performance of those accounts being managed by Independent Managers. TWA seeks to ensure the Independent Managers’ strategies and target allocations remain aligned with its clients’ investment objectives and overall best interests. The client may incur additional fees than those charged by TWA.

In certain circumstances, TWA receives compensation pursuant to its agreements with the Independent Managers for introducing clients to the Independent Managers and for certain ongoing services provided to clients. This compensation is disclosed to the client in a separate disclosure document and is typically equal to a percentage of the investment advisory fee charged by that Independent Manager or a fixed fee.

Since compensation TWA receives may differ depending on the agreement with each Independent Manager, TWA has an incentive to recommend an Independent Manager with a more favorable compensation arrangements. Since the Independent Manager may pay the fee for the investment advisory services of TWA, the fee paid to TWA is not negotiable, under most circumstances.

Fees paid by clients to the Independent Managers are established and payable in accordance with the disclosure documents of each Independent Manager, and may or may not be negotiable, as disclosed in the disclosure documents of the Independent Manager.

Certain Independent Manager(s) may impose more restrictive account requirements and varying billing practices than TWA. In such instances, TWA may alter its corresponding account requirements and/or billing practices to accommodate those of the Independent Manager(s) or wrap fee program sponsor.

#### *Manager Access Select Program*

The Firm expects to use LPL's Manager Access Select program. The Manager Access Select program offers clients the ability to participate in the Separately Managed Account Platform (the "SMA Platform") or the Model Portfolio Platform (the "MP Platform"). In the SMA Platform, TWA will assist client in identifying a third party portfolio manager (the Independent Manager) from a list of Independent Managers made available by LPL, and the Independent Manager manages client's assets on a discretionary basis. TWA will provide initial and ongoing assistance regarding the Independent Manager selection process. In the MP Platform, clients authorize LPL to direct the investment and reinvestment of the assets in their accounts, in accordance with the selected model portfolio provided by LPL's Research Department or a third-party investment advisor.

A minimum account value of \$50,000 is required for Manager Access Select, however, in certain instances, the minimum account size may be lower or higher.

## **Item 5. Fees and Compensation**

TWA offers services on a fee basis, which includes fixed fees, as well as fees based upon assets under management. For investment management fees associated with participation in the Wrap Program, please see the Wrap Brochure.

#### **Financial Planning and Consulting Fees**

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TWA charges a fixed fee for providing financial planning and consulting services under a stand-alone engagement. These fees are negotiable, but range from \$1,500 to \$10,000, depending upon the scope and complexity of the services and the professional rendering the financial planning and/or the consulting

services. The fee can be for a defined project, such as the delivery of a plan or other content, or for ongoing services. If the client engages the Firm for additional investment advisory services, TWA can offset all or a portion of its fees for those services based upon the amount paid for the financial planning and/or consulting services.

The terms and conditions of the financial planning and/or consulting engagement are set forth in the Advisory Agreement. For project-based services TWA requires one-half of the fee (estimated hourly or fixed) payable upon execution of the Advisory Agreement. The outstanding balance is due upon delivery of the financial plan or completion of the agreed upon services. Ongoing services are charged as described in the investment management section, below. The Firm does not, however, take receipt of \$1,200 or more in prepaid fees, six or more months in advance of services rendered.

### **Investment Management Fees**

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TWA offers investment management services for an annual fee based on the amount of assets under the Firm's management. This management fee varies between 50 and 150 basis points (0.50% – 1.50%), depending upon the size and composition of a client's portfolio, the type and amount of services rendered and the individual(s) providing the services.

The annual fee is prorated and charged quarterly, in advance, based upon the market value of the assets being managed by TWA on the last day of the previous month as determined by an independent third-party which includes the client's custodian. If assets are deposited into or withdrawn from an account after the inception of a billing period, the fee payable with respect to such assets is adjusted to reflect the interim change in portfolio value and adjusted at the next billing. For the initial period of an engagement, the fee is calculated on a *pro rata* basis. In the event the advisory agreement is terminated, the fee for the final billing period is prorated through the effective date of the termination and the outstanding or unearned portion of the fee is charged or refunded to the client, as appropriate.

Additionally, for asset management services the Firm provides with respect to certain client holdings (e.g., held-away assets, accommodation accounts, alternative investments, etc.), TWA can negotiate a fee rate that differs from the range set forth above. Clients are advised that a conflict of interest exists for the Firm to recommend that clients engage TWA for additional services for compensation, including rolling over retirement accounts or moving other assets to the Firm's management. Clients retain absolute discretion over all decisions regarding engaging the Firm and are under no obligation to act upon any of the recommendations.

Any LPL Program referenced above is subject to maximum fees, depending on which program is used.



**Fee Discretion**

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TWA may, in its sole discretion, negotiate to charge a lesser fee based upon certain criteria, such as anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing/legacy client relationship, account retention, pro bono activities, or competitive purposes.

**Additional Fees and Expenses**

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Unless the client participates in a wrap fee program, all fees paid for advisory services are in addition to and separate and distinct from the fees and expenses charged by exchange-traded funds, mutual funds, separate account managers, private placements, pooled investment vehicles, broker-dealers, and custodians retained by clients. Such fees and expenses are described, respectively, in each exchange-traded fund and mutual fund's prospectus, each separate account manager's Form ADV and disclosure brochure or similar disclosure document, each private placement or pooled investment vehicle's confidential offering memoranda or similar document, and by any broker-dealer or custodian retained by the client. Clients are advised to read these materials carefully before investing. If a mutual fund imposes sales charges, a client may pay an initial or deferred sales charge as further described in the mutual fund's prospect. The Firm's brokerage practices are described at length in Item 12, below.

**Direct Fee Debit**

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Clients provide TWA and/or certain Independent Managers with the authority to directly debit their accounts for payment of the investment advisory fees. The Financial Institutions that act as the qualified custodian for client accounts, from which the Firm retains the authority to directly deduct fees, have agreed to send statements to clients not less than quarterly detailing all account transactions, including any amounts paid to TWA.

**Use of Margin**

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TWA can recommend that certain clients utilize margin in the client's investment portfolio or other borrowing. TWA only recommends such borrowing for non-investment needs, such as bridge loans and other financing needs. The Firm's fees are determined based upon the value of the assets being managed gross of any margin or borrowing.

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**Account Additions and Withdrawals**

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Clients can make additions to and withdrawals from their account at any time, subject to TWA's right to terminate an account. Additions can be in cash or securities provided that the Firm reserves the right to liquidate any transferred securities or declines to accept particular securities into a client's account. Clients can withdraw account assets on notice to TWA, subject to the usual and customary securities settlement procedures. However, the Firm designs its portfolios as long-term investments and the withdrawal of assets may impair the achievement of a client's investment objectives. TWA may consult with its clients about the options and implications of transferring securities. Clients are advised that when transferred securities are liquidated, they may be subject to transaction fees, short-term redemption fees, fees assessed at the mutual fund level (e.g., contingent deferred sales charges) and/or tax ramifications.

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**Additional LPL Disclosures**

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LPL serves as program sponsor, investment advisor and broker-dealer for most of the LPL advisory programs. TWA receives compensation as a result of a client's participation in an LPL program. Depending on, among other things, the type and size of the account, type of securities held in the account, changes in its value over time, the ability to negotiate fees or commissions, the historical or expected size or number of transactions, and the number and range of supplementary advisory and client-related services provided to the client, the amount of this compensation may be more or less than what TWA would receive if the client participated in other programs, whether through LPL or another sponsor, or paid separately for investment advice, brokerage and other services.

Please refer to the relevant LPL Form ADV program brochure for a more detailed discussion of conflicts of interest.

**Item 6. Performance-Based Fees and Side-by-Side Management**

TWA does not provide any services for a performance-based fee (i.e., a fee based on a share of capital gains or capital appreciation of a client's assets).

**Item 7. Types of Clients**

TWA offers services to individuals, trusts, estates, corporations and business entities. In general, TWA does not require a minimum dollar amount to open and maintain an advisory account; however, the Firm retains the right to terminate a client relationship if the client's accounts fall below a minimum size which, in the Firm's sole opinion, is too small to manage effectively.

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

### Methods of Analysis

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TWA utilizes a combination of fundamental, technical, and cyclical methods of analysis while employing an asset allocation strategy based on a derivative of Modern Portfolio Theory (“MPT”).

Fundamental analysis involves an evaluation of the fundamental financial condition and competitive position of a particular fund or issuer. For TWA, this process typically involves an analysis of an issuer’s management team, investment strategies, style drift, past performance, reputation and financial strength in relation to the asset class concentrations and risk exposures of the Firm’s model asset allocations. A substantial risk in relying upon fundamental analysis is that while the overall health and position of a company may be good, evolving market conditions may negatively impact the security.

Technical analysis involves the examination of past market data rather than specific issuer information in determining the recommendations made to clients. Technical analysis may involve the use of mathematical based indicators and charts, such as moving averages and price correlations, to identify market patterns and trends which may be based on investor sentiment rather than the fundamentals of the company. A substantial risk in relying upon technical analysis is that spotting historical trends may not help to predict such trends in the future. Even if the trend will eventually reoccur, there is no guarantee that TWA will be able to accurately predict such a reoccurrence.

Cyclical analysis is similar to technical analysis in that it involves the assessment of market conditions at a macro (entire market or economy) or micro (company specific) level, rather than focusing on the overall fundamental analysis of the health of the particular company that TWA is recommending. The risks with cyclical analysis are similar to those of technical analysis.

Modern Portfolio Theory (“MPT”) is a mathematical based investment discipline that seeks to quantify expected portfolio returns in relation to corresponding portfolio risk. The basic premise of MPT is that the risk of a particular holding is to be assessed by comparing its price variations against those of the market portfolio. However, MPT disregards certain investment considerations and is based on a series of assumptions that may not necessarily reflect actual market conditions. As such, the factors for which MPT does not account (*e.g.*, tax implications, regulatory constraints and brokerage costs) may negate the upside or add to the actual risk of a particular allocation. Nevertheless, TWA’s investment process is structured in such a way to integrate those assumptions and real life considerations for which MPT analytics do not account.

## Investment Strategies

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TWA employs a goal-oriented family financial wealth plan which serves as the blueprint for the investment portfolio recommendations made to clients. TWA firmly believes that all successful investing is goal-focused and planning-driven, while all unsuccessful investing is market-focused and timing-driven. TWA is focused on responsibly managing wealth in low-cost asset allocation strategies with a significant emphasis on ongoing tax minimization and risk management. TWA utilizes behavioral finance and macroeconomic trends to create appropriate asset allocation strategies in an effort to earn competitive risk-adjusted returns and minimize common and costly behavioral investing mistakes.

TWA manages several discretionary portfolios for clients that seek to achieve the objectives of the clients' financial plan. These include multiple versions of core asset allocation models using passive low-cost index funds.

Additionally, TWA may use separately managed accounts for a portion of the asset allocation both in equity or tax-exempt fixed income where the Firm believes they are appropriate.

TWA investment philosophy is based on the following principles:

- To the extent it is possible, make an ongoing conscious effort to minimize the portfolio drag from fees and taxes;
- Develop highly diversified low-cost index fund (using exchange traded fund or ETFs) core portfolios to access a broad range of asset classes and market sectors;
- Augment core portfolios with actively managed investments (mutual funds, separately managed accounts) where TWA deems appropriate
- Strategically reallocate investments as market conditions warrant;
- Hold asset classes for extended periods of time and avoid chasing short-term trends; and
- Periodically rebalance as needed to maintain proper asset allocation targets.

TWA implements Long-Term Purchases as a strategy for clients. TWA defines this as securities purchased with the expectation that the value of those securities will grow over a relatively long period of time, generally greater than one year.

## Risk of Loss

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The following list of risk factors does not purport to be a complete enumeration or explanation of the risks involved with respect to the Firm's investment management activities. Clients should consult with their legal, tax, and other advisors before engaging the Firm to provide investment management services on their behalf.

TWA's investment strategies and advice may vary depending upon each client's specific financial situation. As such, the Firm determines investments and allocations based upon each client's predefined objectives, risk tolerance, time horizon, financial information, liquidity needs and other various suitability factors. A client's restrictions and guidelines may affect the composition of that client's portfolio. It is important that clients notify the Firm immediately with respect to any material changes to their financial circumstances, including for example, a change in current or expected income level, tax circumstances, or employment status.

#### *Market Risks*

Investing involves risk, including the potential loss of principal, and all investors should be guided accordingly. The profitability of a significant portion of TWA's recommendations and/or investment decisions may depend to a great extent upon correctly assessing the future course of price movements of stocks, bonds and other asset classes. In addition, investments may be adversely affected by financial markets and economic conditions throughout the world. There can be no assurance that TWA will be able to predict these price movements accurately or capitalize on any such assumptions.

#### *Volatility Risks*

The prices and values of investments can be highly volatile, and are influenced by, among other things, interest rates, general economic conditions, the condition of the financial markets, the financial condition of the issuers of such assets, changing supply and demand relationships, and programs and policies of governments.

#### *Cash Management Risks*

The Firm may invest some of a client's assets temporarily in money market funds or other similar types of investments, during which time an advisory account may be prevented from achieving its investment objective.

#### *Long-Term Purchases Strategy*

Using a long-term purchase strategy generally assumes the financial markets will go up in the long-term which may not be the case. There is also the risk that the segment of the market that clients are invested in or perhaps just their particular investment will go down over time even if the overall financial markets advance. Purchasing investments long-term may create an opportunity cost - "locking-up" assets that may be better utilized in the short-term in other investments.

#### *Securities-Back Lines of Credit ("SBLOCs")*

A SBLOC is a loan that allows investors to borrow money using securities held in their investment accounts as collateral. An SBLOC requires investors to make monthly interest-only payments, and the loan remains outstanding until it is repaid. If the value of the securities declines to an amount where it is no longer

sufficient to support the line of credit, investors will receive a "maintenance call", a notification that the investor must post additional collateral or repay the loan within a specified period (typically two or three days). If the investor is unable to add additional collateral to the account or repay the loan with readily available cash, the firm can liquidate the securities satisfy the maintenance call, which may have potential unintended tax consequences and could have a significant impact on an investors long term investment goals.

#### *Margin Transactions or Margin Loans*

A securities transaction in which an investor borrows money to purchase a security, in which case the security serves as collateral on the loan. A margin loan can be established on more than one account with the same ownership while maintaining a single margin relationship for regulatory purposes. If the value of the shares drops sufficiently, the investor will be required to either deposit more cash into the account or sell a portion of the stock in order to maintain the margin requirements of the account. This is known as a "margin call." An investor's overall risk includes the amount of money invested plus the amount that was loaned to them.

#### *Equity-Related Securities and Instruments*

The Firm may take long positions in common stocks of U.S. and non-U.S. issuers traded on national securities exchanges and over-the-counter markets. The value of equity securities varies in response to many factors. These factors include, without limitation, factors specific to an issuer and factors specific to the industry in which the issuer participates. Individual companies may report poor results or be negatively affected by industry and/or economic trends and developments, and the stock prices of such companies may suffer a decline in response. In addition, equity securities are subject to stock risk, which is the risk that stock prices historically rise and fall in periodic cycles. U.S. and non-U.S. stock markets have experienced periods of substantial price volatility in the past and may do so again in the future. In addition, investments in small-capitalization, mid-capitalization and financially distressed companies may be subject to more abrupt or erratic price movements and may lack sufficient market liquidity, and these issuers often face greater business risks.

#### *Fixed Income Securities*

While the Firm emphasizes risk-averse management and capital preservation in its fixed-income bond portfolios, clients who invest in this product can lose money, including losing a portion of their original investment. The prices of the securities in our portfolios fluctuate. The Firm does not guarantee any particular level of performance. Below is a representative list of the types of risks clients should consider before investing in this product.

- Interest rate risk. Prices of bonds tend to move in the opposite direction to interest rate changes. Typically, a rise in interest rates will negatively affect bond prices. The longer the duration and average maturity of a portfolio, the greater the likely reaction to interest rate moves.

- Credit (or default) risk. A bond's price will generally fall if the issuer fails to make a scheduled interest or principal payment, if the credit rating of the security is downgraded, or if the perceived creditworthiness of the issuer deteriorates.
- Liquidity risk. Sectors of the bond market can experience a sudden downturn in trading activity. When there is little or no trading activity in a security, it can be difficult to sell the security at or near its perceived value. In such a market, bond prices may fall.
- Call risk. Some bonds give the issuer the option to call or redeem the bond before the maturity date. If an issuer calls a bond when interest rates are declining, the proceeds may have to be reinvested at a lower yield. During periods of market illiquidity or rising rates, prices of callable securities may be subject to increased volatility.
- Prepayment risk. When interest rates fall, the principal of mortgage-backed securities may be prepaid. These prepayments can reduce the portfolio's yield because proceeds may have to be reinvested at a lower yield.
- Extension risk. When interest rates rise or there is a lack of refinancing opportunities, prepayments of mortgage-backed securities or callable bonds may be less than expected. This would lengthen the portfolio's duration and average maturity and increase its sensitivity to rising rates and its potential for price declines.

#### *Tax Considerations*

The Firm's strategies and investments may have unique and significant tax implications. However, unless the Firm specifically agrees otherwise, and in writing, tax efficiency is not the primary consideration in the management of client assets. Regardless of a client's account size or any other factors, the Firm strongly recommend that clients consult with a tax professional regarding the investing of their assets. Custodians and broker-dealers must report the cost basis of equities acquired in client accounts. Each client's custodian will default to the First-In First-Out ("FIFO") accounting method for calculating the cost basis of investments. Clients are responsible for contacting their tax advisor to determine if this accounting method is the right choice for them. If the client's tax advisor believes another accounting method is more advantageous, the client should provide written notice to the Firm immediately and the Firm will alert the account custodian of the individually selected accounting method. Decisions about cost basis accounting methods will need to be made before trades settle, as the cost basis method cannot be changed after settlement.

#### *Recommendation of Particular Types of Securities*

TWA can advise on other types of investments as appropriate for clients since each client has different needs and different tolerance for risk. Each type of security has its own unique set of risks associated with it and it would not be possible to list here all of the specific risks of every type of investment. Even within

the same type of investment, risks can vary widely. However, in very general terms, the higher the anticipated return of an investment, the higher the risk of loss associated with the investment. Clients should consult with their legal, tax, and other advisors before engaging the Firm to provide investment management services on their behalf.

#### *Use of Independent Managers*

As stated above, TWA selects certain Independent Managers to manage a portion of its clients' assets. In these situations, TWA continues to conduct ongoing due diligence of such managers, but such recommendations rely to a great extent on the Independent Managers' ability to successfully implement their investment strategies. In addition, TWA does not have the ability to supervise the Independent Managers on a day-to-day basis.

#### *Management through Similarly Managed "Model" Accounts*

TWA manages certain accounts through the use of similarly managed "model" portfolios, whereby the Firm allocates all or a portion of its clients' assets among various mutual funds and/or securities on a discretionary basis using one or more of its proprietary investment strategies. In managing assets through the use of models, the Firm remains in compliance with the safe harbor provisions of Rule 3a-4 of the Investment Company Act of 1940. The strategy used to manage a model portfolio may involve an above average portfolio turnover that could negatively impact clients' net after tax gains. While the Firm seeks to ensure that clients' assets are managed in a manner consistent with their individual financial situations and investment objectives, securities transactions effected pursuant to a model investment strategy are usually done without regard to a client's individual tax ramifications. Clients should contact the Firm if they experience a change in their financial situation or if they want to impose reasonable restrictions on the management of their accounts.

#### *Equity-Related Securities and Instruments*

The Firm may take long positions in common stocks of U.S. and non-U.S. issuers traded on national securities exchanges and over-the-counter markets. The value of equity securities varies in response to many factors. These factors include, without limitation, factors specific to an issuer and factors specific to the industry in which the issuer participates. Individual companies may report poor results or be negatively affected by industry and/or economic trends and developments, and the stock prices of such companies may suffer a decline in response. In addition, equity securities are subject to stock risk, which is the risk that stock prices historically rise and fall in periodic cycles. U.S. and non-U.S. stock markets have experienced periods of substantial price volatility in the past and may do so again in the future. In addition, investments in small-capitalization, mid-capitalization and financially distressed companies may be subject to more abrupt or erratic price movements and may lack sufficient market liquidity, and these issuers often face greater business risks.



*Fixed Income Securities*

Fixed income securities are subject to the risk of the issuer's or a guarantor's inability to meet principal and interest payments on its obligations and to price volatility.

*Mutual Funds and ETFs*

An investment in a mutual fund or ETF involves risk, including the loss of principal. Mutual fund and ETF shareholders are necessarily subject to the risks stemming from the individual issuers of the fund's underlying portfolio securities. Such shareholders are also liable for taxes on any fund-level capital gains, as mutual funds and ETFs are required by law to distribute capital gains in the event they sell securities for a profit that cannot be offset by a corresponding loss. Shares of mutual funds are generally distributed and redeemed on an ongoing basis by the fund itself or a broker acting on its behalf. The trading price at which a share is transacted is equal to a fund's stated daily per share net asset value ("NAV"), plus any shareholders fees (e.g., sales loads, purchase fees, redemption fees). The per share NAV of a mutual fund is calculated at the end of each business day, although the actual NAV fluctuates with intraday changes to the market value of the fund's holdings. The trading prices of a mutual fund's shares may differ significantly from the NAV during periods of market volatility, which may, among other factors, lead to the mutual fund's shares trading at a premium or discount to actual NAV. Shares of ETFs are listed on securities exchanges and transacted at negotiated prices in the secondary market. Generally, ETF shares trade at or near their most recent NAV, which is generally calculated at least once daily for indexed based ETFs and potentially more frequently for actively managed ETFs. However, certain inefficiencies may cause the shares to trade at a premium or discount to their pro rata NAV. There is also no guarantee that an active secondary market for such shares will develop or continue to exist. Generally, an ETF only redeems shares when aggregated as creation units (usually 20,000 shares or more). Therefore, if a liquid secondary market ceases to exist for shares of a particular ETF, a shareholder may have no way to dispose of such shares.

*Structured Products*

A structured product, also known as a market-linked product, is generally a pre-packaged investment strategy based on derivatives, such as a single security, a basket of securities, options, indices, commodities, debt issuances, and/or foreign currencies, and to a lesser extent, swaps. Structured products are usually issued by investment banks or affiliates thereof. They have a fixed maturity, and have two components: a note and a derivative. The derivative component is often an option. The note provides for periodic interest payments to the investor at a predetermined rate, and the derivative component provides for the payment at maturity. Some products use the derivative component as a put option written by the investor that gives the buyer of the put option the right to sell to the investor the security or securities at a predetermined price. Other products use the derivative component to provide for a call option written by the investor that gives the buyer of the call option the right to buy the security or securities from the investor at a predetermined price. A feature of some structured products is a "principal guarantee" function, which offers protection of principal if held to maturity. However, these products are not always Federal Deposit Insurance Corporation

insured; they may only be insured by the issuer, and thus have the potential for loss of principal in the case of a liquidity crisis, or other solvency problems with the issuing company. Investing in structured products involves a number of risks including but not limited to: fluctuations in the price, level or yield of underlying instruments, interest rates, currency values and credit quality; substantial loss of principal; limits on participation in any appreciation of the underlying instrument; limited liquidity; credit risk of the issuer; conflicts of interest; and, other events that are difficult to predict.

#### *Use of Private Collective Investment Vehicles*

TWA recommends that certain clients invest in privately placed collective investment vehicles (e.g., hedge funds, private equity funds, etc.). The managers of these vehicles have broad discretion in selecting the investments. There are few limitations on the types of securities or other financial instruments which may be traded and no requirement to diversify. Hedge funds may trade on margin or otherwise leverage positions, thereby potentially increasing the risk to the vehicle. In addition, because the vehicles are not registered as investment companies, there is an absence of regulation. There are numerous other risks in investing in these securities. Clients should consult each fund's private placement memorandum and/or other documents explaining such risks prior to investing.

#### *Limited Partnerships*

A limited partnership is a financial affiliation that includes at least one general partner and a number of limited partners. The partnership invests in a venture, such as real estate development or oil exploration, for financial gain. The general partner has management authority and unlimited liability. The general partner runs the business and, in the event of bankruptcy, is responsible for all debts not paid or discharged. The limited partners have no management authority and their liability is limited to the amount of their capital commitment. Profits are divided between general and limited partners according to an arrangement formed at the creation of the partnership. The range of risks are dependent on the nature of the partnership and disclosed in the offering documents if privately placed. Publicly traded limited partnership have similar risk attributes to equities. However, like privately placed limited partnerships their tax treatment is under a different tax regime from equities. Clients should speak to their tax adviser in regard to their tax treatment.

#### *Variable Annuities*

A variable annuity is a form of insurance where the seller or issuer (typically an insurance company) makes a series of future payments to a buyer (annuitant) in exchange for the immediate payment of a lump sum (single-payment annuity) or a series of regular payments (regular-payment annuity). The payment stream from the issuer to the annuitant has an unknown duration based principally upon the date of death of the annuitant. At this point, the contract will terminate and the remainder of the funds accumulated forfeited unless there are other annuitants or beneficiaries in the contract. Annuities can be purchased to provide an income during retirement. Unlike fixed annuities that make payments in fixed amounts or in amounts that increase by a fixed percentage, variable annuities, pay amounts that vary according to the performance of

a specified set of investments, typically bond and equity mutual funds. Many variable annuities typically impose asset-based sales charges or surrender charges for withdrawals within a specified period. Variable annuities may impose a variety of fees and expenses, in addition to sales and surrender charges, such as mortality and expense risk charges; administrative fees; underlying fund expenses; and charges for special features, all of which can reduce the return. Earnings in a variable annuity do not provide all the tax advantages of 401(k)s and other before-tax retirement plans. Once the investor starts withdrawing money from their variable annuity, earnings are taxed at the ordinary income rate, rather than at the lower capital gains rates applied to other non-tax deferred vehicles which are held for more than one year. Proceeds of most variable annuities do not receive a "step-up" in cost basis when the owner dies like stocks, bonds and mutual funds do. Some variable annuities offer "bonus credits." These are usually not free. In order to fund them, insurance companies typically impose mortality and expense charges and surrender charge periods. In an exchange of an existing annuity for a new annuity (so-called 1035 exchanges), the new variable annuity may have a lower contract value and a smaller death benefit; may impose new surrender charges or increase the period of time for which the surrender charge applies; may have higher annual fees; and provide another commission for the broker.

#### *Currency Risks*

An advisory account that holds investments denominated in currencies other than the currency in which the advisory account is denominated may be adversely affected by the volatility of currency exchange rates.

#### *Interest Rate Risks*

Interest rates may fluctuate significantly, causing price volatility with respect to securities or instruments held by clients.

### **Item 9. Disciplinary Information**

TWA has not been involved in any legal or disciplinary events that are material to a client's evaluation of its advisory business or the integrity of its management.

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

This item requires investment advisers to disclose certain financial industry activities and affiliations. The Firm does not have any other financial industry activities or affiliations that need to be disclosed.

## Item 11. Code of Ethics

TWA has adopted a code of ethics in compliance with applicable securities laws (“Code of Ethics”) that sets forth the standards of conduct expected of its Supervised Persons. TWA’s Code of Ethics contains written policies reasonably designed to prevent certain unlawful practices such as the use of material non-public information by the Firm or any of its Supervised Persons and the trading by the same of securities ahead of clients in order to take advantage of pending orders.

The Code of Ethics also requires certain of TWA’s personnel to report their personal securities holdings and transactions and obtain pre-approval of certain investments (*e.g.*, initial public offerings, limited offerings). However, the Firm’s Supervised Persons are permitted to buy or sell securities that it also recommends to clients if done in a fair and equitable manner that is consistent with the Firm’s policies and procedures. This Code of Ethics has been established recognizing that some securities trade in sufficiently broad markets to permit transactions by certain personnel to be completed without any appreciable impact on the markets of such securities. Therefore, under limited circumstances, exceptions may be made to the policies stated below.

When the Firm is engaging in or considering a transaction in any security on behalf of a client, no Supervised Person with access to this information may knowingly effect for themselves or for their immediate family (*i.e.*, spouse, minor children and adults living in the same household) a transaction in that security unless:

- the transaction has been completed;
- the transaction for the Supervised Person is completed as part of a batch trade with clients; or
- a decision has been made not to engage in the transaction for the client.

These requirements are not applicable to: (i) direct obligations of the Government of the United States; (ii) money market instruments, bankers’ acceptances, bank certificates of deposit, commercial paper, repurchase agreements and other high quality short-term debt instruments, including repurchase agreements; (iii) shares issued by money market funds; and iv) shares issued by other unaffiliated open-end mutual funds.

Clients and prospective clients may contact TWA to request a copy of its Code of Ethics by contacting the Firm at the phone number on the cover page of this brochure.

## Item 12. Brokerage Practices

### Recommendation of Broker-Dealers for Client Transactions

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TWA recommends that clients utilize the custody, brokerage and clearing services of LPL for investment management accounts. The final decision to custody assets with LPL is at the discretion of the client, including those accounts under ERISA or IRA rules and regulations, in which case the client is acting as either the plan sponsor or IRA accountholder. TWA is independently owned and operated and not affiliated with LPL. LPL provides TWA with access to its institutional trading and custody services, which are typically not available to retail investors.

LPL is generally compensated by clients through commissions, trails, or other transaction-based fees for trades that are executed through LPL or that settle into LPL accounts. For IRA accounts, LPL generally charges account maintenance fees. In addition, LPL also charges clients miscellaneous fees and charges, such as account transfer fees. LPL charges TWA an asset-based administration fee for administrative services provided by LPL. Such administration fees are not directly borne by clients, but may be taken into account when TWA negotiates its advisory fee with clients.]

Factors which TWA considers in recommending LPL or any other broker-dealer to clients include their respective financial strength, reputation, execution, pricing, research and service. LPL enables the Firm to obtain many mutual funds without transaction charges and other securities at nominal transaction charges. The commissions and/or transaction fees charged by LPL may be higher or lower than those charged by other Financial Institutions.

The commissions paid by TWA's clients to LPL comply with the Firm's duty to obtain "best execution." Clients may pay commissions that are higher than another qualified Financial Institution might charge to effect the same transaction where TWA determines that the commissions are reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a Financial Institution's services, including among others, the value of research provided, execution capability, commission rates and responsiveness. TWA seeks competitive rates but may not necessarily obtain the lowest possible commission rates for client transactions.

The receipt of investment research products and/or services as well as the allocation of the benefit of such investment research products and/or services poses a conflict of interest because TWA does not have to produce or pay for the products or services.

In addition, if the Firm or LPL terminates the affiliation with LPL for any reason, LPL reserves the right to require repayment of any of savings during to the Firm during the prior twelve (12) months under the asset-based pricing provided to the Firm by LPL. This results in an incentive for the Firm to continue to

recommend LPL, especially if transaction-based pricing to the Firm would have been more expensive than the asset-based pricing.

TWA periodically and systematically reviews its policies and procedures regarding its recommendation of Financial Institutions in light of its duty to obtain best execution.

### **Software and Support Provided by Financial Institutions**

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TWA receives support services and/or products from LPL, many of which assist the Firm to better monitor and service program accounts maintained at LPL; however, some of the services and products benefit TWA and not client accounts. These support services and/or products may be received without cost, at a discount, and/or at a negotiated rate, and may include the following:

- investment-related research
- pricing information and market data
- software and other technology that provide access to client account data
- compliance and/or practice management-related publications
- consulting services
- attendance at conferences, meetings, and other educational and/or social events
- marketing support
- computer hardware and/or software
- other products and services used by the Firm in furtherance of its investment advisory business operations

LPL may provide these services and products directly, or may arrange for third party vendors to provide the services or products to TWA. In the case of third-party vendors, LPL may pay for some or all of the third party's fees.

These support services are provided to TWA based on the overall relationship between TWA and LPL. It is not the result of soft dollar arrangements or any other express arrangements with LPL that involves the execution of client transactions as a condition to the receipt of services. TWA will continue to receive the services regardless of the volume of client transactions executed with LPL. Clients do not pay more for services as a result of this arrangement. There is no corresponding commitment made by the TWA to LPL or any other entity to invest any specific amount or percentage of client assets in any specific securities as

a result of the arrangement. However, because TWA receives these benefits from LPL, there is a conflict of interest. The receipt of these products and services presents a financial incentive for TWA to recommend that its clients use LPL's custodial platform rather than another custodian's platform.

LPL also makes available to TWA other services intended to help the Firm manage and further develop its business. Some of these services assist TWA to better monitor and service program accounts maintained at LPL, however, many of these services benefit only TWA, for example, services that assist the Firm in growing its business. These support services and/or products may be provided without cost, at a discount, and/or at a negotiated rate, and include practice management-related publications; consulting services; attendance at conferences and seminars, meetings, and other educational and/or social events; marketing support; and other products and services used by TWA in furtherance of the operation and development of its investment advisory business.

The products and services described above are provided to TWA as part of its overall relationship with LPL. While as a fiduciary TWA endeavors to act in its clients' best interests, the receipt of these benefits creates a conflict of interest because the Firm's recommendation that clients custody their assets at LPL is based in part on the benefits received and not solely on the nature, cost or quality of custody or brokerage services provided by LPL. TWA's receipt of some of these benefits may be based on the amount of advisory assets custodied on the LPL Financial platform.

#### **Loans Received by the Supervised Persons From LPL**

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LPL has provided forgivable loans to certain Supervised Persons of the Firm. The loan payments repayable by the Supervised Persons are forgiven over time so there is an incentive for the Firm to maintain its relationship with LPL as custodian for advisory clients.

The amount of the loan, paid to the Supervised Persons represents a substantial payment. Forgiveness of the loan, in whole or in part, is conditioned on the Supervised Persons remaining affiliated with LPL and will be based on the amount of business the Firm engages in with LPL, including, but not limited to, the amount of client assets the Firm maintains with LPL. As such, the Firm and its Supervised Persons have a financial incentive to recommend that its clients maintain their accounts with LPL.

The receipt of the loans creates conflicts of interest relating to TWA's advisory business because it creates a financial incentive for the Firm and its Supervised Persons to recommend clients maintain their advisory accounts with LPL. TWA seeks to mitigate these conflicts of interest by evaluating LPL's services to determine that the recommendation to use LPL is based on the benefits that such services provide to clients, rather than the benefits received by the Firm or its Supervised Person. As set forth above, the Firm periodically and systematically reviews its policies and procedures regarding its recommendation of Financial Institutions in light of its duty to obtain best execution, including its recommendation of LPL.

However, clients should be aware of this conflict and take it into consideration in making a decision whether to custody their assets with LPL through TWA.

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**Brokerage for Client Referrals**

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TWA does not consider, in selecting or recommending broker-dealers, whether the Firm receives client referrals from the Financial Institutions or other third party.

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**Directed Brokerage**

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The client may direct TWA in writing to use a particular Financial Institution to execute some or all transactions for the client. In that case, the client will negotiate terms and arrangements for the account with that Financial Institution and the Firm will not seek better execution services or prices from other Financial Institutions or be able to “batch” client transactions for execution through other Financial Institutions with orders for other accounts managed by TWA (as described above). As a result, the client may pay higher commissions or other transaction costs, greater spreads or may receive less favorable net prices, on transactions for the account than would otherwise be the case. Subject to its duty of best execution, TWA may decline a client’s request to direct brokerage if, in the Firm’s sole discretion, such directed brokerage arrangements would result in additional operational difficulties.

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**Trade Aggregation**

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Transactions for each client will be effected independently, unless TWA decides to purchase or sell the same securities for several clients at approximately the same time. TWA may (but is not obligated to) combine or “batch” such orders to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among the Firm’s clients differences in prices and commissions or other transaction costs that might not have been obtained had such orders been placed independently. Under this procedure, transactions will be averaged as to price and allocated among TWA’s clients pro rata to the purchase and sale orders placed for each client on any given day. To the extent that the Firm determines to aggregate client orders for the purchase or sale of securities, including securities in which TWA’s Supervised Persons may invest, the Firm does so in accordance with applicable rules promulgated under the Advisers Act and no-action guidance provided by the staff of the U.S. Securities and Exchange Commission. TWA does not receive any additional compensation or remuneration as a result of the aggregation.

In the event that the Firm determines that a prorated allocation is not appropriate under the particular circumstances, the allocation will be made based upon other relevant factors, which include: (i) when only a small percentage of the order is executed, shares may be allocated to the account with the smallest order or the smallest position or to an account that is out of line with respect to security or sector weightings relative to other portfolios, with similar mandates; (ii) allocations may be given to one account when one



account has limitations in its investment guidelines which prohibit it from purchasing other securities which are expected to produce similar investment results and can be purchased by other accounts; (iii) if an account reaches an investment guideline limit and cannot participate in an allocation, shares may be reallocated to other accounts (this may be due to unforeseen changes in an account's assets after an order is placed); (iv) with respect to sale allocations, allocations may be given to accounts low in cash; (v) in cases when a pro rata allocation of a potential execution would result in a de minimis allocation in one or more accounts, the Firm may exclude the account(s) from the allocation; the transactions may be executed on a pro rata basis among the remaining accounts; or (vi) in cases where a small proportion of an order is executed in all accounts, shares may be allocated to one or more accounts on a random basis.

## **Item 13. Review of Accounts**

### **Account Reviews**

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TWA monitors client portfolios on a continuous and ongoing basis and regular account reviews are conducted on at least an annual basis. Such reviews are conducted by the Firm's investment adviser representatives and principals. All investment advisory clients are encouraged to discuss their needs, goals and objectives with TWA and to keep the Firm informed of any changes thereto.

### **Account Statements and Reports**

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Clients are provided with transaction confirmation notices and regular summary account statements directly from the Financial Institutions where their assets are custodied. From time-to-time or as otherwise requested, clients may also receive written or electronic reports from TWA and/or an outside service provider, which contain certain account and/or market-related information, such as an inventory of account holdings or account performance. Clients should compare the account statements they receive from their custodian with any documents or reports they receive from TWA or an outside service provider.

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

The Firm does not currently provide compensation to any third-party solicitors for client referrals.

The Firm receives economic benefits from LPL. The benefits, conflicts of interest and how they are addressed are discussed above in response to Item 12.

## Item 15. Custody

TWA is deemed to have custody of client funds and securities because the Firm is given the ability to debit client accounts for payment of the Firm's fees. As such, client funds and securities are maintained at one or more Financial Institutions that serve as the qualified custodian with respect to such assets. Such qualified custodians will send account statements to clients at least once per calendar quarter that typically detail any transactions in such account for the relevant period.

In addition, as discussed in Item 13, TWA will also send, or otherwise make available, periodic supplemental reports to clients. Clients should carefully review the statements sent directly by the Financial Institutions and compare them to those received from TWA. Any other custody disclosures can be found in the Firm's Form ADV Part 1.

### Standing Letters of Authorization

TWA also anticipates having custody due to clients giving the Firm limited power of attorney in a standing letter of authorization ("SLOA") to disburse funds to one or more third parties as specifically designated by the client. In such circumstances, the Firm will implement the steps in the SEC's no-action letter on February 21, 2017 which includes (in summary): i) client will provide instruction for the SLOA to the custodian; ii) client will authorize the Firm to direct transfers to the specific third party; iii) the custodian will perform appropriate verification of the instruction and provide a transfer of funds notice to the client promptly after each transfer; iv) the client will have the ability to terminate or change the instruction; v) the Firm will have no authority or ability to designate or change the identity or any information about the third party; vi) the Firm will keep records showing that the third party is not a related party of the Firm or located at the same address as the Firm; and vii) the custodian will send the client an initial and annual notice confirming the SLOA instructions.

## Item 16. Investment Discretion

TWA is given the authority to exercise discretion on behalf of some clients. TWA is considered to exercise investment discretion over a client's account if it can effect and/or direct transactions in client accounts without first seeking their consent. TWA is given this authority through a power-of-attorney included in the agreement between TWA and the client. Clients may request a limitation on this authority (such as certain securities not to be bought or sold). TWA takes discretion over the following activities:

- The securities to be purchased or sold;
- The amount of securities to be purchased or sold;

- When transactions are made; and
- The Independent Managers to be hired or fired.

## Item 17. Voting Client Securities

TWA accepts the authority to vote a client's securities (i.e., proxies) on their behalf. When TWA accepts such responsibility, it will only cast proxy votes in a manner consistent with the best interest of its clients. Absent special circumstances, which are fully-described in the Firm's Proxy Voting Policies and Procedures, all proxies will be voted consistent with guidelines established and described in TWA's Proxy Voting Policies and Procedures, as they may be amended from time-to-time. Clients may contact TWA to request information about how the Firm voted proxies for that client's securities or to get a copy of TWA's Proxy Voting Policies and Procedures. A brief summary of TWA's Proxy Voting Policies and Procedures is as follows:

- TWA has formed a Proxy Voting Committee that will be responsible for monitoring corporate actions, making voting decisions in the best interest of clients, and ensuring that proxies are submitted in a timely manner.
- The Proxy Voting Committee will vote proxies according to TWA's then current Proxy Voting Guidelines. The Proxy Voting Guidelines include many specific examples of voting decisions for the types of proposals that are most frequently presented, including: composition of the board of directors; approval of independent auditors; management and director compensation; anti-takeover mechanisms and related issues; changes to capital structure; corporate and social policy issues; and issues involving mutual funds.
- Although the Proxy Voting Guidelines are followed as a general policy, certain issues are considered on a case-by-case basis based on the relevant facts and circumstances. Since corporate governance issues are diverse and continually evolving, the Firm devotes an appropriate amount of time and resources to monitor these changes.
- Clients cannot direct TWA's vote on a particular solicitation but can revoke the Firm's authority to vote proxies.
- In situations where there is a conflict of interest in the voting of proxies due to business or personal relationships that TWA maintains with persons having an interest in the outcome of certain votes, the Firm takes appropriate steps to ensure that its proxy voting decisions are made in the best interest of its clients and are not the product of such conflict.

**Item 18. Financial Information**

TWA is not required to disclose any financial information listed in the instructions to Item 18 because:

- The Firm does not require or solicit the prepayment of more than \$1,200 in fees six months or more in advance of services rendered;
- The Firm does not have a financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients; and
- The Firm has not been the subject of a bankruptcy petition at any time during the past ten years.