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This brochure provides information about the qualifications and business practices of Pillar Wealth Management, LLC. If you have any questions about the contents of this brochure, please contact us at 925-407-0320 or at [pwm@pillarwm.com](mailto:pwm@pillarwm.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. Registration as an investment adviser, either with the SEC or with a state securities authority, does not imply a certain level of skill or training.

Additional information about Pillar Wealth Management, LLC. is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Pillar Wealth Management, LLC's CRD number is 147837.

## **Item 2 - Material Changes**

The changes made to this Brochure since the last Annual Amendment was filed on February 13, 2020 are as follows:

- Item 4 – Advisory Business
  - We removed information pertaining to advisory services which are no longer offered.
- Item 5 – Fees and Compensation
  - We removed information about fees for advisory services which are no longer offered.
- Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss
  - We added information pertaining to types of securities that may be utilized in our investment management process.
- Item 14 – Client Referrals and Other Compensation
  - We no longer engage with providers of technology platforms to help prospective investors locate investment advisors based on geographic proximity or other search criteria.

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## **Item 4 - Advisory Business**

Pillar Wealth Management, LLC. (“PWM”) has been in business since September 8, 2008 and the principal owners are Haitham E. Ashoo and Christopher G. Snyder. Both serve as the firm’s only investment adviser representatives.

Pillar Wealth Management, LLC. offers the following investment advisory services:

### *Investment Supervisory Services*

On a discretionary basis, PWM offers ongoing portfolio management services based on the individual goals, investment objectives, time horizon, and risk tolerance of each client. Investment Supervisory Services include, but are not limited to, the following:

- Investment strategy
- Asset selection
- Regular portfolio monitoring
- Asset allocation
- Risk tolerance

PWM evaluates each client’s investment objectives, time horizon, and risk tolerance and determines an appropriate portfolio of securities. We primarily use exchange-traded funds (ETFs), including ETFs which utilize leverage, but we may also use equities, fixed-income securities, mutual funds, and other types of investments. See Item 8 for a description of securities or investments that we may use.

If we utilize mutual funds for your accounts under our management, we will endeavor to select mutual fund share classes that have the lowest internal cost and use “no-load” mutual funds. If securities held by you are transferred to accounts for which we will provide investment management or supervisory services, you may decide to keep these securities. Mutual fund securities that are maintained may be of share classes that have higher internal fees which, if held for the long-term, can have a cumulative effect on returns.

We do not offer investment management or supervisory services on a non-discretionary basis.

We offer clients an investment management plan which outlines each client’s current situation and is used in the selection of a portfolio that matches restrictions, needs, and targets. The investment management plan can be used for any specific investment goal such as investment planning, retirement planning, and college planning. We do not charge a separate fee for the individualized investment management plan.

PWM offers the same suite of services to all clients. Clients may impose restrictions in investing in certain securities or types of securities in accordance with their values or beliefs. However, if the restrictions prevent PWM from properly servicing the client account, or if the restrictions would require PWM to deviate from its standard suite of services, PWM reserves the right to end the relationship.

Although we primarily use ETFs and equities in our clients' portfolios and accounts, we do not limit our investment advice to specific types of investments. As stated above, we may use mutual funds, equities, bonds, fixed-income securities, debt securities, ETFs, government securities and other types of investments to diversify a portfolio when applicable.

PWM does not direct clients to third-party money managers, nor do we sponsor or participate in any wrap fee programs.

As of December 31, 2020, PWM had approximately \$191,000,000 discretionary assets under management and \$0 non-discretionary assets under management.

## **Item 5 - Fees and Compensation**

### *Investment Supervisory Services Fees*

We are compensated by advisory fees paid by you. Our fee schedule range is:

0.27% - 1.60%

There is an annual minimum fee of \$15,000. These fees are negotiable, and the final fee schedule is attached to the Investment Advisory Contract. Fees are paid quarterly in advance based upon the market value of the assets on the last business day of the previous quarter. Refunds are given on a prorated basis, based on the number of days remaining in a quarter at the point of termination.

Clients may terminate their contracts without penalty, for full refund, within 5 business days of signing the advisory contract. Advisory fees are withdrawn directly from the client's accounts with client written authorization.

PWM requires a minimum balance of \$ 5,000,000 and an annual minimum fee of \$15,000.

PWM in its sole discretion may aggregate client accounts for the purpose of achieving the minimum account size. PWM, in its sole discretion, may reduce its minimum balance requirement or charge a lesser investment management fee based upon certain criteria (i.e. anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related account, account composition negotiations with client, etc.). Generally, the advisory fee will not be adjusted for additions or withdrawals made during the quarter. This will have the effect of increasing the fee if funds are added and decreasing the fee if funds are withdrawn. However, PWM may adjust the quarterly advisory fee on a prorated basis for additions or withdrawals in excess of \$100,000.

Clients are responsible for the payment of all third-party fees. These fees can include transaction charges, custodial fees, account fees, mutual fund fees, fees for withdrawals and other fees for services provided by the broker-dealer/custodian. Those fees are separate and distinct from the fees and expenses charged by PWM. Please see Item 12 of this brochure pertaining to our brokerage practices.

PWM charges fees in advance. When determining a refund for fees paid in advance, the number of remaining days in the quarter will be used to determine the amount of the refund. For example, if you paid \$500 in advance for the quarter and there are 20 days remaining in the quarter (assuming a 90-day quarter), you will receive a refund of \$111.11 ( $\$500/90 = \$5.55 \times 20$ ). Fees will be returned within fourteen days to the client via check or deposit back into client's account.

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

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

PWM does not accept or charge performance-based fees or any fees based on a share of capital gains or on capital appreciation.

## **Item 7 - Types of Clients**

PWM generally provides to investment advisory services to the following types of clients:

- Individuals
- High-Net-Worth Individuals

There is an account minimum, \$5,000,000, which may be waived by the investment advisor, based on the needs of the client and the complexity of the situation.

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

### **Methods of Analysis**

PWM's methods of analysis include charting analysis, fundamental analysis, and cyclical analysis.

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

Fundamental analysis concentrates on factors that determine a company's value and expected future earnings. This strategy would normally encourage equity purchases in stocks that are undervalued or priced below their perceived value. The risk assumed is that the market will fail to reach expectations of perceived value.

Cyclical analysis involved the analysis of business cycles to find favorable conditions for buying and/or selling a security. It assumes that the markets react in cyclical patterns which, once identified, can be leveraged to provide performance. The risks with this strategy are that the markets do not always repeat cyclical patterns and if too many investors begin to implement this strategy, it changes the very cycles they are trying to take advantage of.

### **Investment Strategies**

PWM uses long term trading, short term trading and margin transactions strategies.

Long term trading is designed to capture market rates of both return and risk. Frequent trading, when done, can affect investment performance, particularly through increased brokerage and other transaction costs and taxes. Short-term trading usually involves selling a security within 30 days of purchase. Margin transactions incur an expense for the margin loan. In addition, in downward moving markets, a margined account may receive a margin call (consistent with the separate margin agreement entered by each client and the client's broker-dealer/custodian).

### **Risks Associated with Investing**

We offer advice about different investments, including mutual funds, index funds, exchange-traded funds (including leveraged ETFs), stocks, bonds, and other types of investments. Each type of



investment has its own unique kinds of risk and levels of risk. We will discuss these risks with the client in determining your investment objectives. We will explain and answer any questions the client has about these kinds of investments, which present special considerations.

Investing in securities involves risk of loss that the client should be prepared to bear. Obtaining higher rates of return on investments typically entails accepting higher levels of risk. We work with the client to attempt to identify the balance of risks and rewards that is appropriate and comfortable for the client. However, it is still the client's responsibility to ask questions if he or she does not fully understand the risks associated with any investment or investment strategy. Also, while we strive to render our best judgment on the client's behalf, many economic and market variables beyond our control can affect the performance of investments and we cannot assure that the investments will be profitable or assure that no losses will occur in the client's investment portfolio. Although past performance is one important consideration with respect to any investment, it is not a predictor of future performance.

As mentioned above, all investment programs have certain risks that are borne by the investor. Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.

Our investment approach constantly keeps the risk of loss in mind. Investors face the following investment risks:

*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 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 not buy as much as 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 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 price decline or bankruptcy.

### Mutual Funds, Index Funds, and Exchange-Traded Funds

Mutual funds and ETFs typically charge their shareholders various fees and expenses associated with the establishment and operation of the funds. These fees will generally include a management fee, shareholder servicing fees, other fund expenses, and sometimes a distribution fee. These separate fees and expenses are disclosed in each fund's current prospectus, which is available from the fund or we can provide it upon request. Consequently, for any type of fund investment, it is important for clients to understand that they are directly and indirectly paying two levels of fees: one layer of expenses at the fund level and one layer of advisory fees to us.

Generally, most mutual funds may be purchased directly, without using our services and without incurring our advisory fees. Mutual funds and ETFs will change in value, and investors could lose money by investing in a mutual fund or an ETF. An investment in an ETF involves similar risk to those of investing in any fund of equity securities traded on an exchange. An ETF seeks investment results that correspond generally to the price and yield of an index. Investors should anticipate that the value of an ETF's shares would decline in correlation with any decline in the value of its corresponding index. An ETF's return may not match the return of the index. The ETF may invest in small-capitalization, mid-capitalization, emerging markets, and international companies. Such companies may experience greater price volatility than larger, more established companies. Sometimes referred to as a "tracking error," expenses and other factors may affect the performance of an ETF so that the ETF's performance will not exactly match the performance of their respective underlying indexes.

### Mutual Fund Securities

Investing in mutual funds carries inherent risk. The major risks of investing in a mutual fund include the quality and experience of the portfolio management team and its ability to create fund value by

investing in securities that have growth, the amount of individual company diversification, the type and amount of industry diversification, and the type and amount of sector diversification within specific industries. In addition, mutual funds tend to be tax inefficient and therefore investors may pay capital gains taxes on fund investments while not having yet sold the fund.

### Exchange-Traded Funds (“ETFs”)

ETFs are investment companies whose shares are bought and sold on a securities exchange. An ETF holds a portfolio of securities designed to track a specific market segment or index. The funds could purchase an ETF to gain exposure to a portion of the U.S. or foreign market. The funds, as a shareholder of another investment company, will bear their pro-rata portion of the other investment company’s advisory fee and other expenses, in addition to their own expenses.

Investing in ETFs involves risk. Specifically, ETFs, depending on the underlying portfolio and its size, can have wide price (bid and ask) spreads, thus diluting or negating any upward price movement of the ETF or enhancing any downward price movement. Also, ETFs require more frequent portfolio reporting by regulators and are thereby more susceptible to actions by hedge funds that could have a negative impact on the price of the ETF. Certain ETFs may employ leverage, which creates additional volatility and price risk depending on the amount of leverage utilized, the collateral and the liquidity of the supporting collateral. Further, the use of leverage (i.e., employ the use of margin) generally results in additional interest costs to the ETF. Certain ETFs are highly leveraged and therefore have additional volatility and liquidity risk. Volatility and liquidity can severely and negatively impact the price of the ETF’s underlying portfolio securities, thereby causing significant price fluctuations of the ETF.

### Equity Securities

Investing in individual companies involves inherent risk. The major risks relate to the company’s capitalization, quality of the company’s management, quality and cost of the company’s services, the company’s ability to manage costs, efficiencies in the manufacturing or service delivery process, management of litigation risk, and the company’s ability to create shareholder value (i.e., increase the value of the company’s stock price). Foreign securities, in addition to the general risks of equity securities, have geopolitical risk, financial transparency risk, currency risk, regulatory risk and liquidity risk.

### Fixed Income Securities

Fixed income securities carry additional risks than those of equity securities described above. These risks include the company’s ability to retire its debt at maturity, the current interest rate environment, the coupon interest rate promised to bondholders, legal constraints, jurisdictional risk (U.S or foreign) and currency risk. If bonds have maturities of 10 years or greater, they will likely

have greater price swings when interest rates move up or down. The shorter the maturity, the less volatile the price swings. Foreign bonds have liquidity and currency risk.

### Municipal Securities

Municipal securities carry additional risks than those of corporate and bank-sponsored debt securities described above. These risks include the municipality's ability to raise additional tax revenue or other revenue (in the event the bonds are revenue bonds) to pay interest on its debt and to retire its debt at maturity. Municipal bonds are generally not taxed at the federal level but may be taxable in individual states other than the state in which both the investor and municipal issuer is domiciled.

### Corporate Debt Obligations

Corporate debt obligations include corporate bonds, debentures, notes, commercial paper and other similar corporate debt instruments. Companies use these instruments to borrow money from investors. The issuer pays the investor a fixed or variable rate of interest and must repay the amount borrowed at maturity. Commercial paper (short-term unsecured promissory notes) is issued by companies to finance their current obligations and normally has a maturity of less than nine months.

### Exchange-Traded Notes (ETNs)

ETNs are unsecured debt obligations of financial institutions, but they are quite different from traditional corporate bonds. Unlike traditional corporate bonds, which pay a stated rate of interest, the return of an ETN is based upon the performance of a reference index or benchmark. They encompass a wide range of benchmarks and indices that each contains its own set of systematic and unsystematic risks. They do not pay interest to their holders; issuer of an ETN promises to pay the holder of the ETN an amount determined by the performance of the underlying index or benchmark on the ETN's maturity date, which can vary widely. In addition to an ETN carrying market risk with respect to the associated benchmark or index that the note is tracking, ETNs carry the default risk of the issuer, which could affect the price of the ETN. Additional risks can include liquidity risk (discussed above) and price-tracking risk. Price-tracking risk is the risk that the price of the note will not track the value of the underlying index or the risk that the issuer will suspend the sale of notes which could cause the investor to pay more than the corresponding value of the index that the note is tracking.

## **Item 9 - Disciplinary Information**

On August 8, 2016, PWM entered into a settlement agreement with the state of California's Department of Business Oversight. From 2009 to 2014, PWM did not annually notice file or pay the annual notice filing fees to the state of California. PWM paid a monetary fine of \$5,750 and entered into the settlement agreement to resolve the matter.

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

Neither PWM or its management persons are registered as a broker/dealer or as registered representatives of a broker/dealer, a futures commission merchant, commodity pool operator, a community trading advisor, or as an associated person of those types of entities.

Our firm, our ownership, and our investment adviser representatives are not engaged in other financial industry activities and have no other financial industry affiliations. We do not select recommend other investment advisors, nor do we receive any compensation, directly or indirectly, for recommending other investment advisors.

## **Item 11 - Code of Ethics**

Our firm has adopted a Code of Ethics which sets forth high ethical standards of business conduct that we require of our employees, including compliance with applicable federal securities laws. Our firm and its personnel owe a duty of loyalty, fairness and good faith towards our clients, and have an obligation to adhere not only to the specific provisions of the Code of Ethics but to the general principles that guide the Code.

Our Code of Ethics includes policies and procedures for the review of quarterly securities transactions reports as well as initial and annual securities holdings reports that must be submitted by the firm's access persons. Our code also provides for oversight, enforcement, and recordkeeping provisions.

PWM's Code of Ethics further includes the firm's policy prohibiting the use of material non-public information. While we do not believe that we have access to non-public information, all employees are reminded that such information may not be used in a personal or professional capacity.

Our Code of Ethics is designed to assure that the personal securities transactions, activities and interests of our employees will not interfere with making decisions in the best interest of advisory clients and implementing such decisions while, at the same time, allowing employees to invest for

their own accounts. Our firm and/or individuals associated with our firm may buy or sell securities for their personal accounts identical to or different from those recommended to our clients.

A copy of our Code of Ethics is available to our advisory clients and prospective clients upon request.

## **Item 12 - Brokerage Practices**

Specific custodian or brokerage recommendations are made to clients based on their need for such services. We recommend custodians based on the proven integrity and financial responsibility of the firm, best execution of orders at reasonable commission rates, industry reputation, and the quality of client service. PWM does not receive fees, commissions, or other compensation from any of these arrangements, nor are any commissions or fees used to obtain any benefits or services that are offered or provided by any broker-dealer or custodian used to execute securities transactions or custody your accounts.

Among the factors we look at in recommending the use of a broker-dealer/custodian, we seek one who will hold your assets and execute transactions on terms that are generally most advantageous when compared to other available providers. We consider a wide range of factors, including:

- Combination of transaction execution services and asset custody services;
- Capability to execute, clear, and settle securities transactions;
- Breadth of available investment products;
- Competitiveness of the price of the services;
- Reputation, financial strength, and stability;
- Prior service to us and our other clients.

PWM requires that clients establish brokerage accounts with Fidelity Brokerage Services (Fidelity) or Charles Schwab (Schwab), both of which are registered broker-dealers and SIPC members, to maintain custody of clients' assets and to effect trades for their accounts. PWM is independently owned and operated and is not affiliated with either Fidelity or Schwab.

We do not allow clients to direct brokerage. This may be different from other investment advisers who may recommend, request, or require the practice.

PWM may receive from Fidelity or Schwab, without cost (and/or at a discount) support services and products which assist in monitoring and servicing client accounts maintained at such institutions. Included within the support services that may be obtained by us may be investment related research, pricing information and market data, software and other technology that provides access to client account data, compliance and practice management-related material, discounted or gratis

consulting services, discounted and/or gratis attendance at conferences, meetings, and other educational and/or social events, marketing support, computer hardware and/or software and/or other products used by us to support our investment advisory operations.

PWM does not have any soft-dollar arrangements with Fidelity, Schwab, or any other broker-dealer/custodian. Our clients do not pay more for investment transactions effected and/or assets maintained at Fidelity or Schwab as result of this arrangement. There is no corresponding commitment made by us to Fidelity or Schwab, or any other any entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities, or other investment products as result of the above arrangement.

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

PWM maintains the ability to aggregate (block trade) purchases or sales of securities across accounts. While block trading may benefit clients by purchasing or selling larger blocks in groups, when considering the frequency of trading and the best execution capabilities of our broker dealer/custodians, we do not feel that clients are at a disadvantage or do not receive the best execution under the circumstances.

## **Item 13 - Review of Accounts**

Hutch Ashoo is responsible for oversight of client accounts and will review client accounts on an annual basis. The nature of the review is to determine if the client account is still in line with the client's stated objectives.

Reviews may be triggered by material market, economic or political events, or by changes in client's financial situations.

We do not send any regular reports to clients.

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

We do not receive any economic benefits from someone who is not a client (third parties) for providing investment advice or any of our investment advisory services. Additionally, we do not compensate anyone for client referrals.

## **Item 15 - Custody**

We do not accept custody of any securities or investment assets. These will be held by a custodian. We do not prepare or send any account statements. Account statements are sent directly to clients by the custodian of the assets.

In Item 5 (“Fees and Compensation”), we disclosed that we directly debit advisory fees from client accounts. As part of this billing process, the client's custodian is advised of the amount of the fee to be deducted from that client's account. Quarterly, the custodian is required to send to the client a statement showing all transactions within the account during the reporting period.

Because the custodian does not calculate the amount of the fee to be deducted, it is important for clients to carefully review their custodial statements to verify the accuracy of the calculation, among other things. Clients should directly contact us if they believe that there may be an error in their statement.

## **Item 16 - Investment Discretion**

Clients may hire us to provide discretionary asset management services, in which case we place trades in a client's account without contacting the client prior to each trade to obtain the client's permission.

Our discretionary authority includes the ability to do the following without contacting the client:

- determine the security to buy or sell;
- determine the broker-dealer to be used for a purchase or sale of securities; and/or
- determine the amount of the security to buy or sell.

Clients give us discretionary authority when they sign an investment advisory agreement with us.

## **Item 17 - Voting Client Securities**

As a matter of firm policy, we do not vote proxies on behalf of clients. Therefore, although our firm may provide investment advisory services relative to client investment assets, clients maintain exclusive responsibility for directing the way proxies solicited by issuers of securities beneficially owned by the client shall be voted and making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets.



Clients are responsible for instructing each custodian of the assets to forward to the client copies of all proxies and shareholder communications relating to the client's investment assets. We do not offer any consulting assistance regarding proxy issues to clients.

## **Item 18 - Financial Information**

PWM does not have any financial impairment that will preclude the firm from meeting contractual commitments to clients. Although we have discretionary authority, a balance sheet is not required to be provided because we do not serve as a custodian for client funds or securities and do not charge or solicit pre-payment of more than \$1,200 in fees (per client) six months or more in advance.

Additionally, PWM has never been the subject of a bankruptcy petition.