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Avidian Wealth Solutions, LLC is an investment adviser that is registered with the United States Securities and Exchange Commission. Avidian Wealth Solutions, LLC was previously registered under the name of STA Wealth Management, LLC. Registration does not imply a certain level of skill or training.

This firm brochure provides information about the qualifications and business practices of Avidian Wealth Solutions LLC. If you have any questions about the contents of this firm brochure, please contact us at 281-822-8800 and/or [hopeedick@avidianwealth.com](mailto:hopeedick@avidianwealth.com). The information in this firm brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

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

## ITEM 2 – MATERIAL CHANGES

Since our last Annual Amendment 03/30/2020 STA Wealth Management, LLC has legally changed their name to Avidian Wealth Solutions, LLC (“Avidian”). Please note, ownership and management have not changed.

Language has been added to Item 4, Item 5, and Item 10, detailing *Financial Institution Consulting Services available*.

Language has been added to Item 4, Item 5, and Item 10 detailing new services available to purchase insurance products.

**ANY QUESTIONS:** Avidian’s Chief Compliance Officer, Hope Edick, remains available to address any questions regarding this brochure and she may be contacted at the telephone number or email address on the cover page of this brochure.

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## ITEM 4 - ADVISORY BUSINESS

### **Avidian Advisory Description**

Avidian Wealth Solutions, LLC ("Avidian") formerly named STA Wealth Management, LLC was formed on October 9, 2002 and commenced doing business in 2003 as Streetwork Advisors, LLC. The principal owners are James "Luke" Patterson, Michael Anthony Smith, Preston Snow, James Atkinson, Bradley Covey.

### **Types of Advisory Services**

#### ***Investment Management Accounts***

Avidian primarily manages portfolios on a discretionary basis and makes arrangements for efficient custody safekeeping of assets and trade execution. Avidian advises its clients based on information gathered from the client. Clients are asked to complete a Client Information and Financial Planning Profile Worksheet, which asks for information regarding, but not limited to, net worth, and investment goals. According to the information obtained from the worksheet, as well as information obtained from the client during their meeting(s) with one of our advisors, the advisor will discuss and determine, with the client, an investment strategy believed to best suit the client's needs. This service is provided to individuals, 401(k) plans, and/or their participants. Avidian will review, supervise, and manage the account, which consists of all assets covered by the advisory agreement with the client, and all additions to the account.

In limited circumstances, Avidian may allow for non-discretion account management services. In these instances, the Advisor will give advice, recommendations and manage the account per the below, however they will call the client for approval before affecting any trades.

Whether using discretion or non-discretion Avidian provides advice regarding the purchase and sale of mutual funds, stocks, bonds, certificates of deposit, money market funds, government securities and obligations, debt securities, derivative securities or contracts, alternative investments, non-traded investments, and other securities. Generally, all accounts of a client will be aggregated for the purpose of allocating to a model. Avidian offers many managed model solutions. The majority of Avidian's clients are invested in one or more of Avidian's managed models, exceptions may be granted to clients who would like to customize their portfolio, therefore not all clients are similarly situated. In these instances, the client will work directly with their Advisor to determine their strategy and allocation. There is no guarantee that the advisory services offered will result in clients' goals and objectives being met. Nor is there any guarantee of profit or protection from loss.

**Please Note-Use of Mutual Funds / ETF's:** Most mutual funds are available directly to the public. Thus, a prospective client can obtain many of the mutual funds that may be recommended and/or utilized by Avidian independent of engaging Avidian as an investment advisor. However, if a prospective client determines to do so, he/she will not receive Avidian's initial and ongoing investment advisory services. **Separate Fees:** All mutual funds (and exchange traded funds ("ETFs")) impose fees at the fund level (e.g., management fees and other fund expenses). All mutual fund and ETF fees are separate from, and in addition to, Avidian's wealth management fee as described at Item 5 below.

**Avidian's Chief Compliance Officer, Hope Edick, remains available to address any questions that a client or prospective client may have regarding the above.**

***Sub-Advisory Arrangements***

Avidian may engage sub-advisers for the purpose of assisting Avidian with the management of its client accounts. Unless otherwise disclosed in this brochure or in a separate agreement with the client, the sub-adviser will have discretionary authority over the day-to-day management of the assets that are allocated to it by Avidian. The sub-adviser will continue in such capacity until the arrangement is terminated or modified by Avidian or the client. **Please Note:** Should Avidian or a client engage a sub-advisor the fee charged by the sub-advisor, if any, will be detailed in Schedule A of the Avidian Investment Advisory Agreement or the agreement with the sub-advisor and will be debited directly from the client account at the custodian.

In addition, in certain cases, Avidian may be granted oversight on accounts in which it is not considered the investment manager and does not have discretionary authority. In these instances, Avidian may receive a portion of the advisory fee from the investment manager for review/oversight and planning assistance.

***The Hedged Tactical Equity Strategy***

Avidian's Hedged Tactical Equity Strategy is a tactical equity strategy designed to provide long-term capital appreciation through equity exposure with an option overlay strategy that is intended to provide less volatility and lower equity market correlation for portfolios.

In managing the strategy, Avidian has entered into a Sub-Advisory Agreement with Lavaca Capital, LLC ("Lavaca Capital"). Avidian and Lavaca Capital are not affiliated entities. As the investment adviser to the strategy, Avidian manages the strategy's portfolio construction and stock selection. Prior to a client participating in this strategy, they will be provided with the Hedged Tactical Equity Strategy Investment Memorandum which provides details on the security selection process and approach used in this strategy.

As sub-adviser, Lavaca Capital will be responsible for managing the option overlay strategy. A description of Lavaca Capital's options strategies and the risks associated with those strategies are described in its Form ADV Part 2A, firm brochure, a copy of which will be provided to clients prior to or at the time of opening a Hedged Tactical Equity Strategy account or portfolio and may be requested at any time by contacting Avidian's Chief Compliance Officer or your advisor.

The strategy requires that clients provide Avidian with discretion of their account and generally requires an account minimum of \$1,000,000.00, although Avidian reserves the right to waive or reduce the minimum account requirement.

Lavaca Capital will receive an annual, asset-based fee of 0.9% based on the amount of assets in a client's account investing in the strategy, even though Lavaca Capital only is responsible for transacting on a portion of a client's assets. Avidian believes that this arrangement is appropriate because Lavaca Capital must be knowledgeable about the client's entire portfolio in selecting investments. Lavaca Capital's fee will be prorated, and payable quarterly according to the terms of the client's Advisory Agreement with Avidian.

Lavaca Capital is authorized to instruct the account's custodian to deduct its fee directly from a client's account.

Either Charles Schwab & Co., Inc. ("Schwab") or Fidelity Institutional Wealth Services ("Fidelity") will serve as the custodian for accounts. The account custodian will charge a client's account an annual, asset-based fee in lieu of charging separately for transaction fees. Schwab will charge an annual fee of 0.17%, prorated monthly. Schwab requires a minimum \$500.00 annual fee. Fidelity will charge an annual fee prorated and billed quarterly. Fidelity's pricing is as follows:

<b>Assets Receiving Asset-Based Pricing for Transactions</b>	<b>Annual Fee</b>
\$500,000 - \$1,000,000	0.21%
\$1,000,000.01 - \$2,000,000	0.17%
\$2,000,000.01 - \$5,000,000	0.15%
> \$5,000,000.01	0.13%

Pricing is not tiered or blended, and Clients will receive the annual pricing based on the amount of assets invested in the Strategy. Clients with more than \$2,000,000 invested in the Hedged Tactical Equity Strategy would benefit from maintaining their account with Fidelity when focused exclusively on minimizing costs.

Avidian negotiated these arrangements with both Schwab and Fidelity to provide greater certainty on the expectation of transactions costs to clients participating in the strategy, even though there is no guarantee from year to year that this arrangement will result in the client minimizing its trading expenses when compared to an arrangement where the client would be responsible for transaction-by-transaction fees, which is how Schwab and Fidelity typically charge for transaction fees. These arrangements only apply to accounts participating in the strategy and a client's other accounts maintained with Schwab or Fidelity or both will continue to be subject to their ordinary transaction fee arrangements. However, Avidian believes that the certainty provided by this arrangement and its recommendation of Schwab and Fidelity continues to meet its obligation to seek best execution for client transactions. See Item 12 and Item 14 below for additional information about Avidian's arrangements with Schwab and Fidelity.

In addition to the fees a client will pay to both Lavaca and their account's custodian, clients will also pay to Avidian an annual, asset-based fee of 0.9% based on the amount of assets in their account investing in the strategy. Avidian's fee will be prorated, and Avidian will be responsible for instructing the account's custodian to deduct its fee directly from a client's account. Avidian's management fee for the strategy is in lieu of the advisory fee on managed accounts described in Item 5 below. This presents a conflict of interest, because the compensation that Avidian receives from the strategy may be less than (or more than) the amount of compensation it receives from managing client accounts. Avidian mitigates this conflict of interest by disclosing it to clients and by recommending that clients invest in the strategy only when it believes it is appropriate.

Based on the fees and expenses outlined above, clients should be aware that client's investing in this strategy will likely incur higher fees and expenses than Avidian's other accounts and investment strategies that employ a buy-and-hold approach. Clients should

be guided accordingly. Similarly, investment advice may be available from other investment advisers at a lower cost.

### ***Avidian Wrap Fee Program***

Avidian provides investment management services on a wrap fee basis in accordance with our investment management wrap fee program (the "Program"). The services offered under, and the corresponding terms and conditions pertaining to the Program are discussed in the Wrap Fee Program Brochure a copy of which is presented to all prospective Program participants. Under the Program, Avidian is able to offer participants discretionary investment management services, for a single specified annual Program fee, inclusive of trade execution, custody, reporting, and Avidian's investment management fees. However, clients may incur additional fees as set forth below. The current annual Program fee ranges from negotiable to 1.50% (**See Fee Differential** disclosure below), depending upon the amount and type of the Program assets.

**Please Note:** Participation in the Program may cost more or less than purchasing such services separately. As also indicated in the Wrap Fee Program Brochure provided to the participating client(s) at the onset of their participation, the Program fee charged by Avidian for participation in the Program may be higher or lower than those charged by other sponsors of comparable wrap fee programs.

**Also, Please Note: Participation in the program is no longer available to new clients. Clients who previously participated in the Program are grandfathered in should they wish to continue under the Agreement. These clients may opt out at any time.**

### ***Financial Planning and Consulting Services (Stand-Alone)***

To the extent specifically requested by a client, Avidian *may* determine to provide financial planning and/or consulting services (including investment and non-investment related matters, business planning, including estate planning, insurance planning, etc.) on a stand-alone fee basis. Fees charged are described in Item 5.

Avidian gathers information from the client such as assets, liabilities, and financial goals. Avidian inputs that information into a financial planning/ retirement planning software. The software uses the information to project the likelihood of various investment outcomes and generate a Financial Goal Plan report. The software uses several methods of calculating results. All results are hypothetical in nature and do not reflect actual investment results. Implementation of any financial planning recommendation is entirely at the client's discretion. This service is used merely to help the client understand how much they may need to save in order to meet their retirement goals. There is no guarantee that clients will meet their retirement or investment goals even if they follow all Avidian recommendations.

**Please Note:** Avidian **does not** serve as an attorney or accountant, and no portion of our services should be construed as same. Accordingly, Avidian **does not** prepare estate planning documents, or tax returns. To the extent requested by a client, we may recommend the services of other professionals for certain non-investment implementation purpose (i.e., attorneys, accountants, insurance), including Avidian's representatives in their separate individual capacities as licensed insurance agents of STA Insurance Agency, LLC. and licensed CPAs (operating as a CPA Firm as an outside business activity).

### ***Affiliated Private Funds***

Avidian Wealth Solutions, LLC is the general partner and investment advisor of The Streetwork Advisors Premier Fund, LP ("Premier Fund"), a Texas limited partnership that offered investors access to a diversified, multi-strategy investment portfolio designed to provide long-term growth of capital. Avidian Wealth Solutions has exclusive and complete control of the Premier Fund's activities including the selection, retention, and replacement of investment managers. The Streetwork Advisors Premier Fund deployed a fund of funds strategy and invested primarily in different series of Black Swan Funds.

In 2015, Avidian Wealth Solutions was appointed to act as the liquidating trustee for each series of the Black Swan Funds because the manager of the Black Swan Funds was unable to fulfill his contractual obligation to the investors. The main duty of Avidian is to oversee the orderly liquidation of each of the fund's assets and the distribution of disposition proceeds in accordance with the liquidation provisions set forth in the applicable Operating Agreements. Avidian or its Principals are not employees of Black Swan and receive no compensation or fee.

Avidian Wealth Solutions, LLC also acts as the investment manager to the STA Real Estate Fund 1, LP, which is a Texas limited partnership that offers investors access to mid-size real estate investment opportunities with a focus on multi-family residential housing and senior living properties. The principals of Avidian Wealth Solutions are responsible for the selection of the investment properties. STA Real Estate Company, LLC acts as the general partner, two of the principals of Avidian Wealth Solutions, LLC (Michael Smith and Luke Patterson) are affiliated with STA Real Estate Company, LLC. Avidian clients are under absolutely no obligation to consider or make an investment in STA Real Estate Fund 1, LP.

**Interests in the Streetwork Advisors Premier Fund, LP ("Premier Fund") and The STA Real Estate Fund 1, LP are closed to new investors. *\*This brochure is not a public offer of either of these investments.***

### ***Unaffiliated Private Investment Funds***

Avidian also provides investment advice regarding unaffiliated private investment funds. Avidian may recommend that certain accredited and/or qualified clients consider an investment in unaffiliated private investment funds. Avidian's role relative to the private investment funds shall be limited to its initial and ongoing due diligence and investment monitoring services. If a client determines to become a private fund investor, they are required to sign the sponsor subscription documents to transact the investment (thus these assets are considered non-discretion investments – as Avidian cannot purchase or sell without written approval). The amount of assets invested in the fund(s) shall be included as part of "assets under management" for purposes of Avidian calculating its investment advisory fee.

In some instances, Avidian may consider a private investment opportunity for clients in which certain other Avidian clients are affiliated as a member of the general partnership and/or sponsor of the investment. This could pose a conflict of interest in that an Avidian Advisor could potentially leverage the relationship with the affiliated client sponsor to acquire more assets (thus increasing their investment advisory fee). This could be achieved by an Advisor telling the affiliated client that Avidian will recommend their

investment opportunity to its clients if they add assets to their Avidian Account. To mitigate this conflict Avidian uses the same due diligence process on all private investment opportunities regardless of any relationship with the sponsor/issuer and the decision to participate in any private offering is made by the Investment Committee. No Advisor has the authority to choose what private investments the firm will offer.

In addition, it is important to note that there are no special compensation arrangements between any private investment issuer and Avidian or any of its Advisors. Avidian clients are under absolutely no obligation to consider or make an investment in a private investment fund(s).

**\*Please Note:** Private investment funds generally involve various risk factors, including, but not limited to, potential for complete loss of principal, liquidity constraints, and lack of transparency. A complete discussion is set forth in each fund's offering documents, which will be provided to each client for review and consideration. Unlike liquid investments that a client may maintain, private investment funds do not provide daily liquidity or pricing. Each prospective client investor will be required to complete a Subscription Agreement, pursuant to which the client shall establish that he/she is qualified for investment in the fund and acknowledges and accepts the various risk factors that are associated with such an investment. **\*\*Please Also Note: Valuation:** If an Avidian Client invests in an any unaffiliated private investment fund(s). The value(s) of the investment(s) reported on the custodial statement(s) and/or Avidian generated report(s) shall reflect the most recent valuation provided by the Fund Sponsor or Issuer. Not all Fund Sponsors report valuations on a set schedule. If no valuation post-purchase is provided by the Fund Sponsor, then the valuation shall reflect the initial purchase price until a valuation may be obtained. Client(s) advisory fees are calculated on the reported value from the custodian. Therefore, if no valuation update is received from the Fund Sponsor before the client's fee is calculated, the client may pay a fee that is significantly more or less than they would have paid should the Fund Sponsor have provided a valuation update.

### ***Tailored Advisory Services***

When Avidian has discretion over client's accounts, clients may instruct Avidian not to purchase or sell certain investments or participate in a particular sector by notifying Avidian in writing. For this reason, not all client accounts will contain the same investments even if invested in the same portfolio model.

There is no significant difference between how Avidian manages wrap fee accounts and non-wrap fee accounts. However, as stated above, if a client engaged us on a wrap fee basis the client will pay a single fee for bundled services (i.e., investment advisory, brokerage, custody). The services included in a wrap fee agreement or non-wrap fee agreement will depend upon each client's particular need. Clients who engage us on a non-wrap fee basis will pay for services on an unbundled basis, paying for each service separately (i.e., investment advisory, separate account manager fees, brokerage, custody, etc.).

### ***Insurance Network Program***

Avidian can provide clients access to a platform of insurance products through DPL Financial Partners, LLC ("DPL"). All products are available through this program are commission free / fee-based products. Should a client determine to purchase an insurance



product through the program, DPL (the program sponsor) will receive administrative fees from the insurance carrier based on the product sold and DPL becomes the agent of record on the contract. Avidian will be acting in an advisory capacity to the same client and the client will pay advisory fees. The advisory fee will may either paid according to the terms of the clients to the terms of the client's advisory agreement (managed account fees), or in some circumstances Avidian may charge a onetime flat advisory fee which will be disclosed and agreed to in the Schedule One of the investment advisory agreement. For more detailed information regarding fees and conflicts of interest regarding this service see disclosure in Item 5 Fees and Item 10 Other Business Activities.

### ***Direct Purchase of Fee Based Annuity Products***

Avidian has access to several fee-based annuity products offered directly from certain insurance carriers. Should an Avidian Wealth advisor recommend a client purchase an annuity product through the direct purchase program. Avidian will be acting in its capacity as an investment advisor according to the advisory agreement in place. The market value of the annuity(s) is used in the calculation of the client's management fee. For more detailed information conflicts of interest see disclosure in Item 5 Fees and Item 10 Other Business Activities.

### **Client Assets under Management**

As of December 2020, Avidian f/k/a STA Wealth Management had \$2.6 billion in assets under management.

### **Other Services and Information**

*Financial Institution Consulting Services* – Avidian provides investment consulting services to certain broker/dealers' customers ("Brokerage Customers") who provide written consent requesting to receive the firm's consulting services. Brokerage Customers have entered into a written advisory agreement with Avidian. Please see Item 5 for Fees associated with this service and Item 10 for more detail regarding these services.

*Non-Investment Consulting:* Avidian Wealth does not hold itself out as providing consulting services other than what is described above under *Consulting Services*. However, to the extent requested by a client, Avidian may recommend the services of other professionals for certain non-investment implementation purposes (i.e., attorneys, accountants, insurance, etc.) including, as disclosed below, to certain Avidian Wealth personnel in their separate capacities as licensed agents (See Item 10 below). The client is under no obligation to engage the service of any such recommended professional. The client retains absolute discretion over all such decisions and is free to accept or reject any recommendation from Avidian. **\*Please Note:** If the client engages any such recommended professional and a dispute arises thereafter, relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional.

*Account Minimum/Advisory Fees:* Avidian requires a client (aggregate account) minimum of \$500,000.00 for its discretionary managed account services. Avidian, in its sole discretion, may reduce its investment advisory fee and/or reduce its minimum \$500,000.00 investable assets per client requirement based upon certain criteria (i.e., anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be

managed, related accounts, account composition, negotiations with clients, etc.). Clients under \$500,000.00 who do not generally meet the guidelines set forth above may be introduced to the Avidian's robo model the *START Platform*. The *START Platform* Brochure is available to anyone upon request.

*Retirement Rollovers: Conflict of Interest.* A client or prospective client leaving an employer typically has four options regarding an existing retirement plan (and may engage in a combination of these options): (i) leave the money in the former employer's plan, if permitted, (ii) roll over the assets to the new employer's plan, if one is available and rollovers are permitted, (iii) roll over to an Individual Retirement Account ("IRA"), or (iv) cash out the account value (which could, depending upon the client's age, result in adverse tax consequences). If Avidian recommends that a client roll over their retirement plan assets into an account to be managed by Avidian, such a recommendation creates a conflict of interest if Avidian will earn an advisory fee on the rolled over assets.

**No client is under any obligation to rollover retirement plan assets to an account managed by Avidian. Avidian's Chief Compliance Officer, Hope Edick, remains available to address any questions that a client or prospective client may have regarding the conflict of interest presented by such rollover recommendation.**

*Separately Managed Accounts - Independent Managers.* Avidian may allocate (and/or recommend that the client allocate) a portion of a client's investment assets among unaffiliated separately managed accounts ("SMAs") and/or independent investment managers in accordance with the client's designated investment objective(s). In such situations, the SMA or independent investment managers shall have day-to-day responsibility for the active discretionary management of the allocated assets. Avidian shall continue to render investment supervisory services to the client relative to the ongoing monitoring and review of account performance, asset allocation and client investment objectives. Avidian also retains discretion over the account and may hire and fire the manager. Factors which Avidian shall consider in recommending SMAs or independent investment managers include the client's designated investment objective(s), the Manager's management style, performance, reputation, financial strength, reporting, pricing, and research. **Please Note:** Should Avidian or a client engage a third-party manager the fee charged by the Manager will be detailed in Schedule A of the Avidian Investment Advisory Agreement and/or the agreement with the Manager and will be debited directly from the client account at the custodian.

*Erisa Plan Engagements:* Avidian may also be engaged by Plan sponsors to provide discretionary and/or non-discretionary investment advisory services to ERISA retirement plans, whereby Avidian shall manage Plan assets in the amount and objective as designated by the Plan sponsor. In such engagements, Avidian will serve as an investment fiduciary as that term is defined under The Employee Retirement Income Security Act of 1974 ("ERISA")-either as a 3(21) fiduciary for non-discretionary engagements or as a 3(38) fiduciary for discretionary engagements. In either engagement, Avidian will generally provide services on an "assets under management" fee basis per the terms and conditions of an Investment Advisory Agreement between the Plan and Avidian.

*Participant Directed Retirement Plans:* Avidian may also provide investment advisory and consulting services to participant directed retirement plans per the terms and conditions of a Retirement Plan Consulting Agreement between Avidian and the plan. For such

engagements, Avidian shall assist the Plan sponsor to select an investment platform from which Plan participants shall make their respective investment choices, and, to the extent engaged to do so, shall provide corresponding education to assist the participants with their decision-making process.

*Client Retirement Plan Assets:* If requested to do so, Avidian shall provide investment advisory services relative to the client's 401(k) plan assets. In such event, Avidian shall allocate (or recommend that the client allocate) the retirement account assets among the investment options available on the 401(k) platform. Avidian's ability shall be limited to the allocation of the assets among the investment alternatives available through the plan. Avidian will not receive any communications from the plan sponsor or custodian, and it shall remain the client's exclusive obligation to notify Avidian of any changes in investment alternatives, restrictions, etc. pertaining to the retirement account.

*Fee Differentials:* As indicated above with regard to Avidian's Wrap Fee Program, Avidian shall receive an investment advisory fee based upon a percentage (%) of the market value of the assets placed under management (between negotiable and 1.50%). However, fees shall vary depending upon various objective and subjective factors, including but not limited to the representative assigned to the account, the amount of assets to be invested, the complexity of the engagement, the anticipated number of meetings and servicing needs, related accounts, future earning capacity, anticipated future additional assets, and negotiations with the client.

Because we shall generally price our advisory services based upon various objective and subjective factors, similarly, situated clients could pay diverse fees, and the services to be provided by Avidian to any particular client could be available from other advisers at lower fees.

*Investment Risk:* Different types of investments involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by Avidian) will be profitable or equal any specific performance level(s).

*Client Obligations:* In performing its services, Avidian is not required to verify any information received from the client or from the client's other professionals and is authorized to rely on such information without verification. Clients remain responsible to promptly notify Avidian if there is ever any change in their financial situation or investment objectives for the purpose of reviewing/evaluating/revising Avidian's previous recommendations and/or services.

## ITEM 5 - FEES AND COMPENSATION

### Fees on Managed Accounts

Avidian generally charges an annual advisory fee, based on a percentage (%) of the market value of the assets under management.

In the past, Avidian offered several different fee methodologies. As of September of 2019, all new Avidian clients and all clients in the WRAP Program are billed and collected monthly, in arrears, and calculated based on the average daily balance of the account (see below: **Billing in Arrears (Monthly) – Average Daily Balance**).

**Please Note: All clients have been asked to change their fee methodology to - Billing in Arrears (Monthly) – Average Daily Balance. Not all clients have agreed to the change, those that have not will continue to be billed as originally agreed to in their Investment Advisory Agreement until consent is received.**

***Billing in Arrears (Monthly) – Average Daily Balance (Avidian Standard)***

Generally, the advisory fee is deducted from the client's custodian account on or about the 5<sup>th</sup> day after the last day of the preceding calendar month. However, under special circumstances (e.g., when clients have 401K accounts with Fidelity and/or Schwab), Avidian's fees can be billed directly to the client, and the client agrees to pay all Avidian's fees within 30 days of receipt of the invoice. The fee deduction is included on the custodial account statement and invoices are available from Avidian upon request.

Avidian's arrear monthly **Average Daily Balance** fee shall be paid monthly, in arrears, based upon the average daily balance of the Assets in the Account during the preceding month. The average daily balance is the sum of the ending day balance of the assets in the account divided by the number of days in the billing cycle. Accrued interest is included in the average daily balance calculation.

If the advisory agreement becomes effective after the first day of a calendar month, the fee for that month will be calculated proportionately with respect to the number of days in the month for which the agreement is in effect. If the agreement is terminated prior to the last day of the calendar month, the fee will be calculated proportionately with respect to the number of days in the month that the agreement was in effect.

**The billing specifications below are closed to new clients. As stated above, Avidian is working to change existing clients that are billed in one of the methods to the Avidian Standard (Monthly / Arrears / Average Daily Balance). For clients who have not made the change the management fee is calculated in one of the following ways: one fourth of which is payable quarterly in arrears or advance, or one twelfth payable monthly in arrears, using period beginning or period ending value**

***Billing in Arrears (Quarterly) – Closed to New clients***

Generally, the advisory fee is deducted from the client's custodian account on or about the 5<sup>th</sup> day after the last day of the preceding calendar quarter. However, under special circumstances (e.g., when clients have 401K accounts with Fidelity and/or Schwab), Avidian's fees can be billed directly to the client, and the client agrees to pay all Avidian's fees within 30 days of receipt of the invoice. The fee deduction is included on the custodial account statement and invoices are available from Avidian upon request.

Arrears billing is calculated based on the market value of the total assets in the account as of the last business day of the preceding calendar quarter. These fees are adjusted for any inflows or outflows during such quarter regardless of the amount of the inflows or outflows. Fees are also charged on accrued interest. If the advisory agreement becomes effective after the first day of a calendar quarter, the fee for that quarter will be calculated proportionately with respect to the number of days in the quarter for which the agreement is in effect. If the agreement is terminated prior to the last day of the calendar quarter, the

fee will be calculated proportionately with respect to the number of days in the quarter that the agreement was in effect.

### ***Billing in Advance (Quarterly)***

Generally, the advisory fee is deducted from the client's account on or about the 5<sup>th</sup> day after the beginning of the calendar quarter. However, under special circumstances (e.g., when clients have 401K accounts with Fidelity and/or Schwab), Avidian Wealth Advisors' fees can be billed directly to the client, and the client agrees to pay all Avidian Wealth Advisors' fees within 30 days of receipt of the invoice. The fee deduction is included on the custodial account statement and invoices are available from Avidian Wealth Solutions upon request.

Avidian's **advance billing** is calculated based on the market value of the assets in the account as of the last business day of the preceding quarter. Fees are also charged on accrued interest. One quarter of the annual fee will be payable in advance on or about the 5<sup>th</sup> day of each quarter. In the event this Agreement becomes effective after the first day of a calendar quarter, the fee for such quarter shall be calculated proportionately with respect to the number of days left in such quarter and based on the market value of the account when the account is funded. Once the account has been under Avidian management for a full quarter, all future fees will be adjusted based on inflows and outflows of the previous quarter. If the agreement is terminated prior to the last day of the calendar quarter, the client will receive a prorated refund of the previous collected fees, only paying fees for the number of days services were rendered.

**The table below shows Avidian's maximum fee structure for managed accounts**, not participating in the Hedged Tactical Equity Strategy, being serviced on a wrap fee basis, or being managed by a third-party manager. See Item 4 for additional information regarding the fees that Avidian charges for managing accounts under the Hedged Tactical Equity Strategy. See Item 4 for additional information regarding the fees that Avidian charges for managing accounts on a wrap fee basis. The table below does not include fees payable to third-party managers for their management or client accounts, such as sub-advisory arrangements, which fees are either (i) disclosed in separate agreements directly with the sub-adviser, (ii) provided in separate disclosures to clients, or (iii) with respect to the Hedged Tactical Equity Strategy disclosed above in Item 4. **Please Note:** Third-party management fees will be debited directly from the client account at the custodian as stated in the Schedule of A of the Investment Advisory Agreement.

Avidian does not generally consider its advisory fees to be negotiable, although it reserves the right in its discretion based on factors it deems relevant, to agree to a fee for any particular client that varies from the fee set forth in the table below. Therefore, fees may be lower or higher than fees charged to another client with a similar account. Relevant factors that may lead to a variation in fees include the size and scope of the client's overall relationship with Avidian and its affiliates, the complexity of the client's portfolio or their individual requirements, and the fees that the client's account was charged at another firm prior to transferring to Avidian. Each client signs an investment advisory agreement which clearly defines the fee that client will pay prior to any account fee deduction. Avidian's fees may be in excess of the industry norm. Similar advisory services can be obtained for less elsewhere.

### Maximum Fee on Managed Accounts

Asset Range	Annual Fee
\$500,000 – 749,999	1.50%
\$750,000 – 999,999	1.35%
\$1,000,000 & UP	1.25%

### *Other Fees on Managed Accounts*

The fees listed above do not include any bank fees, mark-ups or markdowns, margin interest, national securities exchange fees, wire transfer fees, clearing fees, brokerage charges, custody fees, or other costs or fees associated with the securities transactions or required by law for which the client is responsible. In addition, when beneficial to the client, individual fixed income transactions may be affected through broker-dealers other than the account custodian, in which event, the client generally will incur both the fee (commission, mark-up/mark-down) charged by the executing broker-dealer and a separate “trade away” and/or prime broker fee charged by the account custodian (Schwab or Fidelity).

Other fees may be incurred while client funds are in a money market fund or other no-load mutual fund, such as internal investment management fees and fund operating expenses, which are reflected in the fund’s internal expenses and are disclosed in each fund’s prospectus. These fees are charged and collected by the mutual or money market funds and are in addition to the fee the client pays Avidian. They are not offset or refundable to the client. Clients investing in mutual funds through Avidian may also incur transaction fees which would not be incurred if the client were to invest directly with the mutual fund. These transaction fees are charged by the custodian for the convenience of trading in multiple mutual fund families through one account.

As discussed below at Item 12, Avidian shall generally recommend that Schwab and/or Fidelity serve as the broker-dealer/custodian for client investment management assets. Broker-dealers such as Schwab and Fidelity charge brokerage commissions and/or transaction fees for effecting certain securities transactions. In addition to Avidian’s investment management fee, brokerage commissions and/or transaction fees, clients will also incur, relative to all mutual fund and exchange traded fund purchases, charges imposed at the fund level (e.g., management fees and other fund expenses).

**Please Note:** Clients who engage Avidian on a wrap fee basis will not incur brokerage commissions and/or transaction or asset based custodial fees in addition to the Program fee.

### ***Insurance Network Program Fees***

As described above Avidian can provide clients access to a platform of insurance products through DPL Financial Partners, LLC ("DPL"). All products are available through this program are commission fee / fee-based products. Should a client determine to purchase an insurance product through the program, DPL (the program sponsor) will receive administrative fees from the insurance carrier based on the product sold and DPL becomes the agent of record on the contract. Avidian will be acting in an advisory capacity to the same client and the client will pay advisory fees. The advisory fee may be paid in one of two ways (i) paid according to the terms of the clients of the client's advisory agreement based on assets under management (see managed account fees), or (ii) Avidian *may* charge a onetime flat advisory fee which will be disclosed and agreed to in the Schedule One of the investment advisory agreement.

### ***Financial Planning and Consultation Fees***

To the extent specifically requested by a client, Avidian *may* determine to provide **financial planning and/or consulting services** (including investment and non-investment related matters, business planning, including estate planning, insurance planning, etc.) on a stand-alone fee basis per the terms and conditions of a separate written agreement between Avidian and the client. Avidian's planning and non-investment consulting fees are negotiable, but generally range from \$2,000 to \$30,000 on a fixed fee basis, and from \$150 to \$350 on an hourly rate basis, depending upon the level and scope of the service(s) required and the professional(s) rendering the service(s).

To the extent specifically requested by a client, Avidian may provide **financial institution consulting services**. In this instance Avidian receives a consulting fee based on the Assets Under Management from Brokerage Customers who have provided written consent to a broker/dealer to receive the investment consulting service from Avidian Wealth and have entered into a written advisory contract with Avidian. The consulting fee is calculated from the Assets Under Management at the financial institute as of the end of a calendar quarter period multiplied by the annualized rate agreed upon in the agreement between the financial institute and Avidian. The initial fee is paid only after the completion of one full calendar quarter period following the date of the executed agreement with broker/dealers. The fee is paid by the financial institution to Avidian.

### **Fees for Direct Investments/Private Placements/Hedge Funds/Alternative Investments**

#### ***Investments in pooled vehicles not affiliated with Avidian Wealth Solutions***

Avidian may invest account assets in "hedge funds" or other pooled investment vehicles that invest in securities. These funds may be publicly held, private partnerships, or other types of entities. They may pursue investment strategies that seek to achieve high returns by taking high risks. Typically, investments in these funds are illiquid and are suitable only for investors who can understand and bear the risk of losing all or part of their investment. Investors must meet specific financial criteria. Avidian cannot guarantee that the advisory services offered will result in clients' goals and objectives being met, nor is there any guarantee of profit or protection from loss.

When Avidian advises a client to invest in one of these vehicles, for which Avidian is not the investment advisor, Avidian's compensation is a management fee that is a percentage of the client's capital account balance in each recommended fund. The percentage applied is the same percentage applied to all other assets managed by Avidian for the client (thus the fee schedule is the same as that detailed above under "Fees on Managed Accounts"). Internal fees for each fund are set forth in the various private placement memoranda.

**Please Note: Valuation.** If an Avidian Client invests in an any unaffiliated private investment fund(s). The value(s) of the investment(s) reported on the custodial statement(s) and/or Avidian generated report(s) shall reflect the most recent valuation provided by the Fund Sponsor. Not all Fund Sponsors report valuations on a set schedule. If no valuation post-purchase is provided by the Fund Sponsor, then the valuation shall reflect the initial purchase price until a valuation may be obtained. Client(s) advisory fees are calculated on the reported value (as of the last day of the preceding quarter). Therefore, if no valuation update is received from the Fund Sponsor before the client's fee is calculated, the client may pay a fee that is significantly more or less than they would have paid should the Fund Sponsor have provided a valuation update

#### ***Investments in pooled vehicles affiliated with Avidian Wealth Solutions***

Interests in the Streetwork Advisors Premier Fund LP are closed to new investors and the fund is currently in liquidation, therefore; Avidian has opted to discontinue charging a management fee.

The Avidian Real Estate Fund 1, LP's fees are set forth in the private placement memorandum. Clients invested in the Real Estate Fund will incur fees at the fund level therefore the amount of the investment is excluded from the client account value for purposes of calculating the investment advisory fee

#### **Other Fee and Expense Information**

The Premier Fund, and the Avidian Real Estate Fund and managed accounts incur and pay brokerage commissions, financing, and other transaction costs and expenses in connection with any trading and investment activities, as well as custodian fees for assets held in cash or securities at various banks, broker-dealers, and other financial institutions.

The Premier Fund, and the STA Real Estate Fund pay ongoing operating and offering costs as incurred. These costs include, without limitation, administrative, accounting, custody, transfer, reporting, tax, audit, regulatory, legal fees, and expenses as well as any extraordinary expenses, if any.

**Cash Positions.** At any time and for a substantial length of time we may hold a significant portion of a client's assets in cash or money market mutual funds. Investments in these assets may cause a client to miss out on upswings in the markets. Unless we expressly agree otherwise in writing, account assets consisting of cash and money market mutual funds are included in the value of an account's assets for purposes of calculation of Avidian's advisory fee. **Avidian's Chief Compliance Officer, Hope Edick, remains available to address any questions that a client or prospective may have regarding the above fee billing practice.**



## Commission Transactions

In the event the client desires, the client can engage certain of Avidian's representatives in their individual capacities as registered representatives of a broker-dealer, to implement investment recommendations on a fully disclosed commission basis. In the event the client chooses to implement recommendations by purchasing investment products through one of our representatives, in their individual capacities as registered representatives of a broker-dealer, brokerage commissions will be charged by the broker-dealer to effect securities transactions, a portion of which commissions shall be paid by the broker-dealer to the representative(s). Prior to effecting any transactions, the client will be required to enter into a new account agreement with the broker-dealer. The brokerage commissions charged by the broker-dealer may be higher or lower than those charged by other broker-dealers. In addition to brokerage commissions, the client may incur, relative to all mutual fund purchases, charges imposed at the mutual fund level (i.e., advisory fees, 12b-1 distribution charges, and other fund expenses). The broker-dealer, relative to commission mutual fund purchases, may also receive additional ongoing 12b-1 trailing commission compensation directly from the mutual fund company during the period that the client maintains the mutual fund investment.

**Conflict of Interest:** The recommendation by certain of our representatives that a client purchase a securities commission product presents a conflict of interest, as the receipt of commissions may provide an incentive to recommend investment products based on commissions received, rather than on a particular client's need. No client is under any obligation to purchase any commission products from our representatives. Clients are reminded that they may purchase securities recommended by Avidian through other, non-affiliated representatives of a broker-dealer.

When our representatives sell an investment product on a commission basis, we do not charge an advisory fee in addition to the commissions paid by the client for such product. When providing services on an advisory fee basis, our representatives do not also receive commission compensation for such advisory services. However, a client may engage Avidian to provide investment management services on an advisory fee basis and separate from such advisory services purchase an investment product from our representatives on a separate commission basis.

## ITEM 6 - PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

Avidian nor any of its supervised persons accepts performance-based fees.

## ITEM 7 - TYPES OF CLIENTS

Avidian provides investment supervisory services and manages investment advisory accounts for:

- Individuals,
- High net worth individuals,
- Pension and profit-sharing plans,
- Pooled investment vehicles, and
- Corporations or other business not listed above.

Avidian generally requires a minimum household asset level of \$500,000.00 for a traditional actively managed account.

Households under the minimum will generally be referred to the Avidian's Robo Platform named the *START Platform* (this is a separate service and is not actively managed).

The minimum asset level required for the Hedged Tactical Equity Strategy is \$1 million. Avidian, in its sole discretion, may charge a lesser investment management fee and/or reduce or waive its aggregate account minimum based upon certain criteria (i.e., anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, negotiations with client, etc.). **Please Note:** As result of the above, similarly situated clients could pay different fees. In addition, similar advisory services may be available from other investment advisers for similar or lower fees.

## ITEM 8 - METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

### Method of Analysis

Avidian uses a combination of the following types of analysis in evaluating investments for client accounts:

- Charting—Analysis of charts of past stock performance
- Fundamental—Analysis of financial attributes of a company, such as revenue growth, debt to equity ratio, inventory turnover, etc.
- Technical—Analysis which assumes past performance is a predictor of future performance

Avidian uses the following sources of information in its analysis among others:

- financial newspapers and magazines,
- research materials prepared by others,
- corporate rating services, timing services,
- annual reports, prospectuses, filings with the Securities and Exchange Commission, and
- company press releases.

### Investment Strategies

The investment strategies Avidian uses to implement investment advice include the following:

- long-term purchases (securities held at least a year),
- short-term purchases (securities sold within a year),
- trading (securities sold within 30 days),
- short sales,
- margin transactions – which requires additional documentation from the client,
- option writing, including covered options, uncovered options, or spreading strategies.

The Premier Fund is currently in liquidation so no further investments will be made. The fund's objective was pursued by allocating Premier Fund capital among one or more managers with a diversified group of underlying investment managers for investments in investment pools or discretionary managed accounts, which are managed in an attempt to achieve high relative returns with reasonable volatility.

The STA Real Estate Fund 1, LP is closed to new investors. The Partnership is invested in existing or to-be-developed real estate investment opportunities with third parties through partnerships, joint ventures, or other entities ("**Joint Ventures**"), thereby acquiring non-controlling interests. The objective is to generate risk-adjusted total returns through capital appreciation and current income by providing investors with access to mid-size real estate investment opportunities with a focus on multi-family residential housing and senior living properties.

### **Risk of Loss**

Investing in securities involves risk of loss that clients should be prepared to bear. Avidian does not guarantee the future performance of any account, the performance of any investment decision, strategy that Avidian may use, or the performance of Avidian's overall management of the account. Investment decisions made by Avidian, for a client's account, are subject to various market, currency, economic, political, and business risks. Such investment decisions will not always be profitable.

More specifically, these risks include but are not limited to:

- **Short Sales:** Short selling is the practice of selling investments, which are not owned by the seller, generally when the seller anticipates a decline in the price of the investments or for hedging purposes. To complete a short sale, the seller must borrow the investments from a third party in order to make delivery to the buyer. The seller generally will be required to pay a brokerage commission or interest, which will increase the cost to the seller of selling such investments. Until the investments are replaced, the seller will be required to pay, to the lender, amounts equal to any dividends or interest which accrue during the period of the loan of the investments.

Under certain circumstances, including any U.S. or non-U.S. governmental or regulatory action which impacts short selling, a fund may be prematurely forced out of a short position. The lender of a security used to cover a short position generally has the right to demand the return of the stock that has been loaned at any time. In such event, a fund would be required to replace the borrowed securities by borrowing the securities from another lender. If the fund were unable to replace the borrowed securities, it would be required to close out the short position by buying the security in the market to make delivery. When completing a short sale, the fund could incur a significant loss if the security sold short had increased in value.

- **Put and Call Options on specific investments:** The Hedged Tactical Equity Strategy may purchase exchange-listed put and call options on specific investments and the funds may purchase put and call options over the counter ("OTC"). In addition, the funds may write and sell covered or uncovered call and put option contracts. A call option gives the purchaser of the option the right to buy and obligates the writer to sell the underlying investments at a stated exercise price at any time prior

to the expiration of the option. Similarly, a put option gives the purchaser of the option the right to sell and obligates the writer to buy the underlying investments at a stated exercise price at any time prior to the expiration of the option. Options written by the fund may be wholly or partially covered (meaning that the fund holds an offsetting position) or uncovered. Options on specific investments may be used by funds to seek enhanced profits with respect to a particular investment. Alternatively, they may be used for various defensive or hedging purposes.

The use of put and call options may result in losses to the funds, force the sale or purchase of portfolio investments at inopportune times, force prices higher than (in the case of put options) or lower than (in the case of call options) current market values, limit the amount of appreciation the funds can realize on its investments, or cause the funds to hold an investment it might otherwise sell. For example, a decline in the market price of a particular investment could result in a complete loss of the amount expended by a fund to purchase a call option (equal to the premium paid for the option and any associated transaction charges). An adverse price movement may result in unanticipated losses with respect to covered options sold by a fund. The use of uncovered option writing techniques may entail greater risks of potential loss to a fund than other forms of options transactions. For example, a rise in the market price of the underlying investment will result in the fund realizing a loss on the calls written, which would not be offset by the increase in the value of the underlying investments, to the extent the call option position was uncovered.

- *Withdrawals and Performance:* Numerous hedge funds have experienced material levels of withdrawals and received significant withdrawal requests for upcoming withdrawal dates due to market conditions, fund performance, the need for liquidity by some investors, and other reasons. In response, a number of hedge funds have had to impose liquidity restraints and, in certain cases, dissolve. There can be no assurance that the funds will not in the future experience withdrawal requests at a level that may have an adverse effect on their operations or ability to satisfy such requests.
- *Regulatory Risk:* U.S. and non-U.S. securities and commodities markets are subject to ongoing and substantial regulatory changes. Recently there has been increased government agency scrutiny, as well as self-regulatory scrutiny, of the “hedge fund” industry in general. This includes incidents of regulators unexpectedly announcing regulatory changes or interpretations that prohibited strategies that had been implemented in a variety of formats for many years. For example, in September 2008 the SEC and various non-U.S. regulatory bodies imposed temporary bans on short-selling in a variety of stocks and adopted permanent regulations that may have the effect of making short-selling more difficult or costly. These actions were generally regarded as disrupting market fundamentals and causing unexpected and volatile increases in the stock prices of a variety of issuers, as short sellers closed out their positions by buying securities. Such increased or additional regulation may require the funds to alter the manner in which they do business and could adversely affect their ability to implement their investment programs.

Avidian will endeavor to regularly monitor the managers of the funds in which its pooled investment vehicles are invested, but Avidian is unlikely to have access to information about the underlying portfolio positions of investments in the underlying funds on a regular

basis. Investors in the pooled investment vehicles typically have no right to demand such information of the managers. Accordingly, Avidian will not be in a position to analyze or respond to developments within any particular underlying fund unless, and until, information relating thereto is disseminated by the manager to its investors. That information may not necessarily be timely or complete.

### **Financial Planning Methodology and Risks**

When providing financial planning services, Avidian utilizes the eMoney and Money Guide Pro software programs. These programs were developed by companies that are not affiliated with Avidian. The methodology underlying eMoney, Money Guide Pro as well as various assumptions, limitations, and risks associated with the software, are discussed with clients at the time Avidian provides them with financial planning services and delivers the client's Financial Plan Goal report.

Any recommendations or suggestions made by Avidian and/or its advisors, as part of its financial planning services, are not automatically implemented in the client's account. It is entirely up to clients -- in their sole discretion -- to accept or implement Avidian's financial planning suggestions or to make changes based on the results shown in the financial planning report. Avidian may assist clients in implementing recommendations in accounts as to which Avidian provides advisory services. However, this will be undertaken only at the client's specific request, not automatically as part of Avidian's services. Any changes to other accounts must be made or arranged by clients themselves.

There are limitations and risks inherent in using software for financial planning purposes. The validity of the output produced by the software is dependent on a number of factors, such as the models underpinning the software, the accuracy of the computer coding, the quality of the data put into the models, and the quality of the output generated by the models and ultimately deployed into a report. The potential for errors, such as development, implementation, systems, and human errors are an inherent risk in this process. Risks of loss, corruption, or error due to computer viruses, worms, hacking, intrusions, outages or other factors, and intellectual property disputes could negatively affect the software, its use and performance, and/or the report delivered to clients. While Avidian takes reasonable steps to mitigate these risks to the extent under its control, these risks cannot be eliminated entirely.

### **ITEM 9 - DISCIPLINARY INFORMATION**

Avidian, nor any of its officers or principals, has been convicted in any investment-related criminal or civil actions in a domestic, foreign, or military court.

Avidian nor any of its officers or principals, has been found (1) to have caused an investment-related business to lose its authorization to do business, and (2) to have been involved in a violation of an investment-related statute or regulation and the subject of an order in connection with any administrative proceedings before the Securities and Exchange Commission, any other federal regulatory agency, any state regulatory agency, or any foreign financial regulatory authority.

Avidian has not been involved in any self-regulatory organization proceedings; however, one of the principals had a regulatory action brought against him by the NASD (now FINRA). This action stemmed from an employee agreement. In 2002, Mr. Patterson

received a forgivable loan from the firm with which he was employed. The loan was to be forgiven if he stayed with the firm in accordance with his employee agreement. In 2004, Mr. Patterson left the firm for various reasons, which included his not wanting to sell the products the firm offered, as well as differences in investment philosophy. In 2005, the firm filed an arbitration proceeding to collect the portion of the loan that had not been forgiven. Mr. Patterson moved shortly after he left the firm; therefore, he never received the notice of the arbitration and did not appear at the proceeding. This resulted in the suspension of his NASD registration. In 2005, Mr. Patterson's old firm received a default arbitration award. As soon as Mr. Patterson learned of the default arbitration, he contacted the firm and settled the matter. His suspension was lifted by FINRA in 2011.

## **ITEM 10 - OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

### **Affiliations with Pooled Investment Vehicles**

Avidian and its affiliates have sponsored a number of private investment funds that they manage. Avidian and/or its affiliates serve as the general partners to these funds. The funds do not have independent management. These arrangements are described in more detail above under Item 4 Advisory Business. Certain Avidian principals and Advisors have also invested personal assets in these private funds.

Although this arrangement may give Avidian heightened control and discretion over its fund clients, Avidian manages conflicts of interest by adhering to the investment strategy and investment allocation policy discussed in each client's fund offering documents.

From time to time, Avidian may recommend that qualifying clients invest in one of these private funds. This poses a conflict of interest for Avidian to the extent it has a financial incentive to recommend that clients invest in the funds, thereby increasing the assets held by the funds and in turn increasing the compensation payable to Avidian and/or its affiliates, otherwise benefiting them. However, Avidian does not charge an advisory fee on any assets in its clients' managed accounts that are invested in these private funds, which is aimed at mitigating this conflict of interest. In addition, Avidian is constrained by fiduciary principles to act in its clients' best interests when managing accounts and will recommend that clients invest in the funds only when it is suitable to do so. Avidian monitors activity in its clients' accounts in an effort to ensure that transactions are appropriate.

### **Affiliation with Insurance Agency and Licensed Insurance Agents**

Clients may receive advice on other commission-based insurance-related products such as fixed annuities and various types of insurance. Some of the investment advisor representatives (IAR's) may be independently licensed with various insurance companies and/or the following affiliated insurance agency STA Insurance Agency, LLC.

#### **Affiliated Insurance Agency – Licensed Agents**

Avidian Wealth Solutions and/or its Principals has an affiliation with the STA Insurance Agency, LLC.

James "Luke" Patterson and Michael Smith both principals of Avidian Wealth Solutions, LLC own STA Insurance Agency, LLC. The percentage of interest is as follows: Luke

Patterson 50% and Michael Smith 50%. Both Luke Patterson and Michael Smith are licensed agents for STA Insurance Agency.

**Conflict of Interest:** The recommendation by an Avidian Wealth representative that a client purchase an insurance product through the firm's affiliated insurance agency, presents a conflict of interest as the receipt of commissions to the insurance agency benefits Avidian Wealth Solutions, LLC, and the other owners of the agency. In addition, Michael Smith and Luke Patterson as licensed agents of STA Insurance Agency, LLC, receive normal and customary commissions for the sale of insurance products. No client is under any obligation to purchase any insurance commission products from Avidian and/or its representatives. Clients are reminded that they may purchase insurance products recommended by Avidian through other non-affiliated or insurance agencies. In addition, Avidian Wealth is constrained by fiduciary principles to act in its clients' best interests when providing advice and will recommend that clients purchase an insurance product only when it is suitable to do so. Avidian Wealth monitors these arrangements in an effort to ensure that purchases are appropriate.

### **Non-Affiliated Insurance Agency - Licensed Agents**

Some of the IAR's acting in the capacity of an insurance agent may recommend insurance products with non-affiliated agencies on a commission basis.

**Conflict of Interest:** This presents a conflict of interest as the IAR may receive fees for the advice and receive commission on the sale of the product. Clients are reminded that they may purchase insurance products recommended by Avidian Wealth's advisors through other insurance agents. In addition, Avidian Wealth is constrained by fiduciary principles to act in its clients' best interests when providing advice and will recommend that clients purchase an insurance product only when it is suitable to do so. Avidian Wealth monitors these arrangements in an effort to ensure that purchases are appropriate.

### **Insurance Network Program**

As described above Avidian can provide clients access to a platform of insurance products through DPL Financial Partners, LLC ("DPL"). All products are available through this program are commission fee / fee-based products. Should a client determine to purchase an insurance product through the program, DPL (the program sponsor) will receive administrative fees from the insurance carrier based on the product sold and DPL becomes the agent of record on the contract. Avidian will be acting in an advisory capacity to the same client and the client will pay advisory fees as detailed in Item 5.

**Conflict of Interest:** The recommendation by an Avidian Wealth advisor that a client purchase an insurance product through the DPL program, presents a **conflict of interest** as the client may or may not pay more to purchase an insurance product through the program rather than through the advisor in his or her separate capacity as an insurance agent, or by purchasing a product direct from an insurance carrier. No client is under any obligation to purchase any insurance products through the DPL program or from Avidian and/or its representatives. Clients are reminded that they may purchase insurance products recommended by Avidian through other non-affiliated insurance agencies. In addition, Avidian Wealth is constrained by fiduciary principles to act in its clients' best

interests when providing advice and will recommend that clients purchase an insurance product only when it is suitable to do so. Avidian Wealth monitors these arrangements in an effort to ensure that purchases are appropriate.

### **Direct Purchase of Fee Based Annuity Products**

Avidian has access to several fee-based annuity products offered directly through certain insurance carriers. Should an Avidian Wealth advisor recommend a client purchase an annuity product through the direct purchase program. Avidian will be acting in its capacity as an investment advisor according to the advisory agreement in place with the client, and the client will pay their stated management fee based on the assets under management.

**Conflict of Interest:** The recommendation by an Avidian Wealth advisor that a client purchase a fee-based annuity using the direct purchase option, presents a conflict of interest as the client may or may not pay more in management fees to purchase an annuity product using this service rather than if they purchase through the advisor in his or her separate capacity as an insurance agent. Or through the DPL network. No client is under any obligation to purchase any annuity through their advisory relationship with Avidian and/or its representatives. Clients are reminded that they may purchase annuity products recommended by Avidian through other non-affiliated insurance carriers and/or agencies. In addition, Avidian Wealth is constrained by fiduciary principles to act in its clients' best interests when providing advice and will recommend that clients purchase an insurance product only when it is suitable to do so. Avidian Wealth monitors these arrangements in an effort to ensure that purchases are appropriate.

### **Financial Institution Consulting Services**

Avidian has agreement(s) with broker/dealers to provide investment consulting services to Brokerage Customers. Broker/dealers pay compensation to Avidian for providing investment consulting services to Customers. This consulting arrangement does not include assuming discretionary authority over Brokerage Customers' brokerage accounts or the monitoring of securities. These consulting services offered to Brokerage Customers may include a general review of Brokerage Customers' investment holdings, which may or may not result in Avidian's investment adviser representative making specific securities recommendations or offering general investment advice. Brokerage Customers will execute a written advisory agreement directly with Avidian.

This relationship presents **conflicts of interest**. Potential conflicts are mitigated by Brokerage Customers consenting to receive investment consulting services from Avidian; by Avidian not accepting or billing for additional compensation on broker/dealers' Assets Under Management beyond the consulting fees disclosed in Item 5 in connection with the investment consulting services; and by Avidian not engaging as, or holding itself out to the public as, a securities broker/dealer. Avidian Wealth is not affiliated with any broker/dealer.

### **Registered Representatives of a Broker-Dealer**

As discussed above, certain of our representatives are also, in their separate and individual capacities, registered representatives of Purshe Kaplan Sterling a broker-dealer. Clients can choose to engage these registered individuals to effect securities brokerage transactions on a commission basis.



**Conflict of Interest:** The recommendation by these representatives that a client purchase a securities commission product presents a conflict of interest, as the receipt of commissions may provide an incentive to recommend investment products based on commissions received, rather than on a particular client's need. No client is under any obligation to purchase any commission products from Avidian's representatives. Clients are reminded that they may purchase securities or insurance products recommended by Avidian through other, non-affiliated insurance agents or registered representatives of a broker-dealer.

### **Other Business Activity – Liquidating Trustee**

Avidian Wealth Solutions is acting as the liquidating trustee to each series of the Black Swan Opportunity Fund, LP as well as the Black Swan Multi-Strategy Funds. The main duty of Avidian is to oversee the orderly liquidation of each of the fund's assets and the distribution of disposition proceeds in accordance with the liquidation provisions set forth in the applicable Operating Agreements. Avidian or its Principals are not employees of Black Swan and receive no compensation or fee.

While acting in the capacity may give Avidian heightened control over the funds. The risk is mitigated by having the funds held at a qualified custodian, having a fund administrator producing monthly financials, as well as subjecting each fund's financial statements to an annual audit or surprise examination. In addition, Avidian is constrained by the conditions set forth in the Liquidating Trustee Agreement.

**Avidian' Chief Compliance Officer, Hope Edick, remains available to address any questions that a client or prospective client may have regarding the above conflicts of interest.**

## **ITEM 11 - CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

### **Code of Ethics**

Avidian has adopted a Code of Ethics which describes the general standards of conduct Avidian expects of all firm personnel (collectively referred to as "employees"). Failure to uphold the Code of Ethics may result in disciplinary sanctions, including termination with Avidian. Any client or prospective client may request a copy of Avidian's Code of Ethics which will be provided, at no cost, by contacting Hope Edick at 281.822.8800.

The following basic principles guide all aspects of Avidian's business and represent the minimum requirements to which Avidian expects employees to adhere:

- Clients' interests come before employees' personal interests and before Avidian's interests.
- Avidian must fully disclose all material facts about conflicts, of which it is aware, between Avidian and its employees' interests, on the one hand, and client and Avidian's interests on the other.
- Employees must operate on Avidian's behalf and on their own behalf consistently with Avidian's disclosures and manage the impacts of those conflicts.

- Avidian and its employees must not take inappropriate advantage of their positions of trust with or responsibility to clients.
- Avidian and its employees must always comply with all applicable securities laws.

### ***Personal Securities Trading***

Trading by Avidian personnel in their personal accounts is subject to review and, in many cases, requires prior approval by Avidian's Chief Compliance Officer (CCO). Employees are allowed to trade in their personal accounts in stocks, mutual funds, bonds, ETFs, and pre-approved private placements. Employees may invest simultaneously with clients as long as the same price is obtained. Investing in private placements in personal accounts must be pre-approved by the CCO. Personal trades must be reported quarterly to the Avidian CCO and holdings are reported annually. Both personal trades and holdings are reviewed on a periodic basis to ensure compliance with Avidian's policy. Breaches to the policy are taken seriously and may be met with disciplinary action, including termination of employment.

The Avidian principals have also invested in the Premier Fund and the STA Real Estate Fund as limited partners; therefore, have ownership interests beyond owning the general partners of each fund. See Item 10 "Other Financial Industry Activities and Affiliations" for more information on the conflict of interest this presents.

### ***Outside Business Activities***

Employees are required to report to Avidian any outside business activities generating revenue. If any are deemed to be in conflict with clients, such conflicts will be fully disclosed, or the employee will be directed to cease this activity.

## **ITEM – 12 BROKERAGE PRACTICES**

### **Broker Selection**

Avidian selects the brokers or dealers that handle securities transactions in client accounts and negotiates their commissions. Avidian has entered into agreements with Schwab, Fidelity, and Millennium Trust Company (MTC) to act as custodians for client accounts. Avidian does not have any affiliation with these broker-dealers. The commissions charged by Schwab, Fidelity, and MTC, are comparable with those of other broker-dealers in return for like products and services; however, they may be higher in some instances than those obtainable from other brokers. Avidian generally trades through the custodian in order to manage transaction fees. Avidian and its personnel receive no commissions or 12(b)-1 fees from accounts held at these custodians.

### ***Best Execution***

Avidian's policy is to attempt to obtain the best execution for its clients' securities transactions. What constitutes "best execution" as well as determining how to achieve it is inherently uncertain. In evaluating whether a broker will provide best execution, Avidian considers a range of factors. These include:

- Historical net prices (after markups, markdowns, or other transaction-related compensation) on other transactions.

- The execution, clearance, settlement, and error correction capabilities of the broker in connection with securities of the type and amounts to be bought or sold.
- The availability of no-load mutual funds.
- The broker's reliability and financial stability.
- The commission structure.
- The quality of information provided to Avidian and to clients.

Avidian is not required to select the broker that charges the lowest transaction cost even if that broker provides execution quality comparable to other brokers. Avidian expects at times that clients will pay more than the lowest transaction cost available in order to obtain for Avidian and/or its clients services and products other than securities transactions execution. As noted above, Avidian generally trades through the custodian in order to manage transaction fees.

In the event that the client requests that the Avidian recommend a broker-dealer/custodian for execution and/or custodial services (exclusive of those clients that may direct the Avidian to use a specific broker-dealer/custodian), Avidian generally recommends that investment management accounts be maintained at *Fidelity and/or Schwab*. Prior to engaging Avidian to provide investment management services, the client will be required to enter into a formal *Investment Advisory Agreement* with Avidian setting forth the terms and conditions under which Avidian shall manage the client's assets, and a separate custodial/clearing agreement with each designated broker-dealer/custodian.

Factors that the Avidian considers in recommending *Fidelity and/or Schwab* (or any other broker-dealer/custodian to clients) include historical relationship with the client, financial strength, reputation, execution capabilities, pricing, research, and service. Although the commissions and/or transaction fees paid by Avidian's clients shall comply with the Avidian's duty to obtain best execution, a client may pay a commission that is higher than another qualified broker-dealer might charge to affect the same transaction where the Avidian determines, in good faith, that the commission/transaction fee is reasonable. 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 broker-dealer services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although Avidian will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client account transactions. The brokerage commissions or transaction fees charged by the designated broker-dealer/custodian are exclusive of, and in addition to, Avidian's investment management fee. The Avidian's best execution responsibility is qualified if securities that it purchases for client accounts are mutual funds that trade at net asset value as determined at the daily market close.

#### *Research and Additional Benefits*

Although not a material consideration when determining whether to recommend that a client utilize the services of a particular broker-dealer/custodian, Avidian may receive from *Fidelity and/or Schwab* (or another broker-dealer/custodian, vendor, platform, or product sponsor) without cost (and/or at a discount) support services and/or products, certain of which assist the Avidian to better monitor and service client accounts maintained at such institutions. Included within the support services that may be obtained by the Avidian may

be 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, 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 Avidian in furtherance of its investment advisory business operations.

As indicated above, certain of the support services and/or products that *may* be received may assist the Avidian in managing and administering client accounts. Others do not directly provide such assistance, but rather assist the Avidian to manage and further develop its business enterprise.

### **Broker Review**

At least annually, Avidian's Chief Compliance Officer and Chief Executive Officer review brokerage relationships in light of the factors referenced above.

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

Avidian currently has no formal soft-dollar arrangements, where specific products or services are paid for with soft dollars generated for Avidian by individual trades Avidian places in client accounts. However, as referenced above, the custodians are providing Avidian with certain products and services. Products or services provided by the custodians may be used to service all or a substantial number of Avidian's accounts, including accounts not maintained at the particular custodian providing that product or service and without allocating products or services among accounts. To the extent these products or services are provided to Avidian without charge, Avidian receives a benefit because it does not have to produce or pay for the products or services out of its own pocket.

These arrangements with the custodians pose a conflict of interest for Avidian to the extent that they create an incentive for Avidian to suggest clients maintain their assets in accounts at the custodians on the basis of products and services that may become available to Avidian as a result, rather than solely on the basis of the nature, cost or quality of custody and brokerage services provided to clients. However, Avidian is constrained by fiduciary principles to act in its clients' best interests and will suggest the custodians to clients only when it appropriate to do so. In addition, Avidian maintains an awareness of the services provided to clients by the custodians in an effort to ensure that clients are well served.

### **Brokerage for Client Referrals**

Avidian does not directly or indirectly compensate any broker for client referrals.

### **Directed Brokerage**

Avidian requires managed account clients to use one of its approved custodians and does not permit clients to direct their brokerage to other broker-dealers. As noted above, Avidian generally trades through the custodian in order to manage transaction fees. [With respect to the Hedged Tactical Equity Strategy, Avidian has instructed Lavaca Capital to affect all

transactions through the account's custodian.] See the discussion above in this Item 12 for information about the conflicts of interest posed by Avidian's arrangements with the custodians.

### **Order Aggregation**

When a client is invested in an Avidian managed model, Avidian will generally aggregate brokerage orders for those clients and allocate the securities purchased or sold among the participating accounts, with each account receiving the same terms once they are fully allocated into a model. The proportion in which participating account(s) will share transactions will be determined by the portfolio manager(s) on the basis of investment objective, cash availability, expected cash and liquidity needs, and other relevant factors. The overarching principle for every allocation is that no account is unfairly favored over another account that is similarly situated over time. However, since client accounts are held at different brokers/custodians (Schwab/Fidelity) not all clients will receive the same price. In addition, Schwab and Fidelity do not provide an expense advantage to participating accounts in an aggregated trade. Rather than charging one transaction fee for the aggregated trade, transaction fees (if applicable) are applied to each account as if the trade had been enacted on an account-by-account basis.

There are times when orders are not executed on the same terms, these are considered "one off trades". One-off trades occur when a client requests a trade for their account and/or another client requests a purchase or sell of the same security at a later time during trading hours. In addition, Avidian considers trades to be one off, when a firm advisor requests or effects a trade on behalf of their client to generate cash or meet an objective and another firm advisor trades for his/her client the same security for liquidity or objective reasons. The Avidian Trader reviews all trades and rationale to ensure that no client is treated unfairly or favored over another.

## **ITEM 13 - REVIEW OF ACCOUNTS**

### **Managed Accounts**

Reviews are conducted by Avidian Wealth Advisors' Investment Advisor Representatives. Through the use of trading and investment software programs, managed account holdings are compared to the selected portfolio model for allocation purposes, as well as monitored for performance. Luke Patterson (Chief Investment Officer), and other members of the investment team, discuss the performance of each model in a weekly investment committee meeting. The members of the investment committee meet with the investment advisor representatives at least bi-monthly to discuss the advisors accounts. Avidian personnel generally contact clients annually to schedule an in-depth portfolio review with one of the advisors. Clients are also provided access to Avidian Wealth Advisors' Portal through Orion and each client is provided direct access to their account custodian website, where they may obtain reporting on their performance and other account information.

### **Pooled Investment Vehicles**

Each private fund's investment manager is responsible for monitoring the holdings of its respective fund on at least a quarterly basis. Avidian provides investors with written annual audited financial statements examined by independent auditors, as well as annual tax information.

## Financial Plans

Avidian Wealth Solutions, LLC offers a varying degree of financial planning services. Prior to implementing a financial plan, clients will complete a financial planning services agreement which will outline the scope of the service. Financial planning reports generated by eMoney and/or Money Guide Pro software are reviewed by Avidian investment personnel and then delivered to the client, usually in a face-to-face meeting to explain the results. Dependent upon the service chosen in the agreement, Avidian may or may not have an obligation to update, monitor, or amend any advice or report provided. The agreement determines the scope of the client and Advisor obligation. Please note the Financial Planning Services Agreement is separate from the Investment Advisory Agreement. Should a financial planning client wish to have Avidian manage their investment account, the client will need to sign a separate Investment Advisory Agreement. Financial planning clients are reminded they are under no obligation to act on the advice provided in the plan.

### ITEM 14 - CLIENT REFERRALS AND OTHER COMPENSATION

Except as stated below, Avidian does not, nor do any of its principals or employees, receive an economic benefit such as sales, awards, or other prizes, from non-clients for providing advisory services to its clients. In addition, Avidian does not compensate third parties for client referrals.

#### Other Compensation and Arrangements

An Advisor of Avidian receives compensation from Midwest Trust Company. In these few instances, the advisor receives a portion of the investment management fee that Midwest Trust Company charges certain clients for management of assets received in a litigation settlement. In such cases the Avidian advisor is not considered the investment manager and does not have discretionary authority. The payments range from 25% to 35% of the annual fee charged by Midwest Trust and are paid quarterly to the advisor.

As indicated at Item 12 above, Avidian may receive from Schwab and/or Fidelity without cost (and/or at a discount), support services and/or products. Avidian's clients do not pay more for investment transactions effected and/or assets maintained at Schwab and/or Fidelity as result of this arrangement. There is no corresponding commitment made by Avidian to Schwab and/or Fidelity or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities, or other investment products as a result of the above arrangements.

**Avidian's Chief Compliance Officer, Hope Edick, remains available to address any questions that a client or prospective client may have regarding the above arrangements and any corresponding perceived conflict of interest such arrangements may create.**

Avidian does not compensate individuals or entities for prospective client introductions.

### ITEM 15 - CUSTODY

Avidian is deemed to have "custody" of managed accounts for the following reasons:

- Because Avidian generally has the authority to instruct the account custodian to deduct the management fee directly from the client's account. This limited access is monitored by the client through receipt of account statements directly from the custodian. These statements show the deduction of the management fee from the account.
- Because some managed account clients have set up standing letters of authorization allowing third-party money movement transfers. Please note: Client must complete and sign the account custodian form prior to any third-party money movement. Also, Avidian may only direct the movement of funds via check or ACH from one account in the client's name to another account with like registration. All wire transfers require the client to complete and sign the account custodian money movement form indicating the receiving beneficiary account information.
- Because Avidian or its affiliate(s) serve as the general partner and/or investment advisor to the Premier Fund and the Avidian Real Estate Fund 1, LP, they are also deemed to have custody of those assets.

When clients receive their account statements from the custodian, they should carefully review those statements. If clients receive account statements from Avidian, they are reminded to compare the statements from Avidian with the account statements from their custodian. Clients should contact both Avidian and the custodian if there are unexplained discrepancies.

Additionally, Avidian engages an outside auditor to conduct an annual audit and/or surprise examination of the private funds' financial statements. Although Avidian attempts to deliver the audited financials to all Premier Fund and STA Real Estate Fund investors within 180 days of the fund's fiscal year end, delivery in the past has been delayed due largely to the fact that not all fund managers of the underlying funds and/or private equity issuers report to the fund on time. The STA Real Estate Fund and the Premier Fund assets are in the custody of a qualified custodian which is sending investors quarterly statements.

#### **ITEM 16 - INVESTMENT DISCRETION**

Avidian's primary practice allows for discretionary authority to manage accounts on behalf of its clients. Clients provide Avidian with a limited power of attorney granting trading authority and authority to instruct the custodian to withdraw its investment management fee on a monthly or quarterly basis (according to the investment advisory agreement). Avidian determines, for all clients, what securities are to be purchased and sold, how much, when, and negotiates commissions with the account custodians.

This authority is granted for managed accounts through the investment advisory agreement each client executes with Avidian. This authority is granted to Avidian for proprietary private funds by the limited partnership agreements.

Managed account clients may limit Avidian's discretionary authority by imposing reasonable restrictions as part of their investment advisory agreement with Avidian. Avidian in its sole discretion may determine whether any requested restriction is reasonable.

As stated in Item 4, Avidian in very limited circumstances will manage an account on a non-discretionary basis.

Participate in an unaffiliated private placement is considered non-discretionary as the client must complete a separate subscription document with issuer of the offering.

#### **ITEM 17 - VOTING CLIENT SECURITIES**

Avidian does not vote client proxies and has instructed the custodian to forward all proxy material directly to the client. Avidian shall forward to the client, or to the advisor(s) for an employee benefit plan covered by ERISA, any proxy materials it receives that pertain to the assets in the client's account unless the account relates to an employee benefit plan and the plan's trust agreement provides otherwise. Clients will receive proxy materials directly from the custodian by U.S. Mail or by email. Clients may contact Avidian with questions concerning particular proxy matters.

#### **ITEM 18 - FINANCIAL INFORMATION**

Avidian Wealth Solutions, LLC obtained financial assistance by participating in the Paycheck Protection Program ("PPP") established by the U.S. Small Business Administration ("SBA"). Avidian's participation in the PPP was in anticipation of the need for assistance with business expenses due to the COVID-19 pandemic. These loans are eligible for forgiveness, although not guaranteed, as it will be based on factors such as being used for payroll, overhead of the firm, and other allowable expenses.

**ANY QUESTIONS: Avidian's Chief Compliance Officer, Hope Edick, remains available to address any questions regarding this Part 2A.**