



***Avondale Wealth Management LLC***  
***DBA Avondale Wealth Advisors***  
***Form ADV Part 2A Brochure***

4101 Parkstone Heights Drive, Suite 250  
Austin, Texas 78746  
512-505-8148

by appointment:  
1095 Evergreen Circle, Suite #408  
The Woodlands, TX 77380

***[www.avondalewealth.com](http://www.avondalewealth.com)***

***February 2021***

This Disclosure Brochure provides information about the qualifications and business practices of Avondale Wealth Management LLC (“Avondale”). If you have any questions about the contents of this Disclosure Brochure, please contact us at 512-505-8148 or by email at [info@avondalewealth.com](mailto:info@avondalewealth.com).

Avondale is a Registered Investment Advisor with the Securities and Exchange Commission (“SEC”). The information in this Disclosure Brochure has not been approved or verified by the (“SEC”) or by any state securities authority. Registration of an investment advisor does not imply any specific level of skill or training. This Disclosure Brochure provides information about Avondale to assist you in determining whether to hire or retain Avondale as your advisor.

Additional information about Avondale and its advisory persons are available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## ITEM 2: MATERIAL CHANGES

---

Form ADV Part 2A (the “Disclosure Brochure”) provides information about a variety of topics relating to an Advisor’s business practices and conflicts of interest. Avondale believes that communication and transparency are the foundation of our relationship and continually strive to provide our Clients with the complete and accurate information at all times. We encourage all current and prospective Clients to read this Disclosure Brochure and discuss any questions you may have with us and of course, we always welcome your feedback.

### Material Changes

#### Item 5 - Performance Fees:

The performance fee payable to Avondale shall be an amount up to 10% per annum of the of the Net Excess Appreciation for the monies and Securities in the Account, on an annual basis (the “Performance Fee”), provided that the Performance Fee for any year will be charged only if the Net Excess Appreciation applicable to the Securities in the Account exceeds the “high water mark” per year. For purposes of this Agreement, the Net Excess Appreciation is the increase in fair market value of the portfolio under management (before accrual or deduction of the Performance Fee, but after payment and accrual of all fees, commissions and the Advisory Fee) in excess of the High Water Mark. The “High Water Mark” shall (a) be the original asset value of Securities in the Account on the Effective Date of this Agreement; or (b) otherwise, as of the commencement of any year, the highest sum achieved during the management of the account. Notwithstanding the above, for purposes of computing the annual Performance Fee, the High Water Mark shall be the gain or loss generated by the portfolio during the prior year and reflected on the client invoice generated at such time. Please refer to the agreement for the frequency of the performance fee billed on an annual basis, in arrears. Fees are negotiable.

### Future Changes

From time to time, we may amend this Disclosure Brochure to reflect changes in our business practices, changes in regulations and routine annual updates as required by the securities regulators. This complete Disclosure Brochure or a Summary of Material Changes shall be provided to each Client annually and if a material change occurs in the business practices of Avondale, free of charge.

At any time, you may view the current Disclosure Brochure on-line at the SEC’s Investment Adviser Public Disclosure website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You may also request a copy of this Disclosure Brochure at any time, by contacting us at 512-505-8148 or by email at [info@avondalewealth.com](mailto:info@avondalewealth.com).

*Please retain a copy of this Disclosure Brochure for your records.*

### ITEM 3: TABLE OF CONTENTS

<u>Item Number</u>	<u>Item</u>	<u>Page</u>
ITEM 2:	MATERIAL CHANGES .....	2
ITEM 3:	TABLE OF CONTENTS .....	3
ITEM 4:	ADVISORY BUSINESS .....	4
ITEM 5:	FEES AND COMPENSATION .....	6
ITEM 6:	PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT .....	9
ITEM 7:	TYPES OF CLIENTS .....	9
ITEM 8:	METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS.....	10
ITEM 9:	DISCIPLINARY INFORMATION .....	13
ITEM 10:	OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS .....	14
ITEM 11:	CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRADING .....	14
ITEM 12:	BROKERAGE PRACTICES.....	15
ITEM 13:	REVIEW OF ACCOUNTS .....	17
ITEM 14:	CLIENT REFERRALS AND OTHER COMPENSATION.....	17
ITEM 15:	CUSTODY .....	17
ITEM 16:	INVESTMENT DISCRETION .....	18
ITEM 17:	VOTING CLIENT SECURITIES .....	18
ITEM 18:	FINANCIAL INFORMATION .....	19
ITEM 19:	OTHER .....	19

## ITEM 4: ADVISORY BUSINESS

### INTRODUCTION

**Avondale Wealth Management, LLC** (hereafter “Avondale”), is a fee-based investment adviser that offers the following types of advisory services: *Financial Planning and Portfolio Management Services*.

Avondale was incorporated in 2010. Avondale operates under a DBA, **Avondale Wealth Advisors**. The experience, education, and background of its principals and investment adviser representatives (hereafter “IA Reps”) can be found in the accompanying Brochure Supplement document.

Avondale’s principal owner is **Justin C. Jacobs, CEO and Founder** (hereafter “Jacobs”).

### INITIAL CONSULTATION

Avondale will typically begin by providing the Client a free initial consultation. Avondale uses the initial consultation to:

- Introduce the Client to Avondale and its services;
- Gather information about the Client’s investment and financial objectives, financial condition, and risk tolerance, which Avondale uses in forming its investment advice; and
- Deliver Company Brochure (ADV2), Form CRS, and Privacy Policy

The consultation must be completed before Avondale will make any specific recommendations about the Client’s asset allocation or securities to buy or sell.

Prior to establishing a Client’s account, the Client will sign Avondale’s *Financial Planning and Portfolio Management Agreement*, which serves as the contract between the Client and Avondale, specifying the precise nature of services to be rendered by Avondale and fees to be paid by the Client.

### FINANCIAL PLANNING AND PORTFOLIO MANAGEMENT SERVICES

The core of every client relationship is *Financial Planning*. Avondale makes available ad hoc *Financial Planning* consultations by phone, video conference, and in person for client households. In addition, Avondale currently provides access to eMoney, web-based *Financial Planning* software for each client household. The *Financial Planning* consultations can include but are not limited to: overall asset allocation, securities recommendations, insurance needs, mortgage planning, retirement planning, college planning, trust & estate planning, savings, budgeting, and tax planning.

Avondale primarily manages Client accounts on a discretionary basis. For discretionary accounts, Avondale will evaluate the Client’s financial condition and risk tolerance in order to tailor its securities recommendations to meet the Client’s investment objectives and individual needs. On rare occasions, Avondale will allow the Client to impose restrictions or parameters on investing in certain securities or types of securities. For discretionary accounts, Avondale will manage them inside of one of five models, unless otherwise agreed. Avondale refers to their models as MAPs (Multi Asset Portfolios). The four models are Conservative, Balanced, Growth, and Aggressive. Each model has a “tax sensitive” version for non-qualified accounts with holdings in excess of \$50,000.00. As well, Avondale manages condensed versions of the five models for accounts opened under \$50,000 in value. If any of these accounts grow over the \$50,000 threshold through deposits or market movement, Avondale will transition the accounts to the standard models on a discretionary basis.

Avondale will manage money actively and dynamically utilizing primarily: mutual funds, exchange-traded funds (ETFs), and exchange listed stocks. However, in rare instances, Avondale may invest in

individual bonds, closed-end funds, stock options, annuities, alternative investments, hedge funds, or private placements. Given that the market will affect the value of these securities, Avondale will provide ongoing monitoring of client accounts.

Avondale offers a “Non-Mutual Fund” version of each model portfolio to all clients. This option is for non-US citizens or US citizens living abroad due to the restraints placed by the Custodian on investing in US based mutual funds.

Avondale offers an “Indexed Benchmark” version of each model portfolio to all clients. These models will be indexed to the specific benchmarks using exchange-traded funds (ETFs) and will be rebalanced on a discretionary basis.

Avondale offers their EPOCH service to clients who establish a portfolio of \$10,000,000 in discretionary assets under management at Avondale. The EPOCH service is an amplified version of the *Financial Planning and Portfolio Management Services* that Avondale provides to all clients.

In certain circumstances, Avondale can provide to client standalone Financial Planning in the form of a one-time financial plan.

Avondale does not provide any “wrap programs” (programs that bundle brokerage and advisory services under a single comprehensive fee) so all securities recommended by Avondale includes additional transaction charges by the Client’s broker-dealer/custodian separate from Avondale’s advisory fees.

### ***DISCRETIONARY PORTFOLIO MANAGEMENT***

For discretionary accounts, the Client will grant Avondale limited trading authority (discretionary authority) in the Client’s brokerage account by executing the appropriate documents with the Client’s broker-dealer/custodian. The discretionary authority will allow Avondale to enter securities transactions on the Client’s behalf, determining which securities and the amount of securities to buy or sell. Clients will be notified of all transactions by trade confirmations from their broker-dealer/custodian and through communication with Avondale.

Clients will provide written authorization to allow Avondale to automatically deduct its advisory fee from the Client’s account (discussed at greater length in the “FEES AND COMPENSATION” section of this Disclosure Brochure) by signing Avondale’s *Financial Planning and Portfolio Management Agreement*; however, Avondale will not have the authority to make any other withdrawals from the Client’s account(s) under management.

As of December 31, 2020, Avondale manages \$170,059,732 in discretionary and \$27,642,040 in non-discretionary assets for a total of \$197,701,772.

Avondale recommends the Client grant discretionary authority to Avondale so that it may execute recommendations in a timely fashion, but Clients should always review their brokerage account statements to verify the trading activity and withdrawals that occur in their account(s).

### ***NON-DISCRETIONARY PORTFOLIO MANAGEMENT***

For certain accounts, Avondale may offer its services on a non-discretionary basis. For non-discretionary accounts, Avondale will take instructions directly from a Client in writing so that the Client may make investment decisions at their own discretion. Since Avondale will recommend all Clients grant it discretionary authority where active money management is advised, Avondale anticipates very little of its Portfolio Management Services to be rendered on a non-discretionary basis.

Since Avondale merely takes written instructions for securities transactions in non-discretionary accounts, Clients should take measures to ensure that their instructions are executed in a timely fashion and should review their account(s) to ensure that transactions were entered properly.

## **ITEM 5: FEES AND COMPENSATION**

### ***MANAGEMENT FEES FOR FINANCIAL PLANNING AND PORTFOLIO MANAGEMENT SERVICES***

In the event the Client determines to engage Avondale to provide *Financial Planning and Portfolio Management Services*, Avondale shall do so on a fee basis. If engaged, Avondale shall charge an annual fee based upon a percentage of the market value of the assets being managed by Avondale. The specific manner in which fees are charged is established in the Client's *Agreement* with Avondale.

As described in further detail below, Avondale's annual fee is exclusive of, and in addition to transaction fees and other related expenses by third parties, which shall be incurred by the Client. Note that Avondale shall not receive any portion of these charges or fees.

#### **Investment Portfolio Fees:**

Avondale's annual fee shall be prorated and charged quarterly, in advance, based upon the market value of the assets on the last day of the previous quarter. The annual fee shall vary (between 0.30% and 1.50%) depending upon the market value of the assets under management and the type of *Financial Planning and Portfolio Management Services* to be rendered, as follows:

#### **Investment Portfolio PORTFOLIO VALUE ANNUAL FEE SCHEDULE**

First \$500,000	1.50%
Next \$1,000,000	1.25%
Next \$3,500,000	1.00%
Next \$5,000,000	0.65%
Above \$10,000,000	0.30%

There is a suggested portfolio minimum of \$1,000,000 for the standard service offering at Avondale, though Avondale management can waive this minimum in certain circumstances. Annual fees will be deducted from the Client Account by the Custodian. The amount due is calculated by applying the quarterly rate (annual rate divided by 4) to the total assets under management with Avondale at the end of each quarter. Clients will be provided with a statement, at least quarterly, from the Custodian reflecting deduction of the Investment Advisory Fee. Clients provide written authorization permitting Avondale to be paid directly from their accounts held by the Custodian as part of the *Financial Planning and Portfolio Management Agreement* and separate account forms provided by the Custodian.

For the initial quarter of Financial Planning and Portfolio Management Services, the first quarter's fees shall be calculated on a pro rata basis. We fee deduct from each managed account, unless there is a specific request to bill from a separate Avondale account. The Agreement between Avondale and the Client will continue in effect until terminated by either party pursuant to the terms of the Agreement. Avondale's annual fee shall be prorated through the date of termination and any remaining balance shall be refunded to the Client, as appropriate, in a timely manner. Notwithstanding the above, all fees are negotiable and certain clients may be charged less, depending upon a number of factors, including portfolio size, employment and relationship to Avondale.

### ***ASSET ADDITIONS AND WITHDRAWALS***

The Client may make additions to and withdrawals from the account at any time. For additions greater than \$100,000 deposited into an account after the inception of a quarter, the fee payable with respect to such assets will be prorated based on the number of days remaining in the quarter. Additions may be in cash or securities provided that Avondale reserves the right to liquidate any transferred securities or decline to accept particular securities into a Client's account. Avondale consults with its Clients about the options and ramifications of transferring securities. However, Clients are advised that when transferred securities are liquidated, they are subject to transaction fees, fees assessed at the mutual fund level (i.e. contingent deferred sales charge) and/or tax ramifications.

Clients may withdraw account assets, subject to the usual and customary securities settlement procedures and reasonable notice to Avondale. For partial withdrawals over \$100,000 within a billing period, we shall calculate the fee paid with respect to such assets, prorated based on the number of days remaining in the quarter. These calculated unearned fees will be credited towards the next quarter's fee. However, Avondale designs its portfolios as long-term investments and asset withdrawals may impair the achievement of a Client's investment objectives.

For partial withdrawals purposed for the purchase of commissionable products through our broker/dealer or General Insurance Agent, within a billing period, regardless of the amount of the withdrawal, we shall calculate the fee paid with respect to such assets, prorated based on the number of days remaining in the quarter. These calculated unearned fees will be credited towards the next quarter's fee.

In certain circumstances, a one time-financial plan can be provided for a fixed fee range between \$500.00 - \$5000.00 based upon complexity and time spent on research and preparation. The specific manner in which fees are charged is established in the Client's *Agreement* with Avondale.

### **Performance Fees:**

The performance fee payable to Avondale shall be an amount up to 10% per annum of the of the Net Excess Appreciation for the monies and Securities in the Account, on an annual basis (the "Performance Fee"), provided that the Performance Fee for any year will be charged only if the Net Excess Appreciation applicable to the Securities in the Account exceeds the "high water mark" per year. For purposes of this Agreement, the Net Excess Appreciation is the increase in fair market value of the portfolio under management (before accrual or deduction of the Performance Fee, but after payment and accrual of all fees, commissions and the Advisory Fee) in excess of the High Water Mark. The "High Water Mark" shall (a) be the original asset value of Securities in the Account on the Effective Date of this Agreement; or (b) otherwise, as of the commencement of any year, the highest sum achieved during the management of the account. Notwithstanding the above, for purposes of computing the annual Performance Fee, the High Water Mark shall be the gain or loss generated by the portfolio during the prior year and reflected on the client invoice generated at such time. Please refer to the agreement for the frequency of the performance fee billed on an annual basis, in arrears. Fees are negotiable.



Any registered investment adviser who wishes to charge a fee based on a share of the capital gains or the capital appreciation of the funds or any portion of the funds of a client must comply with SEC Rule 205-3 (17 Code of Federal Regulations §275.205-3) and similar state rules and statutes, which permits the use of such fee if the client is a "qualified client." In general, a qualified client may include:

- a natural person or company who at the time of entering into such agreement has at least \$1 million under the management of the investment adviser;
- a natural person or company who the adviser reasonably believes at the time of entering into the contract:
  - Has a net worth of jointly with his or her spouse of more than \$2.0 million, excluding the value of the primary residence of such natural person, calculated by subtracting from the estimated fair market value of the property the amount of debt secured by the property, up to the estimated fair market value of the property; or
  - Is a qualified purchaser as defined in the Investment Company Act of 1940, §2(a)(51)(A) (15 U.S.C. 80a-2(51)(A)); or
- a natural person who at the time of entering into the contract is:
  - An executive officer, director, trustee, general partner, or person serving in similar capacity of the investment adviser; or
  - An employee of the investment adviser (other than an employee performing solely clerical, secretarial, or administrative functions with regard to the investment adviser), who, in connection with his or her regular functions or duties, participates in the investment activities of such investment adviser, provided that such employee has been performing such functions and duties for or on behalf of the investment adviser, or substantially similar function or duties for or on behalf of another company for at least 12 months.

### ***TERMINATION PROVISIONS, REFUNDS AND ASSIGNMENT***

Prior to engaging Avondale, the Client will be required to enter into a written *Agreement* with Avondale setting forth the terms and conditions of the engagement and describing the scope of the services to be provided and the portion of the fee that is due from the Client prior to Avondale commencing services. Either party may terminate the *Agreement* by written notice to the other. In the event Avondale or the Client terminates the *Agreement*, the balance of Avondale's unearned fees (if any) shall be refunded to the Client.

Assignment of Avondale's *Financial Planning and Portfolio Management Agreement* is prohibited without the written consent of the Client. In the event of a merger or acquisition, consent is implied if Avondale sends notice of such merger or acquisition to client, and Client does not object in writing to the merger or acquisition within the period specified in the notice.

### ***ADDITIONAL FEES***

Clients will incur certain charges imposed by the Financial Institution(s) and other third parties such as custodial fees, charges imposed directly by a mutual fund or exchange traded fund in the account, which shall be disclosed in the fund's prospectus (e.g., fund management fees and other fund expenses), deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Clients will incur transaction fees. Such charges and fees are exclusive of and in addition to Avondale's fee.

Item 12 further describes the factors that Avondale considers in selecting or recommending broker-dealers for Client transactions and determining the reasonableness of their compensation.

### ***OTHER COMPENSATION***



In addition to the *Financial Planning and Portfolio Management* fees described above, individual IA Reps of Avondale are licensed as insurance agents and/or registered representatives to originate insurance and/or investment products through general agents and broker/dealers. The Reps receive insurance and/or brokerage commissions for the sale of those insurance and/or investment products.

This creates a conflict of interest and may offer IA Reps an incentive to recommend insurance and/or investment products that produce insurance and/or brokerage commissions for the IA Rep. When any such recommendations are made, IA Reps will disclose they are receiving commissions prior to completing any transaction and will obtain specific consent from the Client before purchasing any insurance and/or investment product. Additionally, Clients always have the option to purchase insurance and/or investment products through other agents and/or representatives not affiliated with Avondale.

Any insurance and/or commissions will be charged separately through the insurance company or agency and/or broker/dealer and remitted to the IA Rep in their capacity as an insurance agent and/or registered representative. Avondale will not receive any insurance or brokerage commissions paid to its IA Reps.

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

Avondale can enter into performance fee arrangements with qualified clients as noted in Item 4 above. Avondale will structure any performance or incentive fee arrangement in accordance with available exemptions including the exemption set forth in Rule 205-3. In measuring clients' assets for the calculation of performance-based fees, and shall include realized and unrealized capital gains and losses. Performance based fee arrangements may create an incentive for us to recommend investments which may be riskier or more speculative than those which would be recommended under a different fee arrangement. Such fee arrangements also create an incentive to favor higher fee-paying accounts over other accounts in the allocation of investment opportunities. Avondale follows our procedures designed and implemented to ensure that all clients are treated fairly and equally, and to prevent this conflict from influencing the allocation of investment opportunities among clients.

The client is advised that the incentive fee arrangement creates an incentive for Avondale to make investments that are more risky or more speculative than in a fee based arrangement; and the client is further advised that Avondale, may receive increased compensation based on unrealized appreciation as well as realized gains on assets in the client's account. Avondale seeks to mitigate the potential conflicts of interest which may arise from managing accounts that bear a performance fee by monitoring and enforcing its policies and procedures, including those related to investment allocation and will seek to allocate the interests in a fair manner.

## **ITEM 7: TYPES OF CLIENTS**

Avondale will provide advisory services to various types of Clients, including:

- **Individuals:** Avondale provides *Financial Planning and Portfolio Management Services*. This may include trust accounts and family partnerships.
- **High Net Worth Individuals:** Avondale provides *Financial Planning and Portfolio Management Services*. This may include trust accounts and family partnerships.

- **Businesses and Non-Profits:** Occasionally, Avondale will provide advisory services to businesses and non-profits seeking *Financial Planning and Portfolio Management Services* for their organization's interests.

### ***PORTFOLIO MINIMUMS***

There is a suggested portfolio minimum of \$1,000,000 for the standard service offering at Avondale, though Avondale management can waive this minimum in certain circumstances. Clients who establish a portfolio of \$10,000,000, or greater, qualify for Avondale's EPOCH service. If at any time in the EPOCH relationship the portfolio balance falls below \$5,000,000, the client will be required to sign a new *Financial Planning and Portfolio Management Agreement* and move to the standard service offering.

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

*Financial Planning Services* are a core offering to all client households. Avondale analyzes the Client's financial goals and objectives, income and spending, savings and investments, risks and insurance needs, asset allocation, and tax implications. This analysis seeks to ensure that the Client's needs are addressed while making progress toward their financial goals and objectives. *Financial Planning* is customized to each client relationship and their specific needs. Thus, ad hoc planning can consist of but is not limited to: overall asset allocation, securities recommendations, insurance needs, mortgage planning, retirement planning, college planning, trust and estate planning, savings, budgeting, and tax planning. Avondale currently offers eMoney, *Financial Planning* software, to all clients, which includes individualized client portals, Monte Carlo simulations, cash flow analysis and document storage.

With regards to portfolio management, Avondale's core offering is a dynamic asset allocation, top-down management process. In certain instances, clients may opt for a "Non-mutual Fund" model or "Indexed Benchmark" model. In addition, clients may opt to have alternative investments in their portfolios. They will be custodied at either Fidelity or PKS. These investments generally are only available to clients who meet certain legal requirements. Avondale performs research and due diligence on alternative investments and they are approved by the Investment Committee before implementation. Research and due diligence including, among other things, a review of relevant documents, calls and meetings with the subject investment's team, and an analysis of investment performance. The Avondale Wealth Advisors Investment Committee typically meets monthly, or more often as needed, to evaluate macro-economic indicators, sub-asset class valuations, and individual security selections.

Avondale monitors the macro-economic environment utilizing a wide range of economic indicators, including but not limited to: Employment, Economic Growth, Economic Policy, Asset Valuation, and Inflation. By analyzing various economic reports, the Investment Committee develops an acute understanding of global markets and makes sound investment decisions accordingly. Despite the macro-economic analysis performed by Avondale, any investment in securities carries market risk and investors may lose their principal investment. Currently Avondale utilizes Simply Wall Street, and Morningstar software as the primary source of data and research. On occasion, Avondale seeks third party research via conferences or written materials from other financial institutions with permission.

In its sub-asset class analysis, Avondale seeks to determine appropriate entry and exit points to numerous unique asset classes. This is done by analyzing various valuation metrics, including but not limited to price to earnings ratios, price to book ratios, and option adjusted spreads of certain fixed income indexes. The committee attempts to determine future direction of prices through the study of past index

data and future projections. Despite the sub-asset class valuations performed by Avondale, any investment in securities carries market risk and investors may lose their principal investment.

In its individual security analysis, Avondale utilizes qualitative and quantitative measures. This includes selection, monitoring, and investment action. Avondale monitors all model securities on their investment platform. This is done by tracking performance on a historical basis, and will include comparisons against both their respective benchmarks and against their respective peers. Avondale utilizes a number of factors in considering an investment merit for inclusion in portfolios. Investment risk factors include but are not limited to metrics such as beta to S&P, interest rate sensitivity, expenses or transaction costs, track record, size (market cap), historical liquidity, and opportunity for total return prospects. Depending on the investment type, a wide range of factors will be considered that differ from others. A prudent analysis is undertaken and documented. Despite the security analysis performed by Avondale, any investment in securities carries market risk and investors may lose their principal investment.

Avondale utilizes the monthly IC meetings to monitor ongoing historical performance of investments since inception, and to keep ongoing discussion regarding the merit of those investments forward. Avondale also will utilize Simply Wall Street, Morningstar, or other software, periodicals, or publicly available information to monitor investments in the portfolio on a fluid basis. Avondale uses this information to determine current fit, reduction, increase, or sale of said securities on an ongoing basis.

The investment strategies recommended to Clients will vary depending on the Client's financial goals and risk tolerance and could vary by account. Avondale will manage discretionary accounts inside of one of four models, unless otherwise agreed. Avondale refers to their models as MAPs (Multi Asset Portfolios). The models are Conservative, Balanced, Growth, and Aggressive. Each model has a "tax sensitive" version for non-qualified accounts with holdings in excess of \$50,000. As well, Avondale manages condensed versions of the models for accounts opened under \$50,000 in value. If any of these accounts grow over the \$50,000 threshold through deposits or market movement, Avondale will transition the accounts to the standard models on a discretionary basis. Avondale may manage non-model accounts for a variety of reasons such as tax-loss harvesting, concentrated positions, and/or municipal bonds. Clients in non-model accounts are advised that the trades placed in these accounts may not receive the same execution price/trade date as clients whose accounts are managed in Avondale's models. In certain circumstances, Avondale offers a "Non-mutual Fund" model, an "Indexed Benchmark" model, or non-model accounts. All of the above options are discussed in depth with each client.

Avondale will manage money actively and dynamically utilizing primarily: mutual funds, exchange-traded funds (ETFs), and exchange listed stocks. However, in rare instances, Avondale invests in individual bonds, closed-end funds, stock options, annuities, alternative investments, hedge funds or private placements. Given that the market will affect the value of these securities, Avondale will provide ongoing monitoring of client accounts.

Our models utilize the following benchmarks:

<b>Model Benchmarks</b>				
<b>Index</b>	<b>Conservative</b>	<b>Balanced</b>	<b>Growth</b>	<b>Aggressive</b>
<b>Domestic Equity</b> (S&P 500)	20%	35%	50%	60%
<b>International Equity</b> (FTSE All-World ex US)	10%	15%	20%	30%
<b>Fixed Income</b> (Barclays Aggregate Bond Index)	68%	48%	28%	9%
<b>Cash</b> (90 Day Treasury Bill)	2%	2%	2%	1%

\*For non-qualified benchmarks Barclays Muni Bond Index will replace Barclays Aggregate Bond index

Our models utilize the following ranges:

<b>Model Allocation Ranges</b>				
	<b>Conservative</b>	<b>Balanced</b>	<b>Growth</b>	<b>Aggressive</b>
<b>Equity Range</b>	27 - 33%	45 - 55%	63 - 77%	81 - 99%
<b>Fixed Income Range</b>	67 - 73%	45 - 55%	23 - 37%	0 - 10%
<b>Cash Range</b>	1 - 15%	1 - 15%	1 - 15%	1 - 15%

\* Note that ranges may go outside of tolerance for market movement before rebalances or settlement and/or ranges may go out of tolerance in order to express the max range for equities or bonds when implementing/investing at the top of the range in one of those classes. In extreme market circumstances Avondale may elect to go to 50% cash in Dynamic MAPs.

## ***GENERAL RISKS***

Accounts may maintain significant cash positions from time to time and the client will pay the Investment Management Fee based on the net asset value of the Account, including cash and cash equivalents. In addition, when necessary, Avondale may place trades to generate cash to be deducted for management fees. Furthermore, the Account may forego investment opportunities to hold cash positions if we consider it in the best interests of the Accounts. In extreme market circumstances Avondale may elect to raise up to 50% cash in Dynamic MAPs.

At a client's request, Avondale can use leverage in investing. Such leverage can be obtained through various means. The use of margin borrowings may result in certain additional risks to Accounts. For example, should the securities pledged to a broker to secure a margin account decline in value, a "margin

call” may be issued pursuant to which additional accounts would be required to be deposited with the broker or the broker would effect a mandatory liquidation of the pledged securities to compensate for the decline in value. Avondale might not be able to liquidate assets quickly enough to pay off the margin debt and the Accounts can suffer additional significant losses as a result of such default. Although borrowing money increases returns if returns on the incremental investments purchased with the borrowed accounts exceed the borrowing costs for such accounts, the use of leverage decreases returns if returns earned on such incremental investments are less than the costs of such borrowings.

The prices of securities in which Avondale invests can be sensitive to interest rate fluctuations and unexpected fluctuations in interest rates could cause the corresponding prices of the long and short portions of a position to move in directions which were not initially anticipated. In addition, interest rate increases generally will increase the interest carrying costs of borrowed securities and leveraged investments.

There are risks involved in trading securities. Market movements are difficult to predict and are influenced by, among other things, government trade, fiscal, monetary and exchange control programs and policies; changing supply and demand relationships; national and international political and economic events; changes in interest rates; and the inherent volatility of the marketplace. In addition, governments from time to time intervene, directly and by regulation, in certain markets, often with the intent to influence prices directly. The effects of governmental intervention may be particularly significant at certain times in the financial instrument markets and such intervention (as well as other factors) may cause these markets to move rapidly.

Alternative investments have different features and risks from other types of investment products. As further described in the offering documents of any particular alternative investment, an investment in alternative investments can be highly illiquid, is speculative and not suitable for all investors. Investing in alternative investments is intended for experienced and sophisticated investors only who are willing to bear the high economic risks of the investment. Investors should carefully review and consider potential risks before investing. Alternative investment products may also have higher fees (including multiple layers of fees) compared to other types of investments.

Past performance is not a guarantee of future returns. Investing in securities and other investments involve a risk of loss that each Client should understand and be willing to bear. Clients are reminded to discuss these risks with their Advisor.

## **ITEM 9: DISCIPLINARY INFORMATION**

Registered Investment Advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of the registered investment Adviser or the integrity of its management. Neither Avondale, its principals, nor its employees have a history of any legal or disciplinary action.

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

### ***OTHER FINANCIAL INDUSTRY ACTIVITIES OR AFFILIATES - INDIVIDUALS***

In the event the Client desires, the Client can engage certain persons “associated” with Avondale (but not Avondale) to render securities brokerage services under a commission arrangement. Under this arrangement, the Client may implement securities transactions through certain of Avondale’s *Advisory Affiliates* (as defined below), in their respective individual capacities as registered representatives of Purshe Kaplan Sterling Investments, Inc. (“PKS”), an SEC registered broker-dealer and member of the FINRA. Brokerage commissions will be charged by PKS to effect these securities transactions and thereafter, a portion of these commissions will be paid by PKS to such *Advisory Affiliates*. Prior to effecting any transactions, the Client will be required to enter into a new account agreement with PKS. The brokerage commissions charged by PKS may be higher or lower than those charged by other broker-dealers. In addition, certain of Avondale’s *Advisory Affiliates* (as applicable), also receive additional ongoing 12b-1 fees for mutual fund purchases from the mutual fund company during the period that the Client maintains the mutual fund investment.

While Avondale does not sell such securities products to its investment advisory Clients, Avondale does permit its *Advisory Affiliates*, in their individual capacities as registered Representatives of PKS, to sell securities products to its investment advisory Clients. Specifically, Avondale’s *Advisory Affiliates* could be Registered Representative Agents of PKS. A conflict of interest will exist to the extent that Avondale recommends the purchase of securities where the Avondale’s *Advisory Affiliates* receive commissions or other additional compensation as a result of Avondale’s recommendations.

### ***INSURANCE COMPANY OR AGENCY***

While Avondale is not an insurance agency, IA Reps of Avondale are licensed as independent insurance agents and have affiliations with the various insurance companies whose products they sell. As IA Reps of Avondale, they may recommend insurance products and may also, as independent insurance agents, sell those recommended insurance products to Clients. When such recommendations or sales are made, a conflict of interest exists as the Insurance licensed IA Reps earn insurance commissions for the sale of those products, which may create an incentive to recommend such products. Avondale requires that all IA Reps disclose this conflict of interest when such recommendations are made. Also, Avondale requires IA Reps to disclose that Clients may purchase recommended insurance products from other insurance agents not affiliated with Avondale.

### ***AVONDALE HOLDINGS LLC***

Justin Jacobs is the sole owner of Avondale Holdings LLC, a holding company for owner occupied real estate. Time spent on this activity is less than 1% of his time.

## **ITEM 11: CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRADING**

### ***CODE OF ETHICS***

Pursuant to SEC Rule 204A-1, Avondale has a Code of Ethics that promotes the fiduciary duty of Avondale and its IA Reps. The Code of Ethics articulates the importance of trust as a foundation to the relationship between an investment adviser and its Clients and establishes policies and procedures to



ensure that Avondale and its IA Reps place the interests of the Clients first. The Code of Ethics requires that Avondale and its IA Reps adhere to all applicable securities and related laws and regulations. The Code of Ethics also requires Avondale and its IA Reps to follow industry “best practices” involving: confidential information, suitability of investments, personal trading on the part of Avondale and its IA Reps, outside business activities of IA Reps, and the disclosure of conflicts of interest.

A copy of the Adviser’s Code of Ethics is available upon request for any Client or prospective Client, free of charge.

### ***PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING***

While Avondale has no proprietary interest in Client transactions, its IA Reps have a financial interest in those recommended transactions that involve the purchase of an insurance and/or securities product. As explained in the “OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS” section, IA Reps of Avondale are licensed as independent insurance agents in Texas and registered representatives of a broker/dealer. As IA Reps of Avondale, they recommend insurance and/or securities products and also, as independent insurance agents and registered representatives, sell those recommended insurance and/or securities products to Advisory Clients. When such recommendations or sales are made, a conflict of interest exists as the Insurance Licensed IA Reps and/or Registered Reps will earn insurance and/or brokerage commissions for the sale of those products, which may create an incentive to recommend such products. Avondale requires that all IA Reps disclose this conflict of interest when such recommendations are made. Also, Avondale requires IA Reps to disclose that Advisory Clients may purchase recommended insurance and/or securities products from other insurance agents and/or registered representatives not affiliated with Avondale.

IA Reps of Avondale may have an interest in Client transactions insofar as they may personally invest in the same securities recommended to Advisory Clients. These transactions involve a conflict of interest as Avondale or IA Reps may benefit from an increase in price from subsequent purchases by Advisory Clients. To address this conflict of interest, Avondale and its IA Reps will adhere to the following procedures regarding their personal trading:

1. Avondale and its IA reps can trade in the same securities with client accounts on an aggregated basis when consistent with Avondale’s obligation of best execution. A variety of methods will be used, and diligence will be maintained to ensure that any trades made in an employee account does not receive preferential treatment over trades made in client accounts;
2. Avondale and its IA Reps will mostly recommend investments that are widely traded;
3. In the rare instance where private placement offerings are recommended to Clients and an IA Rep also has an ownership interest in the private offering, full disclosure will be given so the Client fully understands that conflict of interest; and
4. Neither Advisory Clients nor IA Reps will have enough funds invested in any given security to move the market in that particular security.

## **ITEM 12: BROKERAGE PRACTICES**

Avondale does not have discretionary authority to select the broker-dealer/custodian for custodial and execution services or the administrator for defined contribution accounts. The Client will select the broker-dealer or custodian (herein the “custodian”) to safeguard Client assets and authorize Avondale to direct trades to this custodian as agreed in the *Financial Planning and Portfolio Management Agreement*.



Further, Avondale may attempt to negotiate custodial trading costs on behalf of our Clients on a trade-by-trade basis.

While Avondale does not have the discretion to select the custodian, Avondale shall recommend that Clients utilize the brokerage and clearing services of Fidelity Institutional Wealth Services and its affiliates (collectively referred to as “*Fidelity*”).

Factors which Avondale considers in recommending *Fidelity* or any other broker-dealer, to Clients include their respective financial strength, reputation, execution, pricing, research, and service. *Fidelity* enables Avondale to obtain many mutual funds without transaction charges and other securities at nominal transaction charges.

The transaction fees charged by *Fidelity* may be higher or lower than those charged by other broker-dealers. The transaction fees paid by Avondale’s Clients shall comply with Avondale’s duty to obtain “best execution”. However, a Client may pay a transaction fee that is higher than another qualified broker-dealer might charge to effect the same transaction where Avondale determines, in good faith, that the transaction fee is reasonable in relation to the value of the brokerage and research services received.

Avondale receives from *Fidelity*, without cost to Avondale, computer software and related systems support, which allow Avondale to better monitor Client accounts maintained at *Fidelity*. Avondale receives the software and related support without cost because Avondale renders *Financial Planning and Portfolio Management Services* to Clients that maintain assets at *Fidelity*. The software and related systems support may benefit Avondale, but not its Clients directly.

Additionally, Avondale receives the following benefits from *Fidelity* through the Fidelity Institutional Wealth Services Group: receipt of duplicate Client confirmations and bundled duplicate statements; access to a trading desk that exclusively services its Institutional Wealth Services Group participants; access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to Client accounts; and access to an electronic communication network for Client order entry and account information.

Whenever possible and appropriate, Avondale will attempt to batch trades for clients in order to create a “block transaction.” The actual prices applicable to the block transactions will be averaged, and the client account will be deemed to have purchased or sold its proportionate share of the securities involved at the average price obtained. Due to each client’s portfolio size, investment objectives, equity exposure and instructions given to Avondale, in some circumstances, block transactions will not be possible. If Avondale does not batch trades, some clients purchasing securities around the same time may receive a less favorable price than other clients.

### ***CONFLICT OF INTEREST***

In fulfilling its duties to its Clients, Avondale endeavors at all times to put the interests of its Clients first. Clients should be aware however, that Avondale’s receipt of economic benefits from a broker-dealer creates a conflict of interest since these benefits may influence Avondale’s choice of broker-dealer over another broker-dealer that does not furnish similar software, systems support, or services.

### ***BEST EXECUTION***

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’s services, including among others, the value of research provided, execution capability,

transaction fee rates, and responsiveness. Consistent with the foregoing, while Avondale will seek competitive rates, it may not necessarily obtain the lowest possible transaction fee rates for Client transactions.

## **ITEM 13: REVIEW OF ACCOUNTS**

For *Financial Planning and Portfolio Management* Clients, their respective financial advisor or a member of the Avondale team will be available to meet them on a regular and consistent basis. During these client reviews, relevant *Financial Planning* matters and investment performance will be reviewed and discussed. Investment objectives and corresponding risk tolerance will be assessed, discussed, and potentially modified to adhere to clients' present condition. Depending on circumstances, these reviews could take place in person, via video conferencing, or by teleconference. EPOCH Clients receive an amplified version of these account reviews. In addition, investment performance reports are generated quarterly and made available through Black Diamond. As well, daily access to clients' individualized Black Diamond portals is available. Contained in the quarterly reports are historical performance numbers, money flow records, and a transparent record of advisory fees paid to Avondale.

Client accounts are reviewed by at least one of the following, Justin Jacobs, CEO and Founder, Steven Price, VP, Senior Financial Advisor, or Joanne Burks, CCO. There is not a limitation on the number of client accounts assigned to any particular officer, nor is there a precise sequence or review schedule. All portfolios are reviewed periodically throughout the year. More frequent reviews may be triggered by material changes in variables such as the client's individual circumstances or the market economic or political environment.

Clients have access to and/or will also generally receive monthly statements from the custodian detailing their individual assets and all activity in the client's account(s). Some less active accounts may only receive quarterly statements from the custodian. Tax statements are also made available by the custodian. We urge you to carefully review such statements and compare such custodial records to the performance reports that we may provide to you. Our performance reports may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

### **VIDA AND ICAPITAL**

Vida Capital and iCapital utilize secure investor portals to post documents such as investor statements, tax statements, fund performance summaries, and investor communications and correspondence. Clients will receive notification via email when documents have been posted to their portal for their review.

## **ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION**

Avondale does not use or employ the services of a solicitor, nor does it directly compensate an individual or entity for these services.

## **ITEM 15: CUSTODY**

Clients will engage an independent broker-dealer and custodian to maintain their accounts and so Avondale will not have *physical* custody of Clients' assets, monies, or securities. However, since Avondale directs the custodian to withdraw advisory fees directly from Clients' accounts (as described in the "FEES AND COMPENSATION" section of this Brochure), Avondale is considered to have custody in a limited capacity. Again, this custody is due solely to the direct withdrawal of fees and does not entail

all of the same legal and regulatory requirements as an investment adviser with physical custody of Clients' assets, monies, or securities. Accordingly, Clients will only receive account statements from their broker-dealer and custodian (though Avondale may send invoices or other communication), at least quarterly. Avondale urges you to carefully review such statements and compare such official custodial records to the account statements that we may provide to you. Our statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

Standing Letters of Authorization: Avondale is relying on the conditions set forth in the No-Action letter issued by the Securities and Exchange Commission on February 21, 2017. Pursuant to the conditions set forth in the No-Action Letter, Avondale confirms that (1) the Client provides an instruction to the qualified custodian, in writing, that includes the Client's signature, the third party's name, and either the third party's address or the third party's account number at a custodian to which the transfer should be directed; (2) the Client authorizes us, in writing, either on the qualified custodian's form or separately, to direct transfers to the third party either on a specified schedule or from time to time; (3) the Custodian performs appropriate verification of the instruction, such as a signature review or other method to verify the Client's authorization, and the Custodian provides a transfer of funds notice to the Client promptly after each transfer; (4) the Client has the ability to terminate or change the instruction to the Custodian; (5) Avondale has no authority or ability to designate or change the identity of the third party, the address, or any other information about the third party contained in the Client's instruction; (6) we maintain records showing that the third party is not a related party of Avondale or located at the same address as Avondale; and (7) the Custodian sends the Client, in writing, an initial notice confirming the instruction and an annual notice reconfirming the instruction.

## **ITEM 16: INVESTMENT DISCRETION**

As described in the "ADVISORY BUSINESS" section, Avondale will have investment discretion for those Advisory Clients that elect *Financial Planning and Portfolio Management Services*. Clients will select this option specifically in Avondale's *Financial Planning and Portfolio Management Agreement* and will sign a trading authorization form with their broker-dealer/custodian.

When Advisory Clients grant discretionary authority to Avondale, Clients may still place restrictions on the advisor, such as a prohibition on investing in specific securities, industries, or markets that the Client chooses. Additionally, unless specifically instructed otherwise by the Client, Avondale seeks to maintain diversified investment portfolios for its *Financial Planning and Portfolio Management* Clients. Avondale executes an *Agreement* with each Client, which sets forth the authority to buy and sell securities in whatever amounts are determined to be appropriate for the account and whether such transactions are with, or without, prior approval by the Client.

## **ITEM 17: VOTING CLIENT SECURITIES**

For any security that entails a voting right in the underlying company, Avondale will not have or accept authority to vote Client securities. All voting issues, proxies, and solicitations will be communicated to Advisory Clients through the Client's broker-dealer/custodian. Additionally, Avondale will not provide advice to Clients regarding their voting of proxies. Any proxy solicitations received at Avondale's place of business will be immediately forwarded to the Client for their evaluation and decision.

## **ITEM 18: FINANCIAL INFORMATION**

Registered Investment Advisers are required to provide you with certain financial information or disclosures regarding their financial condition. Avondale has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to Clients and has not been the subject of any bankruptcy proceedings. We do not require or solicit prepayment of more than \$1200 in fees per client and six months or more in advance.

Avondale is an investment advisor that is primarily compensated by portfolio management/advisory fees. These advisory fees are earned quarterly based on the market value of assets managed by the firm. The aforementioned revenue is used to pay operational expenses including employee salaries, rent, and utilities. We continue to believe that we are sustainable. We applied for the Paycheck Protection Program (PPP) loan to support operations in the current economic climate and were a recipient of the PPP loan as a precaution due to economic uncertainty surrounding the economic impact of the coronavirus.”

## **ITEM 19: OTHER**

### ***BUSINESS CONTINUITY PLAN***

We have a Business Continuity Plan that addresses how the Firm will respond to events that may disrupt its business. If the main telephone line is inactive, the emergency number is 512-826-8433. If the emergency line is down, please contact your custodian. We will resume operations as quickly as possible (preferably within twenty-four hours) depending on the severity of the business disruption. Our Business Continuity Plan covers data backup and recovery, mission critical systems financial and operational assessments, alternative communications, alternate business locations, regulatory reporting and the assurance of prompt access to funds and securities for our customers. Additional details regarding the firm’s Business Continuity Plan are available upon request.