



## **Hall Private Wealth Advisors**

### **Form ADV Part 2A – Appendix 1 ("Wrap Fee Program Brochure")**

**Effective: March 2021**

This Form ADV2A - Appendix 1 ("Wrap Fee Program Brochure") provides information about the qualifications and business practices for Hall Private Wealth Advisors ("HPWA") services when offering services pursuant to a wrap program. This Wrap Fee Program Brochure shall always be accompanied by the HPWA Disclosure Brochure, which provides complete details on the business practices of HPWA. If you did not receive the complete HPWA Disclosure Brochure or you have any questions about the contents of this Wrap Fee Program Brochure or the HPWA Disclosure Brochure, please contact us at (858) 263-1675.

HPWA is a registered investment advisor with the U.S. Securities and Exchange Commission ("SEC"). The information in this Wrap Fee Program 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 Wrap Fee Program Brochure provides information about HPWA to assist you in determining whether to retain HPWA.

Additional information about HPWA and its investment adviser representatives is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) by searching for our firm name or by our CRD# 175335.

## **Item 2 – Material Changes**

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Form ADV 2 - Appendix 1 provides information about a variety of topics relating to an Advisor's business practices and conflicts of interest. This Wrap Fee Program Brochure discusses wrap fee programs offered by HPWA.

### Material Changes

Since the last annual update to this Appendix 1 in March 2020, and as of April 7, 2020, HPWA is participating in the Paycheck Protection Program through the U.S. Small Business Administration. Please refer to the Financial Information section in Item 9 for more specific information.

### Future Changes

From time to time, we may amend this Wrap Fee Program Brochure to reflect changes in our business practices, changes in regulations and routine annual updates as required by the securities regulators. This complete Wrap Fee Program Brochure (along with the complete HPWA 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 HPWA.

At any time, you may view this Wrap Fee Program Brochure and 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) by searching for our firm name or by our CRD# 175335. You may also request a copy of this Disclosure Brochure at any time, by contacting us at (858) 263-1675.

## **Item 3 – Table of Contents**

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## **Item 4 – Services Fees and Compensation**

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### **A. Services**

HPWA provides customized wealth management and investment management services for its Clients. This Wrap Fee Program Brochure is provided as a supplement to the HPWA Disclosure Brochure (Form ADV 2A). This Wrap Fee Program Brochure is provided along with the complete Disclosure Brochure to provide full details of the business practices and fees when selecting HPWA as your investment advisor.

As part of the investment advisory fees noted in Item 5 of the Disclosure Brochure, HPWA includes normal securities transaction fees as part of the overall investment advisory fee. Securities regulations often refer to this combined fee structure as a “Wrap Fee Program”. HPWA sponsors the HPWA Wrap Fee Program.

The sole purpose of this Wrap Fee Program Brochure is to provide additional disclosure relating the combination of securities transaction fees into the single “bundled” investment advisory fee. This Wrap Fee Program Brochure references back to the HPWA Disclosure Brochure in which this Wrap Fee Program Brochure serves as an Appendix. **Please see Item 4 – Advisory Services of the Disclosure Brochure for details on HPWA’s investment philosophy and related services.**

### **B. Program Costs**

Advisory services provided by HPWA are offered in a wrap fee structure whereby normal securities transaction costs are included in the overall investment advisory fee paid to HPWA. As the level of trading in a Client’s account[s] may vary from year to year, the annual cost to the Client may be more or less than engaging for advisory services where the transactions costs are borne separately by the Client. The cost of the Wrap Fee Program varies depending on services to be provided to each Client, however, the Client is not charged more if there is higher trading activity in the Client’s account[s]. A Wrap Fee structure has a potential conflict of interest as HPWA may have an incentive to limit the number of trades placed in the Client’s account[s]. **Please see Item 5 – Fees and Compensation of the Disclosure Brochure for complete details on fees.**

### **C. Fees**

Investment advisory fees are paid quarterly, in-arrears, pursuant to the terms of the investment advisory agreement. Investment advisory fees are assessed and billed quarterly based on the market value of assets under management at the end of the most recent quarter. The wrap program is offered and provided to all clients of HPWA, where investment advisory fees are never increased for the services under this wrap fee program. **Please see Item 5 – Fees and Compensation of the Disclosure Brochure for complete details on fees.**

Fees may vary from the defined fee schedule in the Disclosure Brochure, depending on the nature and complexity of each Client’s circumstances, or with the inclusion of financial planning or other services, pursuant to the terms of the wealth management agreement.

The investment advisory fee in the first quarter of service is prorated from the inception date of the account[s] to the end of the first quarter. Fees may be negotiable at the discretion of HPWA. The Client’s fees will take into consideration the aggregate assets under management HPWA. All securities held in accounts managed by HPWA will be independently valued by the Custodian. HPWA will not have the authority or responsibility to value portfolio securities.

As noted above, the Wrap Fee Program includes normal securities trading costs incurred in connection with the discretionary investment management services provided by HPWA. Securities transaction fees for Client-directed trades may be charged back to the Client. Clients may incur certain fees or charges imposed by third parties in connection with investments made on behalf of the Client’s account[s]. Under this Wrap Fee Program, HPWA includes securities transactions costs as part of its overall investment advisory fee.

In addition, all fees paid to HPWA for investment advisory services or part of the Wrap Fee Program are separate and distinct from the expenses charged by ETFs and mutual funds to their shareholders, if applicable. These fees and expenses are described in each fund’s prospectus. These fees and expenses will generally be used to pay management fees for the funds, other fund expenses, account administration (e.g., custody, brokerage and account

reporting), and a possible distribution fee. The Client may also incur other costs assessed by the Custodian or other parties for account related activity fees, such as wire transfer fees, fees for trades executed away from the Custodian and other fees. HPWA does not control nor share in these fees. The Client should review both the fees charged by the fund[s], the fees charged by the custodian and the fees charged by HPWA to fully understand the total fees to be paid. Please see Item 5.C. – Other Fees and Expenses in the Disclosure Brochure (included with this Wrap Fee Program Brochure).

#### **D. Compensation**

HPWA is the sponsor and portfolio manager of this Wrap Fee Program. HPWA receives investment advisory fees paid by Clients for participating in the Wrap Fee Program and pays the Custodian for the costs associated with the normal trading activity in the Client's account[s].

### **Item 5 – Account Requirements and Types of Clients**

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HPWA offers investment advisory services to individuals, high-net-worth individuals as well as to pension and profit-sharing plans. The assets managed and each type of Client is referenced on HPWA's Form ADV Part 1A. These amounts may change over time and are updated at least annually by HPWA. We do not impose a minimum investment amount or minimum account level; however, clients are required to execute an agreement for services.

### **Item 6 – Portfolio Manager Selection and Evaluation**

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#### **Portfolio Manager Selection**

HPWA serves as sponsor and as portfolio manager for the services under this Wrap Fee Program.

#### **Related Persons**

HPWA personnel serve as portfolio managers for this Wrap Fee Program. HPWA does not serve as a portfolio manager for any third-party wrap fee programs.

#### **Performance-Based Fees**

HPWA will receive a performance fee based on the capital gains obtained in the accounts of "Qualified Clients" pursuant to the terms an investment advisory agreement. Only Qualified Clients with either \$1,000,000 under management with HPWA or a net worth of \$2,100,000 can be charged a performance fee. Qualified Clients that are charged a performance fee will be charged a lower annual asset management fee (compared to Non-Qualified Clients).

**The performance fee will be calculated as disclosed in Item 6 of the Disclosure Brochure included with the Wrap Fee Program Brochure.**

#### Who is a "Qualified Client"?

Performance based fee arrangements of HPWA will comply with Section 205(e) of the Investment Advisers Act of 1940. According to Section 205(e) (see Rule 205-3 thereunder), only natural individual clients meeting the SEC's definition of "qualified clients" may enter into agreements providing for performance-based compensation to HPWA. A natural person or company must meet the following conditions to be considered a qualified client:

- Have at least \$1,000,000 under management with HPWA at the time the client enters into an agreement with HPWA; or
- Provide documentation to HPWA so that HPWA will reasonably believe the client has either a net worth of \$2,100,000 or is a qualified purchaser under Section 2(a)(51)(A) of the Investment Company Act.

There are conflicts of interest HPWA faces by managing some client accounts on a performance-based fee arrangement. **Please refer to Item 6 of the Disclosure Brochure included with the Wrap Fee Program Brochure.**

**Supervised Persons**

HPWA investment adviser representatives serve as portfolio managers for all accounts, including the services described in this Wrap Fee Program Brochure. Details of the advisory services provided are included in Item 4.A. of the Disclosure Brochure.

**Methods of Analysis**

Please see Item 8 of the Disclosure Brochure (included with this Wrap Fee Program Brochure) for details on the research and analysis methods employed by HPWA.

**Risk of Loss**

Investing in securities involves certain investment risks. Securities may fluctuate in value or lose value. Clients should be prepared to bear the potential risk of loss. HPWA will assist Clients in determining an appropriate strategy based on their tolerance for risk and other factors noted above. However, there is no guarantee that a Client will meet their investment goals.

Each Client engagement will generally entail a review of the Client's investment goals, financial situation, time horizon, tolerance for risk and other factors to develop an appropriate strategy for managing a Client's account[s]. Client participation in this process, including full and accurate disclosure of requested information, is essential for the analysis of a Client's account[s]. HPWA shall rely on the financial and other information provided by the Client or their designees without the duty or obligation to validate the accuracy and completeness of the provided information. It is the responsibility of the Client to inform HPWA of any changes in financial condition, goals or other factors that may affect this analysis.

**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 HPWA. Please see Item 8.B. – Risk of Loss in the Disclosure Brochure for details on investment risks.**

**Proxy Voting**

HPWA does not accept proxy-voting responsibility for any Client. Clients will receive proxy statements directly from the Custodian. HPWA will assist in answering questions relating to proxies, however, the Client retains the sole responsibility for proxy decisions and voting.

**Item 7 – Client Information Provided to Portfolio Managers**

HPWA is the sponsor and sole portfolio manager for the Program. HPWA does not share Client information with other portfolio managers because it is the sole portfolio manager for this Wrap Fee Program. Please also see the HPWA Privacy Policy (included after this Wrap Fee Program Brochure).

**Item 8 – Client Contact with Portfolio Managers**

HPWA is a full-service investment management advisory firm. Clients always have direct access to the Portfolio Managers at HPWA.

**Item 9 – Additional Information****A. Disciplinary Information and Other Financial Industry Activities and Affiliations**

HPWA values the trust you place in us. As we advise all Clients, we encourage you to perform the requisite due diligence on any advisor or service provider with whom you partner. Our backgrounds are on the Investment Adviser Public Disclosure website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) by searching with our firm name or by our CRD# 175335. Please see Item 9 of the HPWA Disclosure Brochure as well as Item 3 of each Advisory Person's Brochure Supplement (included with this Wrap Fee Program Brochure) for additional information on how to research the background of HPWA and its investment adviser representatives.

**Other Financial Activities and Affiliations**

Please see Items 10 and 14 of the Form ADV Part 2A – Disclosure Brochure (included with this Wrap Fee Program

Brochure).

## **B. Code of Ethics, Review of Accounts, Client Referrals, and Financial Information**

HPWA has implemented a Code of Ethics that defines our fiduciary commitment to each Client. This Code of Ethics applies to all persons subject to HPWA's compliance program (our "Supervised Persons"). Complete details on the HPWA Code of Ethics can be found under Item 11 – Code of Ethics, Participation in Client Transactions and Personal Trading in the Disclosure Brochure (included with this Wrap Fee Program Brochure).

### Review of Accounts

Securities in Client accounts are monitored on a regular and continuous basis by Russell M. Hall, Managing Director and Chief Compliance Officer of HPWA. Details of the review policies and practices are provided in Item 13 of the Form ADV Part 2A – Disclosure Brochure.

### Other Compensation / Participation in Institutional Advisor Platform

HPWA has established an institutional relationship with Schwab through its "Schwab Advisor Services" unit, a division of Schwab dedicated to serving independent advisory firms like HPWA. As a registered investment advisor participating on the Schwab Advisor Services platform, HPWA receives access to software and related support without cost because HPWA renders investment management services to Clients that maintain assets at Schwab. Services provided by Schwab Advisor Services benefit HPWA and many, but not all services provided by Schwab will benefit Clients. In fulfilling its duties to its Clients, HPWA endeavors at all times to put the interests of its Clients first. Clients should be aware, however, that the receipt of economic benefits from a custodian creates a potential conflict of interest since these benefits may influence HPWA's recommendation of this custodian over one that does not furnish similar software, systems support, or services.

*Services that Benefit the Client* – Schwab's institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of Client's funds and securities. Through Schwab, HPWA may be able to access certain investments and asset classes that the Client would not be able to obtain directly or through other sources. Further, HPWA may be able to invest in certain mutual funds and other investments without having to adhere to investment minimums that might be required if the Client were to directly access the investments.

*Services that May Indirectly Benefit the Client* – Schwab provides participating advisors with access to technology, research, discounts and other services. In addition, HPWA receives duplicate statements for Client accounts, the ability to deduct advisory fees, trading tools, and back office support services as part of its relationship with Schwab. These services are intended to assist HPWA in effectively managing accounts for its Clients but may not directly benefit all Clients.

*Services that May Only Benefit HPWA* – Schwab also offers other services to HPWA that may not benefit the Client, including educational conferences and events, consulting services and discounts for various service providers. Access to these services creates a financial incentive for HPWA to recommend Schwab, which results in a potential conflict of interest. HPWA believes, however, that the selection of Schwab as Custodian is in the best interests of its Clients.

HPWA is incentivized to utilize the brokerage platform and services of Schwab and to recommend that Clients establish accounts with Schwab due to financial support received from Schwab. Through the relationship with Schwab, HPWA received initial support payment for technology, marketing and compliance consulting related expenses at the signing of the engagement and will receive additional support based on a specific amount of Client assets to be custodied with Schwab. The receipt of any such compensation creates a financial incentive for HPWA to recommend Schwab the Custodian for the assets in your account. This conflict is mitigated through disclosure and that Clients are not obligated to utilize HPWA's recommended Custodian. Additionally, as mentioned above, the Client may directly or indirectly receive other benefits through the engagement with Schwab. We encourage you to discuss any such conflicts of interest with us before making a decision to custody your assets at Schwab.

Please see Item 14 – Other Compensation in the Form ADV Part 2A – Disclosure Brochure (included with this Wrap Fee Program Brochure) for details on additional compensation that may be received by HPWA or its investment adviser representatives. Each Advisory Person's Brochure Supplement (also included with this Wrap Fee Program Brochure) provides details on any outside business activities and the associated compensation.

#### Client Referrals from Solicitors

HPWA does not engage paid solicitors for Client referrals.

#### Financial Information

Neither HPWA, nor its management has any adverse financial situations that would reasonably impair the ability of HPWA to meet all obligations to its Clients. Neither HPWA, nor any of its Investment adviser representatives, has been subject to a bankruptcy or financial compromise. HPWA is not required to deliver a balance sheet along with this Disclosure Brochure, as the firm does not collect advance fees of \$1,200 or more for services to be performed six months or more in advance. Please see Item 18 of the Form ADV Part 2A – Disclosure Brochure.

HPWA is participating in the Paycheck Protection Program (“PPP”) loan program through the U.S. Small Business Administration in conjunction with the relief afforded from the CARES Act during the COVID-19 Pandemic.

The PPP loan program is designed to provide a direct financial incentive for a small business to keep its employees on the payroll. In order to receive a PPP loan, the small business must certify that the current economic uncertainty makes this PPP loan request necessary to support its ongoing operations. For additional details about the PPP loan program, please visit <https://www.sba.gov/funding-programs/loans/coronavirus-relief-options/paycheck-protection-program> and <https://home.treasury.gov/system/files/136/PPP--Fact-Sheet.pdf>.

On April 7, 2020, HPWA received a PPP loan in the amount of \$79,000. This PPP loan has a 1% fixed interest rate and must be repaid within 2 years (but the initial payments are deferred for the first 6 months). The PPP loan did not require any collateral nor a personal guarantee. The U.S. Small Business Administration will forgive HPWA's repayment of such PPP loan (or a portion of the PPP loan depending upon the circumstances) if all employees are kept on the payroll for eight weeks and the proceeds are used for payroll expenses, rent, mortgage interest, or utilities.

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