

**ITEM 1 COVER PAGE**



**Intercontinental Wealth Advisors, LLC**

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**March 2022**

**FORM ADV PART 2A**

**BROCHURE**

**This brochure provides information about the qualifications and business practices of Intercontinental Wealth Advisors LLC. If you have any questions about the contents of this brochure, please contact us at 210.271.7947 . The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.**

**Additional information about Intercontinental Wealth Advisors LLC (CRD # 114787) is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**Intercontinental Wealth Advisors, LLC is a registered investment adviser. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.**

## ITEM 2 – MATERIAL CHANGES

There have been the following material changes since the last filing of the firm’s annual updating amendment to this brochure on March 31, 2021:

- The new Chief Compliance Officer is Marissa Oyervides.
- The firm no longer offers wrap-fee accounts.
- The firm no longer has the affiliated broker-dealer, Intercontinental Asset Management Group, Ltd.

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## **ITEM 4 – ADVISORY BUSINESS**

Intercontinental Wealth Advisors LLC (“IWA”) was founded by John L. Kauth III and Isidoro Korngold in 1997. They continue to be the majority stakeholders through their family limited partnerships. As of December 31, 2021, IWA has discretionary assets under management totaling \$1,629,974,717 and has non-discretionary assets under management totaling \$126,012,942.

### INVESTMENT MANAGEMENT

The firm is an investment advisor registered with the U.S. Securities and Exchange Commission (SEC) offering discretionary and non-discretionary investment management services and financial planning. IWA offers customized portfolios based on the objectives of the client.

The client can engage IWA to provide discretionary or non-discretionary investment advisory services. IWA’s principal business consists of furnishing continuous and regular investment supervisory and management services. IWA provides investment advisory services specific to the needs of each client. Before providing investment advisory services, an investment adviser representative will ascertain each client’s investment objectives and develop an asset allocation based on a defined investment policy statement that focuses on client’s investment objectives, time horizon, and risk tolerance. Once client investment assets are allocated, IWA provides monitoring and review of account performance and asset allocation as compared to client designated objectives and may execute or recommend execution of account transactions because of those reviews.

### NON-DISCRETIONARY SERVICE LIMITATIONS

Clients that engage IWA on a non-discretionary basis must be willing to accept that IWA cannot effect any account transactions without obtaining prior consent to such transaction(s) from the client. Thus, in the event that IWA would like to make a transaction for a client’s account (including an individual holding or general market correction), and the client is unavailable, IWA will be unable to effect the account transaction(s) (as it would for its discretionary clients) without first obtaining the client’s consent.

### ERISA PLAN ENGAGEMENTS

IWA may be engaged to provide discretionary investment advisory services to ERISA retirement plans, where IWA will manage Plan assets consistent with the objective designated by the Plan trustees. In such engagements, IWA will serve as an investment fiduciary as that term is defined under the Employee Retirement Income Security Act of 1974 (“ERISA”).

### INDEPENDENT MANAGERS

IWA may allocate (and/or recommend that the client allocate) a portion of a client’s investment assets among unaffiliated independent investment managers/separately managed account platforms (“Independent Manager(s)”) in accordance with the client’s designated investment objectives according to the terms and conditions of a separate agreement between the client and the Independent Manager(s). In such situations the Independent Manager(s) shall have the day-to-day responsibility for the active discretionary management of the allocated assets. IWA shall continue to render investment advisory services to the client relative to the monitoring and review of account performance, asset allocation, and client investment objectives. IWA generally considers the following factors when considering its recommendations to allocate investment assets to Independent Manager(s); the client’s designated investment objectives, management style, performance, reputation, financial strength, pricing, and reporting.

### PRIVATE FUNDS

When appropriate, IWA may recommend that qualified clients consider allocating a portion of their investment assets to certain unaffiliated private investment funds and other opportunistic investments. IWA's role relative to the private investment funds shall be limited to its initial and ongoing due diligence and investment monitoring services. The terms and conditions for participation in these funds, including management fees, conflicts of interest, and risk factors, are set forth in each fund's offering documents.

### FINANCIAL PLANNING SERVICES

To the extent specifically requested by the Client, IWA may provide financial planning and/or consulting services (including investment and non-investment related matters, including estate planning, insurance planning, etc.) on a stand-alone fee basis. IWA's planning and consulting fees are negotiable. Financial planning is offered pursuant to a Financial Planning Services Agreement. Once the financial planning recommendations have been discussed with the client, the client is free to implement the recommendations through IWA and/or one of its affiliates or a non-affiliated third party.

### NON-PURPOSE LOAN SERVICES

Schwab and PAS offer our clients a non-purpose loans. As collateral for the loan, clients will establish a collateral account with Schwab or PAS, as applicable. With client authorization, these collateral accounts will be included among the assets to be managed by IWA.

Additionally, IWA refers clients Schwab Bank and BNY Mellon's lending solutions which include an investment line of credit and custom mortgage programs. IWA does not receive compensation for making these referrals.

### INCIDENTAL SERVICES

Incidental to its primary activity providing investment supervisory and management services IWA:

- Furnishes advice to clients on matters not involving securities and/or
- Advises clients regarding their insurance needs and utilizes Intercontinental Insurance Agency, LLC, an affiliated entity.

## **ITEM 5 – FEES AND COMPENSATION**

### INVESTMENT MANAGEMENT FEES

Clients engage IWA for its investment management services for a fee based on an annual percentage of the market value of the assets in account(s) managed by IWA. IWA's annual investment management fee shall be prorated and paid quarterly, in advance, based upon the market value of the assets managed by IWA (including cash, cash equivalents, securities, pending trades, accrued interest) on the last day of the previous quarter. Generally, IWA's investment management fees range between 0.5% and 1.5% per annum. While the basic annual fee is negotiable, generally, it shall fall within the listed range.

If an account is fully removed from IWA's management during a billing quarter, the already billed quarterly fee is prorated and the difference between the assessed fee and the prorated fee is refunded back to the client's account.

### THIRD PARTY FEES AND EXPENSES

Clients will also incur certain charges imposed by third parties (custodians, broker-dealers, platforms, independent managers, and others) regarding investments made in the account(s). These commissions, fees and charges will include but are not limited to the following: brokerage commissions; ticket charges; transaction, exchange, trade away and clearing fees; account, wire, and electronic fund transfer fees; margin interest; custodial fees;

administration and termination fees; third-party investment management fees and other costs and expenses. IWA does not receive any portion of these commissions, fees, and charges.

Client understands that account(s) assets invested in shares of mutual funds, exchange-traded funds or other investment companies ("funds") will be included in calculating the value of the account(s) for purposes of computing IWA's fees and the same assets will also be subject to additional advisory fees and other fees and expenses, as set forth in the prospectuses of those funds, paid by the funds but ultimately borne by the investor. Fees will generally include a management fee and other fund expenses. For mutual funds with a 12b-1 distribution fee, these fees would be paid to the broker-dealer, not IWA. Additionally, clients will pay ticket charges to the broker-dealer for the purchase and sale of these funds.

#### FEE DEDUCTION

IWA's Investment Advisory Agreement authorizes IWA to have the Custodian debit IWA's investment management fee from the account and directly remit that management fee to IWA in accordance with SEC guidance. The Custodian will send client a statement at least quarterly showing amounts paid from the account(s), including investment management fees paid by Custodian to IWA. Client is responsible for verifying fee computations.

#### CONSIDERATIONS

Separation of Services: In considering the investment accounts described, a prospective client should be aware that the accounts may cost a client more or less than purchasing the actual services separately from other advisors or broker-dealers. The client should also consider that, depending upon the amount of the fee charged, the volume of portfolio activity in the account, the value of custodial and other services provided under the arrangement and other factors, the fee may or may not exceed the aggregate cost of such services if they were to be provided separately.

In addition, the amount of compensation received by IWA and its representatives as a result of the client's participation in these types of accounts may be more than what IWA and its representative would receive if the client paid separately for investment advice, brokerage transactions and other services. Therefore, a conflict of interest exists and IWA and its representative may have a financial incentive to recommend these accounts.

Mutual Fund and Exchange Traded Funds: Most mutual funds and exchange-traded funds are available directly to the public. Thus, a prospective client can obtain many of the funds that may be utilized by IWA independent of engaging IWA as an investment advisor. Accordingly, the client should review both the fees charged by the funds and the fee charged by IWA to fully understand the total amount of fees to be paid by the client and to thereby evaluate advisory services being provided.

Account Termination: Clients may terminate their Advisory Agreement at any time upon written notification to IWA. If an account is fully removed from IWA's management during a billing quarter, the already billed quarterly fee is prorated and the difference between the assessed fee and the prorated fee is refunded back to the client's account.

#### FINANCIAL PLANNING FEES

Financial Planning Services are charged on a flat-fee basis for the first year of service. The fee will include activities related to the creation and delivery of the plan. These activities include but are not limited to phone calls, account reviews, document reviews, client meetings (in person, by internet, or on the phone), third party meetings (in person, by internet, or on the phone), data gathering, analysis and strategy design, and plan preparation.

Clients will be provided with a fee quote prior to IWA beginning any services. Fees are based upon the complexity

of the services required and the hourly rate of the investment advisor representative providing the services. Fees are, generally, paid in three installments: first, due with a signed copy of the Financial Planning Services Agreement; second, due upon delivery of the initial financial plan and the third payment, due upon delivery of the finalized plan. Fees may also be paid in full at the conclusion of the engagement in a single installment. We offer our clients Financial Planning Services on an ongoing annual basis, as well.

#### NON-PURPOSE LOAN SERVICES

Schwab and PAS offer our clients a non-purpose loans. As collateral for the loan, clients will establish a collateral account with Schwab or PAS, as applicable. With client authorization, these collateral accounts will be included among the assets to be managed by IWA. The collateral account will be charged IWA's investment management fee. Additionally, clients, who receive a non-purpose loan, will be charged an interest rate by the loan provider. Clients must carefully read the loan documentation provided by Schwab or PAS to understand the fees and costs.

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

IWA does not accept performance fees. Please note that certain products and/or services provided to our clients by third parties may have performance based or side by side fee structures. Please consult the disclosure documents provided by these third parties for specifics.

### **ITEM 7 - TYPES OF CLIENTS**

IWA's clients generally include individuals, high net worth individuals, their trusts and estates, pension and profit-sharing plans, charitable organizations, and business entities. IWA generally imposes a \$1,000,000 minimum asset level for investment advisory services. IWA, in its sole discretion, may waive or modify its minimum asset level, charge a lesser investment advisory fee and/or charge a flat fee 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.) IWA's minimum account size and fees are negotiable. Accounts managed by Independent Managers may have different account minimums.

Please Note: As a result of the above, similarly situated clients will 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**

The following is a general discussion of our methods of analysis, investment strategies, and risks. IWA is a multi-strategy investment adviser, so it is possible that certain methods of analysis, investment strategies, and risks may not apply to our management of any particular client's account. The specific investment strategies and risks relating to our management of a specific client's account may be described in more detail in presentations, investment guidelines, marketing materials, or other documents provided, or discussions held with that client.

IWA uses a combination of technical and fundamental methods to assess risks and opportunities in the capital markets. Fundamental data helps us identify companies, industries, and sectors with compelling financial characteristics. Technical data helps us identify securities with attractive supply and demand characteristics.

Throughout our investment process, we review numerous sources of information, which may include but is not limited to financial newspapers and magazines; inspections of corporate activities; research materials prepared by others; corporate issuer's rating services; annual reports; prospectuses; filings with the SEC; company press releases; and financial data subscriptions such as Bloomberg, and Morningstar Direct.

IWA provides our investment supervisory and management services consistent with the information learned from

the client during the investment profile process. This process generally involves a review and an assessment of each client's objectives, tax status, liquidity needs, time horizon, portfolio holdings, risk tolerance and restrictions. It may include assistance with the review, evaluation and/or formulation of investment objectives and the allocation of assets in accord with those objectives. IWA will also be guided by our knowledge of reasonable restrictions imposed by the Client.

Subject to the considerations identified above and as appropriate to the investment strategy chosen, IWA generally seeks to invest in securities for the long term. We may sell securities that meet our appreciation objectives or experience unfavorable fundamental or technical developments in shorter time spans. Our principal focus is to invest our clients' objectives, typically income and/or long-term capital appreciation. In accordance with these principles, we may invest or reinvest a client's assets in a variety of securities.

These securities include, among other securities or other investments permitted under a client's investment guidelines: corporate bonds, municipal bonds, emerging market bonds, high yield bonds, U.S. government securities, commercial paper, certificates of deposit, equities (domestic, international and/or emerging market), foreign securities, currencies, mutual funds, ETFs, money market funds, and cash.

From time to time, and where suitable to client circumstances and preferences, we use margin transactions. When appropriate, IWA may recommend that qualified clients consider allocating a portion of their investment assets to certain unaffiliated private investment funds and other opportunistic investments.

### MATERIAL RISKS

Investing in securities involves risk of loss that clients should be prepared to bear, including the complete loss of principal investment. IWA does not guarantee the future performance of an account or any specific level of performance, the success of any investment decision or strategy that IWA may use, or the success of IWA's overall management. Clients understand that investment decisions made for the client's account by IWA are subject to various market, currency, economic, political, and business risks, and that those investment decisions will not always be profitable. While markets may increase and client account values could benefit as a result, it is also possible that markets may decrease, and such account values could suffer a loss. It is therefore important that clients understand investment risks, diversification strategies, and ask IWA any questions they may have before making any investment decisions.

### RISKS BY SECURITY TYPE AND/OR PRODUCT

Equity Securities represent a share of an issuer's earnings and assets after the issuer pays its liabilities. The income an account will receive from equity securities cannot be predicted because issuers generally have discretion as to the payment of any dividends or distributions. However, equity securities offer greater potential for appreciation than many other types of securities because their value increases directly with the value of the issuer's business. Types of equity securities include, for example, common stocks, preferred stocks, interests in limited liability companies, real estate investment trusts, and warrants. Equity securities are subject to, for example, stock market risks, sector risks, liquidity risks, risks related to company size, currency risks, risks specific to investing in a particular country or region, risks of foreign investing, risks of investing in emerging market countries, leverage risks, credit risks, exchange-traded fund risk, risks related to custodial services and related investment costs and share ownership concentration risk.

Exchange Traded Funds (ETFs) may be used as an efficient means of carrying out an investment strategy. As with traditional mutual funds, ETFs charge asset-based fees, although these fees tend to be relatively low. ETFs are traded on stock exchanges or on the over-the-counter market. ETFs generally do not charge initial sales charges or redemption fees and investors typically pay only customary brokerage fees to buy and sell ETF shares. An

investment in an ETF generally presents the same primary risks as an investment in a conventional fund (i.e., one that is not exchange traded) that has the same investment objectives, strategies, and policies. The price of an ETF can fluctuate up or down, and a client account could lose money investing in an ETF if the prices of the securities owned by the ETF go down. In addition, ETFs are subject to the following risks that do not apply to conventional funds:

- The market price of an ETFs shares may trade above or below their net asset value;
- An active trading market for an ETF's shares may not develop or be maintained; or
- Trading of ETFs shares may be halted if the listing exchange's officials deem such action appropriate, the shares are delisted from the exchange, or the activation of market-wide "circuit breakers" (which are tied to large decreases in stock prices) halts stock trading generally.

Leveraged and/or Inverse ETFs are products that have more risk and features that are different in nature than other types of ETFs. They are complex financial instruments. A leveraged ETF generally seeks to deliver multiples of the daily performance of the index or benchmark that it tracks. An inverse ETF (also called "short" funds) generally seeks to deliver the opposite of the daily performance of the index or benchmark that it tracks. Inverse ETFs often are marketed as a way for investors to profit from, or at least hedge their exposure to, downward-moving markets. Most leveraged and inverse ETFs "reset" daily, meaning that they are designed to achieve their stated objectives on a daily basis. Performance of these ETFs over a period longer than one day can differ significantly from their stated daily performance objectives. IWA may use these products as part of a trading, allocation or hedging strategy which may involve holding periods substantially longer than the one day for which these products were designed.

Fixed Income securities are obligations of the issuer to make payments of principal and/or interest on future dates and include among other securities: bonds, notes, and debentures issued by corporations, debt securities issued or guaranteed by the U.S. government or one of its agencies or instrumentalities or U.S. municipalities or by a foreign government. Fixed income securities may also include commercial paper, certificates of deposit, emerging market bonds and high yield bonds. These securities pay fixed, variable, or floating rates of interest, and may include zero coupon obligations. Fixed income securities are subject to the risk of the issuer's or guarantor's inability to meet principal and interest payments on its obligations (i.e., credit risk) and are subject to price volatility due to factors such as interest rate sensitivity (i.e. duration risk), creditworthiness of the issuer, and general market liquidity (i.e. market risk).

Foreign Securities are securities of issuers based outside of the United States. We generally consider an issuer to be based outside of the United States if:

- It is organized under the laws of, or has a principal office located in, another country;
- The principal trading market for its securities is in another country; or
- It (directly or through its consolidated subsidiaries) derived in its most current fiscal year at least 50% of its total assets, capitalization, gross revenue, or profit from goods produced, services performed, or sales made in another country.

Foreign securities are primarily denominated in foreign currencies. Types of foreign securities include, for example, depository receipts, American depository receipts, domestically traded securities of foreign issuers, foreign exchange contracts, and foreign government securities. Along with the risks normally associated with domestic securities of the same type, foreign securities are subject to currency risks and risks of foreign investing. Trading in certain foreign markets is also subject to liquidity risks.

Mutual Funds are used as an efficient means of implementing investment strategies and/or investing uninvested cash. Mutual Funds are managed independently of a client's account and incur additional fees and/or expenses which would, therefore, be borne indirectly by the client's account in connection with any such investment. There



is also a risk that a fund manager will deviate from the stated investment strategy of the fund making it less suitable. Additionally, these investments are subject to the same risks as the underlying investments.

Independent Managers who have been successful in the past may not be able to reproduce that success in the future. There is also a risk that an independent manager will deviate from the stated investment strategy making the independent manager less suitable.

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 of which 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/it is qualified for investment in the fund and acknowledges and accepts the various risk factors that are associated with such an investment.

Digital Assets and Cryptocurrencies. Cryptographically secured currencies and/or digital assets (collectively, "cryptocurrencies") present a high level of inherent risk and are not suitable for all investors. Cryptocurrencies (including, but not limited to, Bitcoin, Ethereum), often referred to as "virtual currency", "digital currency," or "digital assets," operate as decentralized, peer-to-peer financial exchanges and value storages that can be used like money.

Cryptocurrencies are not currently considered legal tender in the United States. Federal, state, or foreign governments may restrict the use and exchange of cryptocurrencies, and regulation in the U.S. is still developing. The SEC has issued a public report stating U.S. federal securities laws require treating certain cryptocurrencies as securities. Cryptocurrency exchanges may stop operating or permanently shut down due to fraud, technical glitches, hackers, or malware. Due to its relatively recent launch, cryptocurrencies have a limited trading history, making it difficult for investors to evaluate the long-term track record of such investments.

Cryptocurrencies are highly dependent on their developers and there is no guarantee that development will continue or that developers will not abandon a project with little or no notice. Third parties may assert intellectual property claims relating to the holding and transfer of cryptocurrencies, and their source code. Any threatened action that reduces confidence in a network's long-term ability to hold and transfer cryptocurrencies may affect investment performance.

Specifically with respect to Bitcoin, it is possible that a cryptocurrency other than Bitcoin could become materially popular, which could have a negative impact on the demand for and price of Bitcoin. It is possible that another entity could manipulate the blockchain in a manner that is detrimental to the Bitcoin network.

IWA will not invest directly in cryptocurrencies, however, as appropriate, the firm may invest in ETFs that hold these assets.

### GENERAL SYSTEM RISKS

Credit risk: When money is borrowed one must make payments plus interest to pay off the debt. The same holds true for companies/governmental entities that issue bonds (or IOUs) to the public. There is a chance companies/governmental entities that issue bonds will not be able to make interest payments or return of your principal. This is credit risk.

Inflation risk: The possibility that the value of assets or of income will be eroded as inflation shrinks the value of a country's currency. This means your dollar may be worth less in future years.

Interest-rate risk: There is a risk that the price of a stock or bond will fluctuate because of changes in interest rates. If interest rates go up, bond prices typically go down. If rates go down, bond prices typically go up.

Liquidity risk: If you need to sell or redeem an investment quickly at a fair price to get the cash, but you are not able to do so, it's an indication that your investment has low liquidity. A lack of liquidity can affect the price of stocks and bonds.

Market risk: Both stocks and bonds are vulnerable to changes in the economy and to general changes in the markets they trade in. Although stocks and bonds issued by companies are tied to profits and losses of those companies, there are factors and cycles outside of the companies' control that may cause a rise or fall in prices.

Principal risk: The money you invest is called your "principal." The chance that you may lose this money is principal risk. This risk is commonly found with investments in stocks but can affect other types of investments, as well.

Systemic risk: World events and/or the activities of one or more large participants in the financial markets and/or other events or activities of others could result in a temporary systemic breakdown in the normal operation of financial markets. Such events could result in a client losing substantial value.

Volatility risk: This risk encompasses the other types of risk. The size and frequency of fluctuations in an investment's price determines its volatility.

Margin Transactions: Trading securities on margin results in interest charges and, depending on the amount of trading, these charges could be substantial. The level of interest rates at which we borrow can affect results. Further, fluctuations in the value of the collateral may cause a margin call requiring the addition of money or securities to meet the maintenance requirements.

## **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 IWA or the integrity of IWA's management.

On December 30, 2016, FINRA issued a letter of acceptance, waiver, and consent with regard to Intercontinental Asset Management Group, Ltd., our former affiliated Broker-Dealer (File No. 2014039092801). Without admitting or denying any of the findings in the AWC, the firm consented to the following: at various times from January 2010 through December 2013, the firm (I) failed to establish an AML program reasonably designed to achieve and monitor compliance with the Bank Secrecy Act and its implementing regulations; (II) failed to conduct an adequate independent AML test; (III) failed to supervise charges for non-securities related services provided to customers; (IV) failed to enforce its written supervisory procedures regarding the disclosure of mutual fund share classes and breakpoints; and (V) failed to prepare and annual Rule 3012 report for review by senior management. The firm agreed to pay a fine of \$290,000 to resolve these issues.

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

John L. Kauth, III, Member of IWA, is a limited partner and 89.2% owner of Grump Holdings, Ltd. ("Grump"); and Isidoro Korngold, Member of IWA, is a limited partner and 79.4% owner of Renaissance Partnership, Ltd. ("Renaissance"), family partnerships. Grump and Renaissance own the following companies as described below:

Intercontinental Consulting Group, Ltd. ("ICG"): This Company provides consulting services to its non-U.S. clients for the maintenance of corporations and trusts. 66.5% of ICG is owned by Renaissance and 28.5% is owned by Grump. 5% is owned by Intercontinental Consulting, L.L.C.

Intercontinental Consulting, L.L.C. ("ICLLC"): This Company is the general partner to ICG. This company's only assets are cash and its investment in ICG. 70% of ICLLC is owned by Renaissance and 30% is owned by Grump.

Insurance Agency - Intercontinental Agency, L.L.C. ("IIA") is engaged in selling insurance products to its clients on an agency basis. The products include fixed and variable annuities, life insurance and health insurance. IIA is 70% owned by Renaissance and 30% by Grump. Some individuals spend as much as 15% of their time with these related activities.

Intercontinental Financial Services Corporation ("IFSC") This company is engaged in various services including arranging loans on behalf of its clients and providing real estate advisory services. It also pays some of the expenses for related companies for which it is reimbursed. IFSC is 90% owned by Renaissance and 10% owned by Grump.

IWA is affiliated with Mundo Prive SA de CV ("Prive"), a firm located in Mexico City and Monterrey, Mexico. Prive provides financial services to its clients in accordance with Article 8 of Mexico's Securities Market Law and is itself not subject to registration in Mexico. Employees of IWA may also be employed by Prive and provide services out of Prive's office to clients, including IWA's clients. Certain other Prive employees may also provide services to IWA's clients. Prive acts as a "Participating Affiliate" of IWA, in accordance with a series of SEC no-action letters, and all personnel of Prive involved in U.S. advisory activities are deemed "associated persons" of IWA and are subject to the oversight of IWA and its Chief Compliance Officer. IWA serves as the Registered Agent for Prive in the United States.

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

### CODE OF ETHICS

IWA's Code of Ethics ("Code") has been designed to comply with the requirements of Rule 204A-1 of the Investment Advisers Act of 1940. Among other things, the Code (i) requires that all employees comply with applicable federal and state securities laws, (ii) requires that access persons submit to IWA reports containing their personal securities holdings and transactions in reportable securities, and that IWA review such reports, (iii) requires access persons to obtain pre-approval of certain personal investments; and (iv) contains policies and procedures designed to prevent the misuse of material, non-public information. All personnel of IWA are required to certify their compliance with the Code of Ethics. IWA will provide a copy of its Code of Ethics to a client or prospective client upon request.

### SAME SECURITIES

Access persons are permitted to invest in their personal trading accounts, subject to certain restrictions, and may in certain circumstances invest in the same or related securities as the clients of IWA, in accordance with IWA's Code. IWA manages the conflicts of interest inherent in employee personal trading by enforcement of its Code of Ethics, which contains pre-clearance and reporting guidelines. Specifically, IWA's Code requires access persons of IWA to obtain prior written approval from IWA's Chief Compliance Officer before engaging in certain transactions in their personal accounts. The Chief Compliance Officer may only approve the transaction if he concludes that the transaction would comply with the provisions of the Code and is not likely to have any adverse economic impact on clients.

The Chief Compliance Officer reviews each access person's personal transaction reports to make sure each access person is conducting his or her personal securities transactions in a manner that is consistent with the Code.

## ITEM 12 – BROKERAGE PRACTICES

IWA will arrange for the execution of securities brokerage transactions for the account through broker-dealers that IWA reasonably believes will provide “best execution”. In seeking best execution, the determinative factor is not the lowest possible commission cost but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer’s services including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although IWA will seek competitive commission rates, it may not necessarily obtain the lowest possible commission rates for account transactions.

Consistent with IWA’s duty of best execution, when IWA recommends broker-dealers, it will consider a number of factors including transaction price, costs, clearance, settlement, ease of execution and integration with IWA systems, systems for monitoring client investments, regulatory compliance, financial strength, reputation, and stability.

Transactions for each client account will generally be effected independently unless IWA decides to purchase or sell the same security for several clients at approximately the same time. IWA will (but is not obligated to) combine or “bunch” such orders to obtain best execution or to allocate equitably among IWA’s clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will be averaged as to price and will be allocated among IWA’s clients in proportion to the purchase and sale orders placed for each client account on any given day. IWA shall not receive any additional compensation or remuneration because of the aggregation.

Over-the-Counter (OTC) securities transactions for IWA's clients are generally effected on an agency basis, which involve the services of two (2) separate broker-dealers: (1) a "dealer" or "principal" acting as market-maker; and (2) the executing broker-dealer that acts in an agency capacity for the client's account. Dealers executing principal transactions typically include a mark- up/down, which is included in the offer or bid price of the securities purchased or sold. In addition to the dealer mark-up/down, the client will also incur the transaction fee imposed by the executing broker-dealer. IWA does not receive any portion of the dealer mark-up/down or the executing broker-dealer transaction fee.

The term “soft dollars” refers generally to the practice by investment advisers of paying for research and brokerage services using brokerage commissions generated by the execution of trades for their clients’ accounts. IWA has no formal soft dollar relationships with the custodians/brokers that we recommend, Charles Schwab & Co., Inc. or Pershing Advisor Solutions, LLC.

However, we do receive research and other products or services from the custodians/brokers that we recommend. Our custodians/brokers provide us with access to their institutional trading and custody services, which are typically not available to retail investors. These services generally are available to independent investment advisors at no charge to them so long as the independent investment advisors maintain a minimum amount of assets with the custodian.

Services that we may receive include, but are not necessarily limited to: receipt of duplicate client confirmations and bundled duplicate statements; access to a trading desk; access to block trading which provides the ability to aggregate securities transactions and allocate the appropriate shares to client accounts; the ability to have investment advisory fees deducted directly from client accounts; access to an electronic communications network for client order entry and account information; and access to mutual funds that generally require significantly higher minimum initial investments or are generally only available to institutional investors.

Our custodians/brokers also make available to us other products and services that benefit our firm but may not benefit clients' accounts. Some of these other products and services assist us in managing and administering clients' accounts. These include software and other technology that provide access to client account data (such as

trade confirmation and account statements); provide research, pricing information and other market data; facilitate payment of the firm's fees from its clients' accounts; and assist with back-office functions; record keeping and client reporting. Many of these services generally may be used to service all or a substantial number of our accounts, including accounts not maintained at a recommended custodian. We also receive other services intended to help our firm manage and further develop our business enterprise. These services may include consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance, and marketing.

Our recommendation that you maintain your assets in accounts at our custodians/brokers may be based in part on the benefit to us in the availability of some of the foregoing products and services and not solely on the nature, cost or quality of custody and brokerage services provided. This creates a conflict of interest.

IWA will permit clients to direct brokerage. The client may direct IWA in writing to use a broker-dealer to execute some or all transactions for the client. In that case, the client will negotiate terms and arrangements for the account with that broker-dealer, and IWA will not seek better execution or prices from other broker-dealers or be able to "batch" client transaction for execution through other broker-dealers with orders for other accounts managed by IWA. As a result, the client may pay higher commissions or other transaction costs or greater spreads or receive less favorable net prices on transactions for the account than would otherwise be the case. Subject to its duty of best execution, IWA may decline a client's request to direct brokerage if, in IWA's sole discretion, such directed brokerage arrangements would result in additional operational difficulties.

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

For those clients to whom IWA provides investment supervisory services, account reviews are conducted on a periodic basis by IWA's representatives and/or Chief Compliance Officer. All investment supervisory clients are advised that it remains their responsibility to advise IWA of any changes in their investment objectives and/or financial situation. All clients (in person or via telephone) are encouraged to review financial planning issues (to the extent applicable), investment objectives and account performance with IWA on an annual basis.

IWA may conduct account reviews on an other-than periodic basis upon the occurrence of a triggering event, such as a change in client investment objectives and/or financial situation, market corrections and client request.

Clients are provided, at least quarterly, with written transaction confirmation notices and regular written account statements directly from the broker-dealer/custodian for the client accounts. Clients receive access to the internet portal provided by their Custodian, accessible through IWA's website, for convenient access to their statements.

Additionally, upon request, IWA will provide reports to clients receiving investment supervisory services. These reports direct clients to compare the information in the report to the information provided by their Custodian.

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

IWA compensates persons who are not under its supervision for client referrals. If a client is introduced to IWA by an unaffiliated solicitor, IWA may pay that solicitor a referral fee in accordance with the requirements of Rule 206(4)-3 of the Investment Advisers Act of 1940. Except as disclosed below, any such referral fee shall be paid solely from IWA's investment management fee and shall not result in any additional charge to the client. If the client is introduced to IWA by an unaffiliated solicitor, the solicitor, at the time of the solicitation, shall disclose the nature of his/her relationship to prospective clients, and shall provide each prospective client with a copy of IWA's Form ADV Part 2A, together with a copy of the written disclosure statement from the solicitor to the client disclosing the terms of the solicitation arrangement between IWA and the solicitor, including the compensation to be received by the solicitor from IWA.

For clients seeking investment lines of credit and custom mortgage programs, IWA refers clients to BNY Mellon's

and Schwab Bank lending solutions. IWA does not receive compensation for making these referrals.

## **ITEM 15 - CUSTODY**

Client accounts of IWA are primarily held at Charles Schwab & Co., Inc. or Pershing Advisor Solutions, LLC - third-party qualified custodians. There may be instances where a client account is held at a qualified custodian other than these firms, based on a Client's preference or governed by the agreement with a third party, e.g., platform provider.

IWA is deemed to have custody of client assets when a Client authorizes us to instruct the custodian to deduct IWA's advisory fees directly from the Client account and when Clients provide IWA with certain Standing Letters of Authorization. When we are deemed to have custody, the firm will comply with the requirements of SEC Rule 206(4)-2 and the SEC's guidance, as applicable.

Custodians provide clients with quarterly statements showing transactions occurring in the account during the period covered by the account statement. Clients are urged to review and compare the activity on their statements from their custodian with any reports provided by IWA. Please contact us to report any discrepancies.

## **ITEM 16 - INVESTMENT DISCRETION**

The Client can engage IWA on a discretionary or non-discretionary basis. Before IWA assumes discretionary authority over a client's account, client shall be required to execute a discretionary Investment Advisory Agreement. The Agreement grants IWA full authority to buy, sell, or otherwise effect investment transactions in the account as well as the authority to engage or terminate any Independent Managers at its discretion.

Clients who hire IWA on a discretionary basis may, at any time, impose reasonable restrictions, in writing, on IWA's discretionary authority (i.e., limit the type/amounts of particular securities purchased for their account, exclude the ability to purchase securities inverse to the market, limit the use of margin, etc.) IWA will consider the restriction reasonable if, in our judgment, the restriction does not impair, in any material or other significant manner, our ability to manage a client's assets in accordance with the investment strategy and guidelines for that client's account. Clients additionally agree to notify IWA promptly of any significant change in their financial circumstances or investment objectives that might affect how the account should be managed.

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

IWA does not vote client proxies. Clients maintain exclusive responsibility for receiving and voting proxies solicited by issuers of securities owned by the Client shall be voted and making all elections relative to any mergers, acquisitions, tender offers, or other events pertaining to the client's investment assets.

However, for accounts that use an Independent Manager, Clients generally delegate discretion to vote such proxies to the Independent Manager. Clients may obtain a copy of the Independent Manager's complete proxy voting policies and procedures upon request. Clients may also obtain information from the Independent Managers about how proxies were voted on behalf of the client.

Clients will receive their proxies or other solicitations directly from their custodian. Clients may contact IWA to discuss any questions they may have with a particular solicitation.

## **ITEM 18 - FINANCIAL INFORMATION**

IWA does not require payment of more than \$1,200 in fees per client, six months or more in advance. IWA is unaware of any financial commitment that is reasonably likely to impair its ability to meet its contractual commitments to clients. IWA has not been the subject of a bankruptcy proceeding.