

# **Avisen Advisors, LLC**

**SEC File Number: 801-67652**

## **Brochure**

### **ADV Part 2A**

**Dated 03/23/2023**

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Sacramento, CA 95864  
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This Brochure provides information about the qualifications and business practices of Avisen Advisors, LLC [“Avisen Advisors” or “Adviser”]. If you have any questions about the contents of this Brochure, please contact us at (916) 480-2747. 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.

Avisen Advisors, LLC is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser.

Additional information about Avisen Advisors, LLC also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2 – Material Changes**

There have been no material changes to Avisen Advisors' Form ADV Part 2 since the most recent amendment dated November 2022. The following information reflects routine updates in connection with rule updates and to maintain compliance with such rules.

Currently, our Brochure may be requested by contacting our office or Wayne Robello, Chief Compliance Officer at (916) 480-2747.

Additional information about Avisen Advisors, LLC is also available via the SEC's web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC's web site also provides information about any persons affiliated with Avisen Advisors who are registered, or are required to be registered, as investment adviser representatives of Avisen Advisors.

### **Brochure Availability**

Our Firm Brochure is delivered to clients at least on an annual basis. Avisen Advisors will ensure that clients receive a summary of any material changes to this and subsequent brochures within 120 days of the close of the business' fiscal year. Avisen Advisors may further provide other ongoing disclosure information about material changes as necessary.

Avisen Advisors will further provide clients with a new brochure as necessary based on changes or new information, at any time, without charge.

Currently, this Brochure may be requested, at no charge, by contacting our office or Wayne Robello, Chief Compliance Officer at (916) 480-2747.

Additional information about Avisen Advisors, LLC is also available via the SEC's web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC's web site also provides information about any persons affiliated with Avisen Advisors who are registered, or are required to be registered, as investment adviser representatives of Avisen Advisors.

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#### Item 4 – Advisory Business

- A. Avisen Advisors, LLC (“Avisen Advisors” or “Adviser”) is a SEC registered investment advisory firm focused on providing financial planning and investment management services to a variety of institutional and private clients. The investment expertise of Avisen Advisors extends across a full range of asset classes including equity, fixed income and alternative investments, as well as asset allocation strategies.

Avisen Advisors was established in 2001 and is headquartered in Sacramento, CA. The principal owners of Avisen Advisors are Kenneth Brown and A. Wayne Robello.

##### Avisen Advisors Assets Under Management (AUM)

As of 12/31/22, Avisen Advisors had reported regulatory AUM of approximately \$258,442,908 on its Form ADV Part 1, \$257,663,151 of which was discretionary and \$779,757 was non-discretionary.

- B. Services Provided:

Clients retain Avisen Advisors on both a discretionary and nondiscretionary basis. When the Adviser is retained on a discretionary basis, the Adviser has authority to supervise and direct investments of and for the Client’s account without prior consultation with the Client. Pursuant to this discretionary authority, the Adviser determines which securities are bought and sold for the account, the total amount of the purchases and sales, the brokers or dealers through which transactions are executed and the commission rates paid to effect the transactions, as applicable. The Client may restrict or prohibit transactions in certain securities or types of securities, or direct that transactions be effected through specific brokers or dealers.

Clients may retain Avisen Advisors on a non-discretionary basis, requiring that portfolio transactions be discussed in advance and executed at the Client’s direction.

Regarding fees, Avisen Advisors is open to discussing fee arrangements with clients. Fees may be negotiated based on a client's asset levels, service requirements or other factors in the Firm’s sole discretion. The Firm’s goal is to fully understand the scope of services for the mandate and their potential impact on fees. Based upon these discussions, Avisen Advisors’ standard fee schedule may be amended

The advisory services offered by Avisen Advisors are recommended to clients based on the client's specific investment objectives and risk tolerance based on personal financial information provided by the client.

**Advisory Programs Offered:**

**Avisen Advisors Investment Portfolio**

Avisen Advisors, LLC (Avisen Advisors) will manage funds of advisory clients on a discretionary basis under the Avisen Advisors Investment Portfolio program. This program includes the monitoring of a client's investment portfolio and making recommendations for appropriate investments or modifications based on the client's description of his/her primary investment objectives and needs and in recognition of the inherent risks of investing in the financial markets by an advisor of Avisen Advisors. The fee arrangement is calculated as a percentage of assets under management with commissions charged at a discounted rate on securities transactions.

All fees are payable quarterly, in advance, beginning on the first day of the month in which Avisen Advisors first provides investment advisory services. Fees will be charged directly to the client's account when due. The value of assets under management for purposes of calculating fees will be based on closing prices on the day immediately preceding each quarterly period; provided, however, that the initial fee shall be based on closing prices on the day of the execution of an investment management agreement with a client ("the Agreement"). In the event of the termination of the Agreement before the last day of a quarterly period, the amount of the fee payable shall be prorated per the terms of the agreement. The fee schedules may be negotiated at the discretion of Avisen Advisors.

Pershing LLC acts as the custodian for all Avisen Advisors accounts and shall provide monthly custodial statements for each Client Account.

**Global Portfolio Solution (GPS) – Lockwood Command platform**

GPS is a separately managed account program for investors who wish to benefit from the portfolio consulting services of a Avisen Advisors Advisor. Consulting services include the Avisen Advisors Advisor's monitoring for a client's investment portfolio and making recommendations for appropriate investments or modifications based on the client's description of his/her primary investment objectives and needs and in recognition of the inherent risks of investing in the

financial markets. Using the information gathered by the investor, the Avisen Advisors Advisor makes a Portfolio Manager recommendation to manage the investor's account(s). The selected Portfolio Manager has discretion of the account and makes all trading decisions. The investor is provided a copy of the Portfolio Manager's ADV Part 2A. Portfolio Managers in this program are selected from the Lockwood Command platform provided by Lockwood Capital Management, Inc. (LCM). All billing and reporting is generated from the Lockwood Command platform by LCM.

The typical minimum, initial investment is \$100,000; however some Portfolio Managers may have a higher minimum initial investment.

All fees are payable quarterly, in advance, beginning on the first day of the month in which the Portfolio Manager takes acceptance of the account assets. Fees will be charged directly to the investor's account when due. The value of assets under management for purposes of calculating fees will be based on closing prices on the business day immediately preceding each quarterly period; provided, however, that the initial fee shall be based on closing prices on the day of the execution of an investment management agreement with an investor ("the Agreement"). In the event of the termination of the Agreement before the last day of a quarterly period, the amount of the fee payable shall be prorated as of the date of such termination. The fee schedules may be negotiated at the discretion of Avisen Advisors.

To total fee paid by the investor includes a program fee charged by Lockwood, the Portfolio Manager's fee, and the Advisor's fee. These fees may vary. Pershing LLC acts as the custodian for all GPS accounts and shall provide monthly custodial statements for each Client Account.

### **Lockwood Investment Strategies ("LIS") – Unified Managed Account Strategy**

LIS investment services are provided by Lockwood Capital Management, Inc. (LCM). LCM serves as the Portfolio Manager for the account. The Avisen Advisors Advisor serves as a consultant to the investor. Advisor consulting services includes the Avisen Advisors Advisor's monitoring for a client's investment portfolio and making recommendations for the most appropriate LIS investment or modifications based on the client's description of his/her primary investment objectives and needs and in recognition of the inherent risks of investing in the financial markets.

LIS is a discretionary multi-discipline managed account program housed in a single portfolio with five core models. The five (5) core models span the risk/return

spectrum. A Client may also choose from four (4) additional models which include exposure to non-traditional asset classes, as described below more fully. LCM, serving as the Portfolio Manager, determines asset allocation and selects both Sub-Managers and specific investment vehicles for each investment style based on its proprietary modeling strategies, as well as its macroeconomic outlook and investment discipline.

The minimum initial investment to establish an LIS account is \$250,000. Depending upon the model or strategy recommended by the Avisen Advisors Advisor and chosen by the Client, a portfolio may typically hold between 5 and 350 securities.

LCM selects a Sub-Manager or investment vehicle, such as an exchange-traded fund ("ETF") or mutual fund, for each investment style. When selected for inclusion within the program, each Sub-Manager electronically provides its model portfolio (buy-list) to LCM on a daily basis. An Overlay Manager combines each of the model portfolios into one Investment Strategies portfolio designed to perform and act similar to the target benchmark for the portfolio. The Overlay Manager gathers each of the portfolios and runs an optimization program that removes security overlap, minimizes tax implications, and creates better tracking to the index. The Sub-Managers and investment vehicles currently employed in LIS portfolios are described in LCM' ADV Part 2A Exhibit A and are subject to change at LCM' sole discretion.

LCM offers a series of strategies limited to traditional asset classes only (Traditional) and a series of Strategies that includes traditional and alternative investment asset classes (Alternative) for implementation.

LCM offers five (5) diversified, discretionary, investment portfolios that include allocations to traditional asset classes including, but not limited to US Fixed Income, US Large-Cap Equity, US Small-Cap Equity, US Mid-Cap Equity, International Equity and REITs.

The Traditional Strategies models, representing various levels of expected risk and return, offered within LIS are Current Income, Growth & Income, Conservative Growth, Moderate Growth, and Growth.

LCM also offers four (4) diversified, discretionary, investment portfolios that include allocations to the alternative investment asset class, with the expectation of offering comparable to slightly reduced returns with notably less volatility than Traditional Strategies. Based on proprietary research, LCM has defined the alternative

investment class to include the following asset classes: convertible arbitrage, distressed securities, equity hedge, equity market neutral, event-driven, fund-of-funds, merger arbitrage, macro strategies and commodities.

The core asset allocation models offered within the LIS Alternative Strategies are: Growth & Income, Conservative Growth, Moderate Growth and Growth.

All fees are payable quarterly, in advance, beginning on the first day of the month in which the Portfolio Manager takes acceptance of the account assets. Fees will be charged directly to the investor's account when due. The value of assets under management for purposes of calculating fees will be based on closing prices on the business day immediately preceding each quarterly period; provided, however, that the initial fee shall be based on closing prices on the day of the execution of an investment management agreement with an investor ("the Agreement"). In the event of the termination of the Agreement before the last day of a quarterly period, the amount of the fee payable shall be prorated as of the date of such termination. The fee schedules may be negotiated at the discretion of Avisen Advisors.

Total fee paid by the investor includes a program fee charged by LCM which includes any Portfolio Manager's fee and the Advisor's fee. These fees may vary. Pershing LLC acts as the custodian for all LIS accounts and shall provide monthly custodial statements for each Client Account.

### **Lockwood Asset Allocation Portfolios ("LAAP") – Mutual Fund/ETF**

LAAP is a discretionary, multi-discipline managed account program housed in a single portfolio. LCM, serving as the Portfolio Manager, determines asset allocation strategy and selects investment vehicles for each investment style component of the portfolios, based upon proprietary modeling strategies, macroeconomic outlook and investment research discipline. The Avisen Advisors Advisor serves as a consultant to the investor. Advisor consulting services includes the Avisen Advisors Advisor's monitoring for a client's investment portfolio and making recommendations for the most appropriate LAAP investment or modifications based on the client's description of his/her primary investment objectives and needs and in recognition of the inherent risks of investing in the financial markets.

The five (5) LAAP models are: Current Income, Growth & Income, Conservative Growth, Moderate Growth, and Growth.



The minimum, initial investment is \$50,000, with minimum subsequent investments of \$1,000.00 each. Such accounts must be funded in cash.

These portfolios may consist of open and closed-end mutual funds, exchange-traded funds and other types of securities, as determined by LCM, in its sole discretion. The securities currently employed in the LAAP portfolios are described in LCM' ADV Part 2A and subject to change at LCM' sole discretion.

All fees are payable quarterly, in advance, beginning on the first day of the month in which the Portfolio Manager takes acceptance of the account assets. Fees will be charged directly to the investor's account when due. The value of assets under management for purposes of calculating fees will be based on closing prices on the business day immediately preceding each quarterly period; provided, however, that the initial fee shall be based on closing prices on the day of the execution of an investment management agreement with an investor ("the Agreement"). In the event of the termination of the Agreement before the last day of a quarterly period, the amount of the fee payable shall be prorated as of the date of such termination. The fee schedules may be negotiated at the discretion of Avisen Advisors.

Total fee paid by the investor includes a program fee charged by LCM which includes any Portfolio Manager's fee and the Advisor's fee. These fees may vary. Pershing LLC acts as the custodian for all LAAP accounts and shall provide monthly custodial statements for each Client Account.

### **Avisen Advisory Solutions Program**

The Avisen Advisory Solutions Program is available on the Envestnet Portfolio Solutions ("Envestnet") platform and offers eight (8) program solutions:

- Mutual Fund Advisory Solutions – Envestnet Model Driven (3 programs)
- Envestnet Mutual Fund Portfolio – Envestnet Discretionary
- Envestnet Mutual Fund Income Portfolio – Envestnet Discretionary
- Envestnet Index Enhanced Portfolio – Envestnet Discretionary
- Mutual Fund Choice – Client/Advisor Directed
- Envestnet SMA Portfolio – Envestnet Discretionary Model Driven

- SMA Choice Portfolio – Client/Advisor Directed
- Investnet UMA Portfolio – Investnet Discretionary Model Driven
- Advisory Choice Portfolio – Client/Advisor Directed

For each Program within the Program the Client receives a comprehensive Investment Strategy Report that includes suggested allocation and historical data on asset classes, explanation of screening and investment process, analysis of investing goals versus current goals, recommended mutual funds (if applicable) for each asset category, and a detailed performance page using risk/return analysis.

For each Program within the Program the Client receives a Portfolio Diagnostic Report that includes current assets, risk exposure of current assets, performance of current assets over time, and expenses and tax efficiency of current expenses.

For each Program within the Program the Client receives a Consolidated Quarterly Performance Report.

Fees for each Account are generally set based on the value of the Account, are negotiable and are billed and collected quarterly at the rates set forth in the Agreement. Accounts opened during any calendar quarter will be billed in advance. The annual blended fee rate is based upon the average daily balance from the inception date of the account through the end of that month. The inception fee is calculated based upon the average daily balance of the Account multiplied by the fee rate divided by the actual number of business days in the quarter multiplied by the actual number of business days the Account was opened during that quarter divided by four quarters. Client's quarterly average daily balance is calculated based upon the number of business days the Account was opened during the previous calendar quarter. Client's quarterly fee is calculated based upon the average daily balance of the account multiplied by the effective fee rate divided by four quarters and billed in advance. Fees may be negotiated at the discretion of Avisen Advisors.

The Avisen Advisors Advisor and Account Manager may, in their sole discretion and to the extent permitted by applicable law, pay all or a portion of the fees set forth in the Agreement to third parties involved in providing service with respect to the Account.

Pershing LLC acts as the custodian for all Program Accounts and shall provide monthly custodial statements for each Client Account.

Client's are provided a copy of Envestnet's ADV Part 2A as well as any Sub-Advisors used to manage their Account.

### **Mutual Fund Advisory Solutions – Envestnet Model Driven (3 programs)**

- Envestnet Mutual Fund Portfolio – Envestnet Discretionary
- Envestnet Mutual Fund Income Portfolio – Envestnet Discretionary
- Envestnet Index Enhanced Portfolio – Envestnet Discretionary

The Mutual Fund Advisory Solutions Programs are Envestnet Driven Models. Accounts in these programs are managed on a discretionary basis by Envestnet. This program includes mutual funds and/or Exchange Traded Funds (ETFs) selected by Envestnet based on the information submitted by the client. This information recommends a model for the Client's assets. Mutual funds shall be purchased on a "no load" or "load waived" basis through the Custodian (Pershing LLC). Envestnet acts as Account Manager for all accounts under these Programs. Avisen Advisors, nor the Avisen Advisors Advisor has discretionary investment authority for accounts in these programs. The Client and/or Avisen Advisors Advisor have the ability to select five (5) mutual fund alternatives other than those recommended by Envestnet in the Envestnet Mutual Fund Portfolio Program only. The Avisen Advisors Advisor serves as a Consultant to the Client. The Client signs an Investment Advisory Agreement that outlines the program features, fees, and expenses, if any.

The Program consists of 14 models: 7 tax-sensitive and 7 non-tax-sensitive.

Account Rebalancing: Automatic upon 10% variance in portfolio for 30 consecutive days.

The minimum, initial investment is \$50,000 / Minimum Annual Fee \$1,000 (whichever is greater)

### **Mutual Fund Choice – Client/Advisor Directed**

Mutual Fund Choice is a client/advisor driven model whereby the Avisen Advisors Advisor has investment discretionary authority of the account. This program includes mutual funds that shall be purchased on a “no load” or “load waived” basis through the Custodian (Pershing LLC). Information provided to the Avisen Advisors Advisor by the Client is used to determine a recommended model. The Avisen Advisors Advisor acts as Account Manager for all accounts under this Program. The Client signs an Investment Advisory Agreement that outlines the program features, fees, and expenses, if any.

The Program consists of 14 models: 7 tax-sensitive and 7 non-tax-sensitive, however these models may be altered by the Avisen Advisors Advisor as needed based upon the Client’s investment objectives and risk parameters.

Account Rebalancing: Avisen Advisors Advisor is alerted upon 10% variance in portfolio for 30 consecutive days.

The minimum, initial investment is \$50,000 / Minimum Annual Fee \$1,000 (whichever is greater)

### **Envestnet SMA Portfolio – Envestnet Discretionary Model Driven**

Envestnet SMA Portfolio is a discretionary managed account. Envestnet serves as the Account Manager and uses Sub-Advisors to manage the assets and make investment decisions. The Sub-Advisor (“Manager”) will have investment discretionary authority of the Account. This program includes one or more Sub-Advisors selected from the Envestnet Recommended Separate Account Manager list. Based on information submitted by the client, a recommended Manager(s) is selected to manage the Account. All transactions are executed by the Manager and custodied through the Clearing firm (Pershing LLC). Avisen Advisors, nor the Avisen Advisors Advisor has discretionary investment authority for Accounts in this program. The Client and/or Avisen Advisors Advisor have the ability to select five (5) Manager alternatives other than those recommended by Envestnet. The Avisen Advisors Advisor serves as a Consultant to the Client. The Client signs an Investment Advisory Agreement that outlines the program features, fees, and expenses, if any.

The Program consists of 14 models: 7 tax-sensitive and 7 non-tax-sensitive. Includes 3 or more managers per model.

Account Rebalancing: Automatic upon 10% variance in portfolio for 30 consecutive days.

The minimum, initial investment is \$1,000,000

### **SMA Choice Portfolio – Client/Advisor Directed**

SMA Choice Portfolio is a client/advisor driven model whereby the Client and Avisen Advisors Advisor select the Sub-Advisor (“Manager”) to manage the Account. The Manager has investment discretionary authority of the Account. The Avisen Advisors Advisor serves as Consultant on the Account and uses Sub-Advisors to manage the assets and make investment decisions. This program includes one or more Sub-Advisors selected from the Investnet Recommended Separate Account Manager list. Based on information submitted by the Client, a recommended Manager(s) is selected to manage the Account. All transactions are executed by the Manager and custodied through the Clearing firm (Pershing LLC). Avisen Advisors, nor the Avisen Advisors Advisor has discretionary investment authority for Accounts in this program. The Client signs an Investment Advisory Agreement that outlines the program features, fees, and expenses, if any.

The Program consists of 14 models: 7 tax-sensitive and 7 non-tax-sensitive.

Account Rebalancing: The Manager is responsible for rebalancing.

The minimum, initial investment is \$100,000

### **Investnet UMA Portfolio – Investnet Discretionary Model Driven**

Investnet UMA Portfolio is a discretionary managed account. Investnet serves as the Account Manager has discretionary investment authority of the Account. Investnet shall select mutual funds, ETF's, bonds and general securities to be recommended to Account Owners for each portfolio model offered. Fund Quest may also select third party providers of research services (“Research Providers”) to be recommended in managing all or any portion of the Account Assets. Investnet shall obtain purchase and sale recommendations of Research Providers in the form of model portfolios or otherwise as appropriate in order that Investnet may manage such assets in accordance with the Research Provider's recommendations. Based on

information submitted by the client, a model is recommended to the Client. All transactions are initiated by Envestnet and custodied through the Clearing firm (Pershing LLC). Avisen Advisors, nor the Avisen Advisors Advisor has discretionary investment authority for Accounts in this program. The Avisen Advisors Advisor serves as a Consultant to the Client. The Client signs an Investment Advisory Agreement that outlines the program features, fees, and expenses, if any.

The Program consists of 14 models: 7 tax-sensitive and 7 non-tax-sensitive. Includes 3 or more managers per model.

Account Rebalancing: Automatic upon 10% variance in portfolio for 30 consecutive days.

The minimum, initial investment is \$250,000

### **Advisory Choice Portfolio – Client/Advisor Directed**

Advisory Choice Portfolio may include mutual funds, securities, bonds, and Exchange Traded Funds (ETFs). The Client maintains discretionary investment authority of the Account. The Avisen Advisors Advisor has limited discretionary investment authority within the parameters of the Investment Policy Statement which is created at the time the Account is opened. Envestnet shall retain discretionary authority to debit the Account for fees. The investment recommendations for the Account shall be subject to the limitations described in the Client's responses to the Profile or other suitability analysis. The Client shall retain the ability to modify responses to the Profile at any time. All transactions are initiated by the Avisen Advisors Advisor and custodied through the Clearing firm (Pershing LLC). The Avisen Advisors Advisor serves as a Consultant to the Client. The Client signs an Investment Advisory Agreement that outlines the program features, fees, and expenses, if any.

Account Rebalancing: Avisen Advisors Advisor is alerted upon 10% variance in portfolio for 30 consecutive days.

The minimum, initial investment is \$50,000 / Minimum Annual Fee is \$1,000 (whichever is greater)

**Accounts Under Third Party Advisors.** Third Party Advisors provide various services described in their marketing materials and contracts. The Avisen Advisors' Advisor may recommend a Third Party Advisor and/or may recommend a particular investment objective or category.

**Sub-Advisory Agreement.** Pursuant to its discretionary authority set forth in the Investment Advisory Agreement, Avisen Advisors, relative to those clients that prefer investment strategies other than those offered by Avisen Advisors, may engage sub-advisers to assist it with the management of certain client accounts, whereby investment decisions for the account may be made by the sub-adviser in accordance with the terms and conditions of a sub-advisory agreement between Avisen Advisors and the sub-adviser. The fees charged by the corresponding designated broker-dealer/custodian of the client's assets, are exclusive of, and in addition to, Avisen Advisors ongoing investment advisory fee. Factors, which Avisen Advisors shall consider in engaging sub-advisers, include the client's stated investment objective(s), and the sub-adviser's management style, performance, reputation, financial strength, reporting, pricing, and research. Avisen Advisors currently has arrangements with various sub-advisers, each of which has a specific investment discipline, which the adviser shall match with the client's designated investment objectives. Certain of these advisors may employ various risk hedging techniques, including short selling and option strategies. Avisen Advisors clients are advised to inform Avisen Advisors, in writing, if they object to the use of any such risk hedging techniques for their investment portfolios. The client acknowledges that the investment management fee payable for these sub-advisory engagements is generally higher than that set forth in the fee schedules referenced in Item 5.

**Independent Managers.** Avisen Advisors may allocate (and/or recommend that the client allocate) a portion of a client's investment assets among unaffiliated independent investment managers in accordance with the client's designated investment objective(s). In such situations, the Independent Manager[s] shall have day-to-day responsibility for the active discretionary management of the allocated assets. Avisen Advisors shall continue to render investment advisory services to the client relative to the ongoing monitoring and review of account performance, asset allocation and client investment objectives. Factors which Avisen Advisors shall consider in recommending Independent Manager[s] include the client's designated investment objective(s), management style, performance, reputation, financial strength, reporting, pricing, and research. The investment management fees charged by the designated Independent Manager[s], together with the fees charged by the

corresponding designated broker-dealer/custodian of the client's assets, are exclusive of, and in addition to, Avisen Advisors ongoing investment advisory fee.

**Termination of Investment Management Agreements.** Clients sign a written investment advisory agreement with Avisen Advisors. The agreement provides that it shall be continuous until one party to the agreement terminates it and that the client may terminate the agreement within five business days of its effective date without paying any fees or penalties to Avisen Advisors. The agreement also provides that once the initial five-day period has passed, either party to the agreement may terminate the agreement at any time by providing notice to the other party. If the agreement is terminated partway through a calendar quarter, unearned fees collected in advance for that quarter will be refunded to the client pro-rate, based on the number of days remaining in the quarter.

**Financial Planning Services.** Avisen Advisors offers financial planning services dependent on the client's goals, objectives and financial situation. Financial plans and financial planning may include but are not limited to cash flow and debt management, risk management, college funding, life and career changes, asset allocation, retirement planning, tax planning, and estate planning. These services are offered on an hourly consulting fee basis, on a project-based fixed fee basis, or may be included as part of the fee paid for investment management services (refer to Item 5.A. for a schedule of fees).

**Termination of Financial Planning Agreements**

Either party may terminate the financial planning or on-going service agreement upon written notice to the other party. If terminated within five business days of signing the Agreement, no penalties will be assessed and all prepaid fees will be returned promptly to the Client. Should the client terminate the financial planning agreement after this date, the Client will be responsible and invoiced for any work done prior to termination.

- C. Avisen Advisors shall provide investment advisory services specific to the needs of each client. Prior to providing investment advisory services, an investment advisor representative will discuss with each client, their particular investment objective(s). Avisen Advisors shall allocate each client's investment assets consistent with their designated investment objective(s). Clients may, at anytime, impose restrictions, in writing, on the Adviser's services.
- D. Wrap Fee Programs



Avisen Advisors does not administer wrap fee accounts, however as indicated previously, Avisen Advisors offers its Clients a variety of Wrap Fee Programs to choose from which are administered by Third Party Vendors. Typically, such wrap fee programs offer investment management services under a single fee structure covering various charges, which can include investment management, brokerage, custodial service, recordkeeping and reporting. The wrap fee program sponsors and the wrap fee program clients are primarily responsible for ensuring that the services provided by the program and each investment manager or sub-adviser are suitable for each wrap fee program client's needs. The selection decision is generally based upon the compatibility of the investment manager's or sub-adviser's investment style and investment management performance record with the investment objectives and level of risk tolerance of the wrap fee program client.

As necessary and applicable, Avisen Advisors relies on the wrap fee program sponsors' questionnaires or other documents or information provided, completed and/or updated by clients, to determine a client's suitability for the strategies offered by it and as recommended to clients by the wrap fee program sponsors. For most wrap fee programs, Avisen Advisors is retained as an investment consultant by the client and recommends manager(s) within the wrap fee program, client transactions are executed by the manager without commissions, and monitors its performance. The wrap fee program sponsors may also act as custodian, or provide some combination of these or other services, all for a single fee. A portion of the total fee paid by the client is retained by Avisen Advisors for investment services rendered including investment advisory services, fees paid to the manager(s), program sponsor platform fees, reporting and bookkeeping fees.

E. Client Assets Managed

As of 12/31/22, Avisen Advisors had reported regulatory AUM of approximately \$258,442,908 on its Form ADV Part 1, \$257,663,151 of which was discretionary and \$779,757 was non-discretionary.

**Item 5 – Fees and Compensation**

- A. Avisen Advisors is compensated for investment advisory service on a fee-only basis. Avisen Advisors fees are exclusive of brokerage commissions, however may include transaction fees and other related costs and expenses which shall be incurred by the client. Clients may incur certain charges imposed by custodians, brokers, third party investment and other third parties such as fees charged by managers, custodial fees,

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. Mutual funds and exchange traded funds also charge internal management fees, which are disclosed in a fund's prospectus. Such charges, fees and commissions are exclusive of and in addition to Avisen Advisors' fee, and Avisen Advisors shall not receive any portion of these commissions, fees, and costs.

Item 12 further describes the factors that Avisen Advisors considers in selecting or recommending broker-dealers for *client* transactions and determining the reasonableness of their compensation (*e.g.*, commissions).

### **FEE SCHEDULES**

Below are fee schedules for the specific advisory programs outlined in Item 4 above. All fees are subject to negotiation.

#### Avisen Advisors Investment Portfolio (annualized)

Portfolio Assets Valued At:	Basic Fee Schedule
First \$1,000,000	2.00%
Next \$2,000,000	1.50%
Amount over \$3 million	1.00%

#### Global Portfolio Solution (annualized)

Portfolio Assets Valued At:	Basic Fee Schedule
Up to \$300,000	3.00%
Next \$300,000	2.80%
Next \$4,000,000	2.50%
Next \$1,000,000	2.00%
Greater than \$2,000,000	1.75%

#### Lockwood Investment Strategies (LIS) (annualized)

Portfolio Assets Valued At:	Basic Fee Schedule
Up to \$300,000	3.00%
Next \$300,000	2.75%
Next \$400,000	2.50%
Next \$1,000,000	2.00%
Greater than \$2,000,000	1.75%

#### Lockwood Asset Allocation Portfolios (LAAP) (annualized)

Portfolio Assets Valued At:	Basic Fee Schedule
Up to \$300,000	2.00%
Next \$300,000	1.75%
Next \$400,000	1.50%

Greater than \$1,000,000 1.00%  
 The minimum, initial investment is \$50,000, with minimum subsequent investments of \$1,000.00 each. Such accounts must be funded in cash.

Investnet Mutual Fund Portfolio – Investnet Discretionary (annualized)  
Investnet Mutual Fund Income Portfolio – Investnet Discretionary (annualized)  
Investnet Index Enhanced Portfolio – Investnet Discretionary (annualized)

Portfolio Assets Valued At:	Basic Fee Schedule
Up to \$300,000	2.00%
Next \$300,000	1.75%
Next \$400,000	1.50%
Greater than \$1,000,000	1.00%

The minimum, initial investment is \$50,000 / Minimum Annual Fee \$1,000 (whichever is greater)

Mutual Fund Choice – Client/Advisor Directed (annualized)

Portfolio Assets Valued At:	Basic Fee Schedule
Up to \$300,000	2.00%
Next \$300,000	1.75%
Next \$400,000	1.50%
Greater than \$1,000,000	1.00%

The minimum, initial investment is \$50,000 / Minimum Annual Fee \$1,000 (whichever is greater)

Investnet SMA Portfolio – Investnet Discretionary Model Driven (annualized)

Portfolio Assets Valued At:	Basic Fee Schedule
Up to \$300,000	3.00%
Next \$300,000	2.75%
Next \$400,000	2.50%
Next \$1,000,000	2.00%
Greater than \$2,000,000	1.75%

The minimum, initial investment is \$1,000,000

SMA Choice Portfolio – Client/Advisor Directed (annualized)

Portfolio Assets Valued At:	Basic Fee Schedule
Up to \$300,000	3.00%
Next \$300,000	2.75%
Next \$400,000	2.50%
Next \$1,000,000	2.00%
Greater than \$2,000,000	1.75%

The minimum, initial investment is \$100,000

Investnet UMA Portfolio – Investnet Discretionary Model Driven (annualized)

Portfolio Assets Valued At:	Basic Fee Schedule
Up to \$300,000	3.00%
Next \$300,000	2.75%
Next \$400,000	2.50%
Next \$1,000,000	2.00%
Greater than \$2,000,000	1.75%
The minimum, initial investment is \$250,000	

Advisory Choice Portfolio – Client/Advisor Directed (annualized)

Portfolio Assets Valued At:	Basic Fee Schedule
All Assets	2.00%
The minimum, initial investment is \$50,000 / Minimum Annual Fee is \$1,000 (whichever is greater)	

**Fees for Financial Planning Services**

Fixed Fees. Financial Planning fees typically range from \$800 to \$4,000 for an initial financial plan, depending on the Client's specific goals, the complexity of the plan, and the time required to complete the project. Before the engagement begins, you will be required to sign the Financial Planning Agreement, which will confirm the fee in writing. One half of the fee will be payable upon acceptance of the engagement, or up to \$500. The balance will be due upon completion of the initial financial plan. The fee for subsequent financial plan updates will be billed at our standard hourly rate of \$200.00.

Hourly Consulting Fees. Avisen Advisors offers hourly consulting services at an hourly rate of \$200. Estimates are provided and the fee is due upon completion of the project. Since the nature of the work often involves variables or circumstances unknown at the start of the engagement, estimates are not guaranteed.

Ongoing Financial Planning and Investment Management. You may retain Avisen Advisors to provide the combined service of ongoing financial planning and investment management services. The annual fee for this service is based on a percentage of assets under management per the Avisen Advisors Investment Portfolio (annualized) fee schedule listed above or as negotiated. The Client is required to sign the Avisen Advisors Investment Management Agreement. There may be a one-time initial planning fee for assets below \$500,000, or a minimum annual fee of \$5,000.

Annual Financial Plan Review. An annual review is encouraged to update all relevant data and to discuss any significant changes in personal goals or circumstances recommended for staying on track with the Client's financial plan, or when a significant event occurs. At the same time, external conditions, including, but not limited to, general market and investment conditions, tax law changes and

other topics are reviewed for potential impact. Areas covered during the review are determined by the Client. The hourly fee for these reviews is \$200 and generally lasts 2-6 hours.

A client shall not be required to prepay more than \$500 and six or more months in advance of the financial planning service.

- B. The specific manner in which fees are charged by Avisen Advisors is established in the client's *Investment Advisory Agreement* with Avisen Advisors. Avisen Advisors will bill its fees on a quarterly basis in advance of each calendar quarter. Client fees are directly debited from the client accounts by the Custodian as directed by the Broker-Dealer, however the client may elect to be invoiced for fees or authorize Avisen Advisors to debit fees directly from a different client account. Management fees may be prorated for each capital contribution and withdrawal made during the applicable calendar quarter (with the exception of de minimis contributions and withdrawals). Accounts initiated or terminated during a calendar quarter will be charged a prorated fee. Upon termination of any account, any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable.
- C. As discussed below, unless the client directs otherwise or an individual client's circumstances require, Avisen Advisors shall generally recommend that Avisen Wealth Management, Inc. ("AWM") serve as the broker-dealer and Pershing LLC as custodian for client investment management assets. Broker-dealers such as AWM charge brokerage commissions and/or transaction fees for effecting certain securities transactions (i.e. transaction fees are charged for certain no-load mutual funds, commissions are charged for individual equity and fixed income securities transactions). In addition to Avisen Advisors' investment management fee, clients may also incur brokerage commissions, transaction fees, fees associated to mutual fund and exchange traded fund purchases, and/or charges imposed at the fund level (e.g. management fees and other fund expenses).
- D. Avisen Advisors' annual investment advisory fee shall be prorated and paid quarterly, in advance, based upon the market value of the assets on the last business day of the previous quarter. Avisen Advisors generally requires an annual minimum fee as stated above depending on the specific investment advisory product. However, Avisen Advisors, in its sole discretion, may charge a lesser investment management fee based upon certain criteria (i.e. anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, negotiations with client, etc.).

The *Investment Advisory Agreement* between Avisen Advisors and the client will continue in effect until terminated by either party by written notice in accordance

with the terms of the *Investment Advisory Agreement*. Upon termination, Avisen Advisors shall refund the pro-rated portion of the advanced advisory fee paid based upon the number of days remaining in the billing quarter.

Fees for Financial Planning Services are prepaid either on an hourly fee basis or a fixed project-based fee. Refer to Item 5.A. for full details on the *Financial Planning Services Fee Schedule*.

- E. Securities Commission Transactions. Investment advisors of Avisen Advisors are also registered representatives of Avisen Wealth Management, Inc. ("AWM"), a FINRA member broker-dealer. In the event that the client chooses to purchase investment products through AWM, AWM will charge brokerage commissions to effect securities transactions, a portion of which commissions AWM shall pay to the registered representative. The brokerage commissions charged by AWM may be higher or lower than those charged by other broker-dealers. In addition, AWM, as well as the registered representatives, relative to commission mutual fund purchases, may also receive additional ongoing 12b-1 trailing commission compensation directly from the mutual fund company during the period that the client maintains the mutual fund investment.
1. **Conflict of Interest:** The recommendation that a client purchase a commission product from AWM may present a ***conflict of interest***, as the receipt of commissions may provide an incentive to recommend investment products based on commissions to be received, rather than on a particular client's need. No client is under any obligation to purchase any commission products from AWM registered representatives. **Avisen Advisors' Chief Compliance Officer, Wayne Robello, remains available to address any questions that a client or prospective may have regarding the above conflict of interest.**
  2. **Please note:** Clients may purchase investment products recommended by Avisen Advisors through other, non-affiliated broker-dealers.
  3. Avisen Advisors does not receive more than 50% of its revenue from advisory clients as a result of commissions or other compensation for the sale of investment products Avisen Advisors recommends to its clients.
  4. Avisen Advisors does not charge advisory fees in addition to commissions received.

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

Neither Avisen Advisors nor any supervised person of Avisen Advisors accepts performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client).

### **Item 7 – Types of Clients**

Avisen Advisors provides portfolio management services to individuals, high net worth individuals, business entities, trusts, corporate pension and profit-sharing plans, and foundations. Account size minimums may apply depending on the advisory program selected; refer to Item 5 for details.

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

- A. Avisen Advisors shall utilize the following methods of security analysis:
- Charting - (analysis performed using patterns to identify current trends and trend reversals to forecast the direction of prices)
  - Fundamental - (analysis performed on historical and present data, with the goal of making financial forecasts)
  - Technical – (analysis performed on historical and present data, focusing on price and trade volume, to forecast the direction of prices)

Avisen Advisors shall utilize the following investment strategies when implementing investment advice given to clients:

- Long Term Purchases (securities held at least a year)
- Short Term Purchases (securities sold within a year)
- Trading (securities sold within thirty (30) days)
- Short Sales (contracted sale of borrowed securities with an obligation to make the lender whole)
- Margin Transactions (use of borrowed assets to purchase financial instruments)
- Options (contract for the purchase or sale of a security at a predetermined price during a specific period of time)

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

- B. Avisen Advisors' methods of analysis and investment strategies do not present any significant or unusual risks.

However, every method of analysis has its own inherent risks. To perform an accurate market analysis Avisen Advisors must have access to current/new market information. Avisen Advisors has no control over the dissemination rate of market information; therefore, unbeknownst to Avisen Advisors, certain analyses may be compiled with outdated market information, severely limiting the value of Avisen Advisors' analysis. Furthermore, an accurate market analysis can only produce a forecast of the direction of market values. There can be no assurances that a forecasted change in market value will materialize into actionable and/or profitable investment opportunities.

Avisen Advisors' primary investment strategies - Long Term Purchases, Short Term Purchases, and Trading - are fundamental investment strategies. However, every investment strategy has its own inherent risks and limitations. For example, longer term investment strategies require a longer investment time period to allow for the strategy to potentially develop. Shorter term investment strategies require a shorter investment time period to potentially develop but, as a result of more frequent trading, may incur higher transactional costs when compared to a longer term investment strategy. Trading, an investment strategy that requires the purchase and sale of securities within a thirty (30) day investment time period, involves a very short investment time period but will incur higher transaction costs when compared to a short term investment strategy and substantially higher transaction costs than a longer term investment strategy.

In addition to the fundamental investment strategies discussed above, Avisen Advisors may also implement and/or recommend – short selling, use of margin, and/or options transactions. Each of these strategies has a high level of inherent risk. (See discussion below).

Short selling is an investment strategy with a high level of inherent risk. Short selling, involves the selling of assets that the investor does not own. The investor borrows the assets from a third party lender (i.e. Broker-Dealer) with the obligation of buying identical assets at a later date to return to the third party lender. Individuals who engage in this activity shall only profit from a decline in the price of the assets between the original date of sale and the date of repurchase. Conversely, the short seller will incur a loss if the price of the assets rises. Other costs of shorting may include a fee for borrowing the assets and payment of any dividends paid on the borrowed assets.

Margin is an investment strategy with a high level of inherent risk. A margin transaction occurs when an investor uses borrowed assets to purchase financial instruments. The investor generally obtains the borrowed assets by using other securities as collateral for the borrowed sum. The effect of purchasing a security using margin is to magnify any gains or losses sustained by the purchase of the



financial instruments on margin. **Please Note:** To the extent that a client authorizes the use of margin, and margin is thereafter employed by Avisen Advisors in the management of the client's investment portfolio, the market value of the client's account and corresponding fee payable by the client to Avisen Advisors may be increased. As a result, in addition to understanding and assuming the additional principal risks associated with the use of margin, clients authorizing margin are advised of the potential **conflict of interest** whereby the client's decision to employ margin *may* correspondingly increase the management fee payable to Avisen Advisors. Accordingly, the decision as to whether to employ margin is left totally to the discretion of client.

The use of options transactions as an investment strategy involves a high level of inherent risk. Option transactions establish a contract between two parties concerning the buying or selling of an asset at a predetermined price during a specific period of time. During the term of the option contract, the buyer of the option gains the right to demand fulfillment by the seller. Fulfillment may take the form of either selling or purchasing a security depending upon the nature of the option contract. Generally, the purchase or the recommendation to purchase an option contract by Avisen Advisors shall be with the intent of offsetting/"hedging" a potential market risk in a client's portfolio. **Please Note:** Although the intent of the options-related transactions that may be implemented by Avisen Advisors is to hedge against principal risk, certain of the options-related strategies (i.e. straddles, short positions, etc), may, in and of themselves, produce principal volatility and/or risk. Thus, a client must be willing to accept these enhanced volatility and principal risks associated with such strategies. In light of these enhanced risks, client may direct Avisen Advisors, in writing, not to employ any or all such strategies for his/her/their/its accounts

- C. Currently, Avisen Advisors primarily allocates client investment assets among various no-load mutual funds, exchange traded funds (ETFs), fixed income assets and equity securities on a discretionary basis in accordance with the client's designated investment objective(s).

Avisen Advisors believes that its annual investment management fee is reasonable in relation to: (1) the advisory services provided under the Investment Advisory Agreement; and (2) the fees charged by other investment advisers offering similar services/programs. However, Avisen Advisors' annual investment management fee may be higher than that charged by other investment advisers offering similar services/programs. In addition to Avisen Advisors' annual investment management fee, the client may also incur charges imposed directly at the mutual fund level (e.g., management fees and other fund expenses). **Please Note:** Avisen Advisors' investment programs may involve above-average portfolio turnover, at times, which

could negatively impact upon the net after-tax gain experienced by an individual client in a taxable account.

The mutual funds in which Avisen Advisors may invest client funds are likely to have differing degrees of risk associated therewith. None of the investments in mutual funds are “risk-free”, and certain mutual funds, particularly mutual funds that invest in futures contracts, stock index futures contracts, options on stock index futures contracts, and options on securities and stock indices, have a substantial amount of risk associated therewith.

#### **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 Avisen Advisors or the integrity of Avisen Advisors’ management or supervisors. Avisen Advisors has no reportable disciplinary information applicable to this Item.

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

- A. The principals at Avisen Advisors are also principals with Avisen Wealth Management Inc. (“AWM”), a broker/dealer registered with the Securities and Exchange Commission and the Financial Industry Regulatory Authority (FINRA) and in many states, including California and Nevada. AWM is a full service broker dealer with individual and corporate investors. Avisen Advisors Investment Advisor Representatives are also Registered Representatives with Avisen Wealth Management, Inc.
- B. Neither Avisen Advisors, nor its representatives, are registered or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or a representative of the foregoing.
- C. As disclosed above in Item 5.E and Item 10.A, Avisen Advisors’ investment advisors are registered representatives of AWM, an SEC registered and FINRA member broker-dealer. Additionally, Avisen Advisors’ Principal, Kenneth Brown, as well as several of Avisen Advisors’ representatives are licensed insurance agents and may act in an individual capacity to recommend the purchase of certain insurance-related products on a commission basis.

Financial Planning Services are available on a fee basis, as explained in Item 5A. Financial Planning services are offered by Dusty Hoetger, CFP® and Michelle

Kessel-Harbart, WMCP®. Ms. Hoetger and Ms. Kessel-Harbart are investment advisor representatives with Avisen Advisors. They are also registered representatives of Avisen Wealth Management, Inc. Ms. Hoetger holds a Series 7 (General Securities Representative) and Series 63 (Uniform Securities Agent State Law) license and may act in an individual capacity to recommend the purchase of certain financial products relating to the implementation of a comprehensive financial plan. Ms. Kessel-Harbart holds a Series 7 (General Securities Representative) and Series 66 (Uniform Combined State Law Examination) license and may act in an individual capacity to recommend the purchase of certain financial products relating to the implementation of a comprehensive financial plan. Designation information for the Certified Financial Planner (CFP®) can be found at <https://www.cfp.net/> and Wealth Management Certified Professional (WMCP®) can be found at <https://www.theamericancollege.edu/designations-degrees/requirements>.

A. Wayne Robello is President of AWM, a broker/dealer registered with the Securities and Exchange Commission and the Financial Industry Regulatory Authority (FINRA) and in many states, including California.

Kenneth E. Brown is CEO of AWM, broker/dealer registered with the Securities and Exchange Commission and the Financial Industry Regulatory Authority (FINRA) and in many states, including California.

Avisen Wealth Management Inc. ("AWM"), an affiliate of Avisen Advisors, has an investment of \$100,000 in the equity of a mutual fund, Ascentia Alternative Strategies Fund. When deemed appropriate, Avisen Advisors may recommend the purchase of such fund to its customers. Avisen Advisors does not act as an advisor to the fund.

**Conflict of Interest:**

The recommendation by Avisen Advisors' Principals or representatives that a client purchase a securities or insurance commission product presents a *material conflict of interest*, as the receipt of commissions may provide an incentive to recommend investment products based on commissions received, rather than on a particular client's need. No client is under any obligation to purchase any commission products from any Avisen Advisors Principal or representative. Clients are reminded that they may purchase

commission products recommended by Avisen Advisors through other, non-affiliated insurance agents or broker-dealers.

**Avisen Advisors' Chief Compliance Officer, Wayne Robello, remains available to address any questions that a client or prospective client may have regarding the above conflict of interest.**

- D. Avisen Advisors may recommend or select an investment advisor for its clients through a sub-advisory agreement reference in Item 4.B above. The client is under no obligation to utilize any investment advisor recommended by Avisen Advisors.

### **Item 11 – Code of Ethics**

- A. Avisen Advisors has adopted a Code of Ethics for all supervised persons of the firm which serves to establish a high standard of business conduct for all of Avisen Advisors' Representatives that is based upon fundamental principles of openness, integrity, honesty and trust, and a fiduciary duty to its clients. All supervised persons at Avisen Advisors must acknowledge the terms of the Code of Ethics annually, or as amended.

Additionally, any advisor providing financial planning advice is committed to complying with the following ethical standards: 1) The Certified Financial Planner (CFP) Board's Code of Ethics and Professional Responsibility and 2) The Financial Planning Association (FPA) Code of Ethics. A copy of the Code of Ethics is provided to clients on an annual basis and is available to clients and prospective clients upon request. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition of rumor mongering, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things.

The American College of Financial Services which administers the Wealth Management Certified Professional (WMCP®) must agree to comply with The American College Code of Ethics and Procedures. More information about The American College Code of Ethics and WMCP designation, can be found at <https://www.theamericancollege.edu/designations-degrees/requirements>.

In accordance with Section 204A of the Investment Advisers Act of 1940, Avisen Advisors also maintains and enforces written policies reasonably designed to

prevent the misuse of material non-public information by Avisen Advisors or any person associated with Avisen Advisors.

- B. Neither Avisen Advisors nor any related person of Avisen Advisors recommends, buys, or sells for client accounts, securities in which Avisen Advisors or any related person of Avisen Advisors has a material financial interest.

C. & D.

Avisen Advisors anticipates that, in appropriate circumstances, consistent with clients' investment objectives, it will cause accounts over which Avisen Advisors has management authority to effect, and will recommend to investment advisory clients or prospective clients, the purchase or sale of securities in which Avisen Advisors, its affiliates and/or clients, directly or indirectly, have a position of interest. Avisen Advisors' employees and persons associated with Avisen Advisors are required to follow Avisen Advisors' Code of Ethics. Subject to satisfying this policy and applicable laws, officers, directors and employees of Avisen Advisors and its affiliates may trade for their own accounts in securities which are recommended to and/or purchased for Avisen Advisors' clients. The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of Avisen Advisors will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. Under the Code certain classes of securities have been designated as exempt transactions, based upon a determination that these would materially not interfere with the best interest of Avisen Advisors' clients. In addition, the Code requires pre-clearance of many transactions, and restricts trading in close proximity to client trading activity. Nonetheless, because the Code of Ethics in some circumstances would permit employees to invest in the same securities as clients, there is a possibility that employees might benefit from market activity by a client in a security held by an employee. Employee trading is continually monitored under the Code of Ethics, and to reasonably prevent conflicts of interest between Avisen Advisors and its clients.

Certain affiliated accounts may trade in the same securities with client accounts on an aggregated basis when consistent with Avisen Advisors' obligation of best execution. In such circumstances, the affiliated and client accounts will share commission costs equally and receive securities at a total average price. Avisen Advisors will retain records of the trade order (specifying each participating account) and its allocation, which will be completed prior to the entry of the

aggregated order. Completed orders will be allocated as specified in the initial trade order. Partially filled orders will be allocated on a pro rata basis. Any exceptions will be explained on the Order.

It is Avisen Advisors' policy that the firm will not affect any principal or agency cross securities transactions for client accounts. Avisen Advisors will also not cross trades between client accounts. Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to any advisory client. A principal transaction may also be deemed to have occurred if a security is crossed between an affiliated hedge fund and another client account. An agency cross transaction is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, acts as broker for both the advisory client and for another person on the other side of the transaction. Agency cross transactions may arise where an adviser is dually registered as a broker-dealer or has an affiliated broker-dealer.

Avisen Advisors' clients or prospective clients may request a copy of the firm's Code of Ethics by contacting Wayne Robello, Chief Compliance Officer.

## **Item 12 – Brokerage Practices**

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

Factors that Avisen Advisors considers in recommending AWM (or any other broker-dealer/custodian to clients) include historical relationship with Avisen Advisors, financial strength, reputation, execution capabilities, pricing, research, and service. Although the commissions and/or transaction fees paid by Avisen Advisors' clients shall comply with Avisen Advisors' duty to obtain best execution, a client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where Avisen Advisors determines, in good

faith, that the commission/transaction fee is reasonable in relation to the value of the brokerage and research services received. 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 broker-dealer services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although Avisen Advisors will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client account transactions. The brokerage commissions or transaction fees charged by the designated broker-dealer/custodian are exclusive of, and in addition to, Avisen Advisors' investment management fee. Avisen Advisors' best execution responsibility is qualified if securities that it purchases for client accounts are mutual funds that trade at net asset value as determined at the daily market close.

1. As disclosed in Item 10, Avisen Advisors and its Representatives are affiliated with AWM, a broker-dealer and FINRA member. AWM services to Representatives including custody of securities, trade execution, clearance and settlement of transactions. There is no direct link between Avisen Advisors' affiliation with AWM and the investment advice it gives to its clients, although Avisen Advisors may receive economic benefits through its affiliation with AWM that are not typically available to AWM retail investors. These benefits include the following products and services (provided without cost or at a discount): duplicate client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving advisor participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client accounts); the ability to have advisory fees deducted directly from client accounts; access to an electronic communications network for client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing research, technology, and practice management products or services provided to Avisen Advisors by third party vendors. AWM may also have paid for business consulting and professional services received by Avisen Advisors. Some of the products and services made available by AWM may benefit Avisen Advisors but may not benefit its client accounts. These products or services may assist Avisen Advisors in managing and administering client accounts, including accounts not maintained at AWM. Other services made available by AWM are intended to help Avisen Advisors manage and further develop its business enterprise. AWM may also pay or reimburse expenses (including travel, lodging, meals and entertainment expenses) for Avisen Advisors' representatives to attend conferences or meetings relating to Avisen's advisor custody and brokerage services generally. The benefits received by Avisen Advisors or its Representatives by AWM do not depend on the amount of brokerage transactions directed to AWM. Clients should be aware,



- however, that the receipt of economic benefits by Avisen Advisors or its Representatives in and of itself creates a potential conflict of interest and may indirectly influence Avisen Advisors' recommendation of AWM for custody and brokerage services. **Avisen Advisors' Chief Compliance Officer, Wayne Robello, remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding perceived conflict of interest such arrangement may create.**
2. Avisen Advisors may receive client referrals from AWM through its affiliation. **Avisen Advisors' Chief Compliance Officer, Wayne Robello, remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding perceived conflict of interest such arrangement may create.**
  3. Avisen Advisors does not engage in directed brokerage arrangements.
- B. To the extent that Avisen Advisors provides investment management services to its clients, the transactions for each client account generally will be effected independently, unless Avisen Advisors decides to purchase or sell the same securities for several clients at approximately the same time. Avisen Advisors may (but is not obligated to) combine or "bunch" such orders to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among Avisen Advisors' 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 clients in proportion to the purchase and sale orders placed for each client account on any given day. Avisen Advisors shall not receive any additional compensation or remuneration as a result of such aggregation.

### **Item 13 – Review of Accounts**

- A. Transaction activity is reviewed on a daily basis by the principals and periodically by a designated supervisor. The records reviewed are order tickets and trade blotters. Account activity is also reviewed, in like manner, on a quarterly basis using portfolio reports or monthly statements. For those clients to whom Avisen Advisors provides investment supervisory services, account reviews are conducted on an ongoing basis by Avisen Advisors' representatives.

All investment supervisory clients are encouraged to discuss with Avisen Advisors his/hers/their/its investment objectives, needs and goals to keep Avisen Advisors informed of any changes regarding same. All clients are encouraged to meet, at least



annually, with Avisen Advisors to comprehensively review investment objectives and account performance.

- B. Avisen Advisors 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.
- C. AWM will send trade confirmations and monthly brokerage statements to each investment advisory client. The records will show all activity in the account, including, but not limited to, deposits, withdrawals, and interest income. In addition, the client will receive quarterly portfolio reports showing investment performance. Pershing will also provide clearing and custody for these accounts.

Clients under Third Party Advisor relationships receive statements from various custodians who hold their accounts as well as reports from the Third Party Advisor.

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

- A. As referenced in Item 12.A.1 above, Avisen Advisors may receive an indirect economic benefit from AWM. Avisen Advisors, without cost (and/or at a discount), may receive support services and/or products from AWM. Avisen Advisors' clients do not pay more for investment transactions effected and/or assets maintained at AWM as a result of this arrangement. There is no corresponding commitment made by Avisen Advisors to AWM or any other any entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as result of the above arrangement. **Avisen Advisors' Chief Compliance Officer, Wayne Robello, remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding perceived conflict of interest any such arrangement may create.**
- B. If a client is introduced to Avisen Advisors by either an unaffiliated or an affiliated solicitor, Avisen Advisors *may* pay that solicitor a referral fee in accordance with the requirements of the Advisors Act Rule 206(4)-1 (Marketing Rule) of the Investment Advisers Act of 1940, and any corresponding state securities law requirements. Any such referral fee shall be paid solely from Avisen Advisors' investment management fee, and shall not result in any additional charge to the client. If the client is introduced to Avisen Advisors by an unaffiliated solicitor, the solicitor, at the time of the solicitation, shall disclose the nature of his/her/its solicitor relationship, and shall provide each prospective client with a copy of Avisen Advisors' written

Brochure with a copy of the written disclosure statement from the solicitor to the client disclosing the terms of the solicitation arrangement between Avisen Advisors and the solicitor, including the compensation to be received by the solicitor from Avisen Advisors.

### **Item 15 – Custody**

All assets are held at qualified custodians, which mean the custodians provide account statements directly to clients at their address of record at least quarterly. Avisen Advisors shall have the ability to have its advisory fee for each client debited by the custodian. Clients are provided with transaction confirmation notices and regular summary account statements (at least quarterly) directly from the custodian for the client accounts. Those clients whom Avisen Advisors provides investment advisory services will also receive a quarterly report from Avisen Advisors summarizing account activity and performance.

**Please note:** Avisen Advisors urges its clients to carefully review such statements and compare such official custodial records to the account statements/reports that we may provide to you. Avisen Advisors statements/reports may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities. Please additionally note that the account custodian does not verify the accuracy of Avisen Advisors' advisory fee calculation.

### **Item 16 – Investment Discretion**

The client can determine to engage Avisen Advisors to provide investment advisory services on a discretionary basis. Prior to Avisen Advisors assuming discretionary authority over a client's account, client shall be required to execute an *Investment Advisory Agreement*, naming Avisen Advisors as client's attorney and agent in fact, granting Avisen Advisors full authority to buy, sell, or otherwise effect investment transactions involving the assets in the client's name found in the discretionary account.

Clients who engage Avisen Advisors on a discretionary basis may, at anytime, impose restrictions, **in writing**, on Avisen Advisors' discretionary authority. (I.e. limit the types/amounts of particular securities purchased for their account, exclude the ability to purchase securities with an inverse relationship to the market, limit or proscribe Avisen Advisors' use of margin, etc).

### **Item 17 – Voting Client Securities**

- A. Avisen Advisors does not vote client proxies, however client's that utilize an investment adviser in one of Avisen Advisors' sub-advisory programs may elect **in writing** to have their investment advisor vote their proxies. Clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets.
- B. Clients will receive their proxies or other solicitations directly from their custodian. Clients may contact Avisen Advisors to discuss any questions they may have with a particular solicitation.

### **Item 18 – Financial Information**

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about Avisen Advisors' financial condition. Avisen Advisors does not solicit fees of more than \$1,200, per client, six months or more in advance. Avisen Advisors has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.