



## **Twin Peaks Wealth Advisors, LLC**

### **PART 2A – FIRM BROCHURE**

**08/01/2023**

**TWIN PEAKS WEALTH ADVISORS, LLC  
1008 Carolan Ave., Unit 1301  
Burlingame, CA 94010  
(650) 200-0308**

This brochure provides information about the qualifications and business practices of Twin Peaks Wealth Advisors, LLC ("TPWA"). If you have any questions about the contents of this brochure, please contact us at (650) 200-0308. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority. Twin Peaks Wealth Advisors, LLC is a Registered Investment Adviser. Registration as an Investment Adviser with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

Additional information about Twin Peaks Wealth Advisors, LLC is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as an IARD number which is 323817.

## ITEM 2 – MATERIAL CHANGES

### SUMMARY OF MATERIAL CHANGES

The purpose of this page is to inform you of any material changes since the previous version of this Brochure.

On March 17, 2023, we amended this Brochure to disclose that our firm will receive compensation for referring clients to the Cantor Fitzgerald Insured Cash Program. Please refer to Item 14 of this Brochure (the “Client Referrals and Other Compensation” section) for more information.

On April 10, 2023, we amended this Brochure to disclose a new address for our firm’s principal office location.

On July 5, 2023, we amended this Brochure to disclose that our firm may compensate outside parties for client referrals. Please refer to Item 14 of this Brochure (the “Client Referrals and Other Compensation” section) for more information. We also amended Item 5 (“Fee and Compensation” section) to disclose that clients may have advisory fees for certain accounts, such as 529 plans or 401(k) brokerage link accounts, deducted from other accounts that we manage on the client’s behalf.

On August 1, 2023, we amended this Brochure to disclose that our management fees are billed quarterly in advance based on the average daily balance of the account during the last quarter. Please see Item 5 of this Brochure for more information. We also amended this Brochure to disclose that we may offer assistance to clients with corporate actions. Please see Item 17 of this Brochure for more information.

If you have any questions about this change and/or if you would like to receive a complete copy of our current Brochure free of charge at any time, please contact Katrina Hermanson, Chief Compliance Officer of Twin Peaks Wealth Advisors at (650) 200-0308. The Brochure is also available on our website [www.twinpwa.com](http://www.twinpwa.com).

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## ITEM 4 – ADVISORY BUSINESS

Twin Peaks Wealth Advisors, LLC (“TPWA”) was founded to provide Complete Wealth Management and Financial Planning for clients. TPWA became a registered investment adviser in 2022 and is owned by Tushar Kumar and Vishal Kumar. Through our investment advisor representatives (“Representatives”) we provide forward-thinking investment advisory services for individuals, high net worth individuals, foundations, employer sponsored retirement plans, charitable organizations, institutions, trusts, and estates.

### COMPLETE WEALTH MANAGEMENT SERVICES

We primarily manage advisory accounts on a discretionary basis, where we execute the day-to-day transactions without seeking prior client consent based on the client’s financial goals and objectives. Clients may impose restrictions on certain securities, industries, or sectors, and must advise us of any such restrictions in writing. We primarily allocate client assets among various equities, Exchanged Traded Funds (“ETFs”), no-load or load-waived mutual funds or alternative investments.

Through our Complete Wealth Management Services, we determine a client’s objectives, time horizons, risk tolerance, and liquidity needs through in-depth interviews, questionnaires, or general discussions. Based on client needs, we develop a client’s personal profile and tailor an ongoing investment strategy. It is important that clients notify us immediately if circumstances have changed with respect to their financial situation.

Clients can provide the Representative with ability to access additional advisory accounts (“Outside Accounts”) through the Pontera Order Management System (“Pontera”). Through Pontera the Representative can access and trade client’s 401(k), HSA, or other brokerage accounts. Any Outside Accounts will be governed by the Advisory Agreement (“Agreement”) the client signs with the Advisor. Investments within Pontera are limited to the choices available through the custodian or trustee holding these accounts.

LPL Financial Sponsored Advisory Programs - We may provide advisory services through certain programs sponsored by LPL Financial LLC (“LPL”), a registered investment advisor and broker-dealer. For more information regarding the LPL programs, including more information on the advisory services and fees that apply, the types of investments available in the programs and the potential conflicts of interest presented by the programs please see the program account packet (which includes the account agreement and LPL Form ADV program brochure) and the Form ADV, Part 2A of LPL or the applicable program. Below is a brief description of each LPL program that may use:

**Manager Access Select Program** - Manager Access Select offers clients the ability to participate in the Separately Managed Account Platform (the “SMA Platform”) or the Model Portfolio Platform (the “MP Platform”). In the SMA Platform, we will assist client in identifying a third-party portfolio manager (SMA Portfolio Manager) from a list of SMA Portfolio Managers made available by LPL, and the SMA Portfolio Manager manages client’s assets on a discretionary basis. We will provide initial and ongoing assistance regarding the SMA Portfolio Manager selection process. In the MP Platform, clients authorize LPL to direct the investment and reinvestment of the assets in their accounts, in accordance with the selected model portfolio provided by LPL’s Research Department or a third-party investment advisor. A minimum account value of \$50,000 is required for Manager Access Select, however, in certain instances, the minimum account size may be lower or higher.

**Optimum Market Portfolios Program (OMP)** - OMP offers clients the ability to participate in a professionally managed asset allocation program using Optimum Funds shares. Under OMP, client will authorize LPL on a discretionary basis to purchase and sell Optimum Funds pursuant to investment objectives chosen by the client. We will assist the client in determining the suitability of OMP for the client and assist the client in setting an appropriate investment objective. We will have discretion to select a mutual fund asset allocation portfolio designed by LPL consistent with the client’s investment objective. LPL will have discretion to purchase and sell Optimum Funds pursuant to the portfolio selected for the client. LPL will also have authority to rebalance the account. A minimum account value of \$10,000 is required for OMP. In certain instances, LPL will permit a lower minimum account size.

**Model Wealth Portfolios Program (MWP)** - MWP offers clients a professionally managed mutual fund asset allocation program. We will obtain the necessary financial data from the client, assist the client in determining the suitability of the MWP program and assist the client in setting an appropriate investment objective. We will initiate the steps necessary to open an MWP account and have discretion to select a model portfolio designed by LPL’s Research Department consistent with the client’s stated investment objective. LPL’s Research Department, a third-party portfolio strategist and/or Advisor, through its IAR, may act as a portfolio strategist responsible for selecting the mutual funds or ETFs within a model portfolio and for making changes to the mutual funds or ETFs selected. The client will authorize LPL to act on a discretionary basis to purchase and sell mutual funds and ETFs and to liquidate previously purchased securities. The client will also authorize LPL to effect rebalancing for MWP accounts. MWP requires

a minimum asset value for a program account to be managed. The minimums vary depending on the portfolio(s) selected and the account's allocation amongst portfolios. The lowest minimum for a portfolio is \$10,000. In certain instances, a lower minimum for a portfolio is permitted.

**FINANCIAL PLANNING**

Through the financial planning process, TPWA strives to engage our clients in conversations around the family's goals, objectives, priorities, vision, and legacy. With the unique goals and circumstances of each family in mind, our team will offer financial planning ideas and strategies to address the client's holistic financial picture, including estate, income tax, charitable, cash flow, wealth transfer, and family legacy objectives. Our team can work with our client's other advisors (CPAs, Enrolled Agents, Estate Attorneys, Insurance Brokers, etc.) upon request to ensure a coordinated effort of all parties toward the client's stated goals. Such services include various reports on specific goals and objectives or general investment and/or planning recommendations, and periodic updates.

All Financial Planning clients are unique and require different services that we provide such as: (1) Review and clarification of your financial goals; (2) Assessment of your overall financial position including cash flow, balance sheet, investment strategy, risk management, and estate planning; (3) Creation of a unique plan for each goal you have for real estate, education, retirement or financial independence, charitable giving, estate planning, business planning, business succession, and other personal goals; (4) Development of a goal-oriented investment plan; (5) Design of a risk management plan including risk tolerance, risk avoidance and mitigation; and (6) Crafting and implementation of, in conjunction with your estate and/or corporate attorneys as tax advisor, an estate plan to provide for you and/or your heirs in the event of an incapacity or death.

A written evaluation of each client's initial situation or Financial Plan may be provided to the client. An annual review can be provided by the Advisor, if indicated by the Client and Advisor per the agreement. More frequent reviews occur but are not necessarily communicated to the client unless immediate changes are recommended.

**ASSETS**

As of July 19, 2023, we provide continuous management services to approximately \$272,472,190 in assets under management on a discretionary basis.

**ITEM 5 - FEES AND COMPENSATION**

**COMPLETE WEALTH MANAGEMENT SERVICES**

Our Fees for Complete Wealth Management Services depend on Program utilized by the client. For our services, clients pay an advisory fee ("Advisory Fee") based on an annual percentage of your assets that we manage, or assets under management ("AUM"). Our standard fee schedule is as follows:

Assets Under Management	Advisory Fee
\$0 to \$1,000,000	1.50%
\$1,000,001 to \$2,000,000	1.25%
\$2,000,001 to \$5,000,000	1.00%
\$5,000,001 and up	0.75%

Fees may vary and be negotiated based on the complexity of the portfolio, familial relationship, extent of activity in the account, and existing clients may be on a different fee schedule. Although in no case does any client pay more than 1.5% annually in Advisory Fees to TPWA. Advisory fees are billed quarterly in advance based on the average daily balance of the previous quarter. For any new accounts, we bill quarterly in arrears based on the average daily balance for the first billing period. There may be other fees or fee-paying arrangements that were negotiated with certain legacy clients based on the fee schedule that was in effect at that time. The specific fee and billing arrangement is detailed in the Advisory Agreement that a client signs to engage TPWA. The Advisory Agreement also provides us authority to debit your Advisory Fees directly from your account(s). All Advisory Fees are stated in the statements you will receive from the custodian that holds your account(s). For 529 accounts, 401(k) brokerage link accounts, and other similarly situated accounts account(s), advisory fees will either be paid directly by the client or deducted from another account that we manage on behalf of the client at the qualified custodian(s) recommended by our firm.

**LPL Programs** - The account fee charged to depends on the program utilized by the client:

Fees for the LPL Programs are negotiable, subject to the following maximum account fees of 1.50% for Manager Access Select; 1.50% for MWP; and 1.50% for OMP.

Representatives receive compensation when a client participates in an LPL program. Depending on, among other things, the type and size of the account, type of securities held in the account, changes in its value over time, the ability to negotiate fees or commissions, the historical or expected size or number of transactions, and the number and range of supplementary advisory and client-related services provided to the client, the amount of this compensation may be more or less than what the Representative would receive if the client participated in other programs, whether through LPL or another sponsor, or paid separately for investment advice, brokerage and other services.

Clients should consider the level and complexity of the advisory services to be provided when negotiating the account fee (or the advisor fee portion of the account fee, as applicable) with TPWA. Accounts using third-party portfolio managers under aggregate, all-in-one account fee structures (including Manager Access Select and MWP), because the portion of the account fee retained by TPWA varies depending on the portfolio strategist fee associated with a portfolio, TPWA has a financial incentive to select one portfolio instead of another portfolio. Please refer to the relevant LPL Form ADV program brochure for a more detailed discussion of conflicts of interest.

Clients may terminate the Advisory Agreement immediately upon written notice. If terminated, any unearned Advisory Fees will be rebated back to the account through an electronic credit or check to the client. Upon termination, you are responsible for monitoring the securities in your account, and we will have no further obligation to act or advise with respect to those assets. In the event of client's death or disability, TPWA will continue management of the account until we are notified of client's death or disability and given alternative instructions by an authorized party.

Unless the client directs otherwise, we will generally recommend either LPL Financial ("LPL"), member FINRA/SIPC or Charles Schwab & Co. ("Schwab") as the custodians ("Custodian") who holds your client assets. The Custodian charges transaction fees for effecting certain securities transactions (i.e. transaction fees for certain no-load mutual funds, individual equity and fixed income securities transactions, etc.). In addition to our Advisory Fee and Custodian charges (transaction fees), clients will also incur, relative to all mutual fund and exchange traded fund purchases, charges imposed at the fund level (e.g. management fees and other fund expenses). Accordingly, client should review the fees charged by the investments, Custodian, the Outside Account custodian or trustee, and our Advisory Fee to fully understand the total amount of the fees being paid. Additionally, the investments selected for the clients are not exclusively available to the Advisor and could be obtained through other unaffiliated firms and potentially at a lower fee.

In some cases, we may have the option to utilize an investment that has no transaction fees ("NTF"). In our decision to purchase any NTF, we consider our expected holding period of the fund, the position, performance, size and the expense ratio of the fund versus alternative funds. Depending on our analysis and future events, NTF funds might not always be in our client's best interest.

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## **FINANCIAL PLANNING**

For Complete Wealth Management clients who engage us to manage more than \$2,000,000 in AUM, Financial Planning is included for the Advisory Fee charged. For individuals or families with less than \$2,000,000 in AUM or clients who engage us solely for financial planning, TPWA charges a fixed fee or an hourly rate ("Planning Fee").

Under our fixed fee arrangement, any fee will be agreed in advance of services being performed and clearly shown on the Financial Planning agreement. The fee will be determined based on factors including the complexity of your financial situation, agreed upon deliverables, and whether you intend to implement any recommendations through TPWA. Fixed fees for financial plans range from \$3,000 to \$20,000. Clients who engage us for hourly planning will be charged up to \$500 per hour.

Typically, we complete a plan within a month and will present it to you within 90 days of the contract date, if you have provided us all information needed to prepare the financial plan. Planning Fees are billed at the execution of the Financial Planning Agreement. You may terminate the financial planning agreement by providing us with written notice. There is no penalty for termination of your financial planning agreement prior to the plan being delivered to you. We will not require prepayment of more than \$1,200 in fees per client, six (6) or more months in advance of providing any services.

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## OTHER COMPENSATION

Clients are responsible for the transaction charges, fees and other expenses charged by the custodian or trustee if they open an Outside Account through Pontera. It is important for the client to know that Outside Accounts are included in the Advisory Fee calculation. Further, if the electronic access is not kept current, it may cause inaccurate or stale information in the management, trading and Advisory Fee calculation. TPWA may also provide clients with the ability pay the Advisory Fee electronically, through third-party firms that process payments through credit cards or ACH bank transfers.

We may make recommendations to purchase insurance products during the Financial Planning process. Additionally, some Representatives will be Registered Representatives ("RR") of Purshe Kaplan Sterling ("PKS"), who is a FINRA member broker/dealer. TPWA and PKS or the insurance companies utilized for insurance sales are not affiliated firms. Representatives, acting in an RR and insurance agent capacity, may recommend or take an order from the client to sell or purchase securities or insurance products through either PKS or other insurance companies. This may produce additional compensation for the Representative/RR, which are separate and distinct from the Advisory Fees you pay TPWA. The investments, products, accounts and services offered by PKS or the insurance companies are separate and distinctly different from the services provided by TPWA, even though the values of these investments may be shown on your advisory custodian statement. The commissions are not credited against any Advisory Fees clients pay. Selling brokerage or insurance products can create a conflict of interest for the Representative when acting in the capacity of an RR/insurance agent, in that there may be a financial incentive to recommend one product over another based on the amount of commissions paid. However, in all cases TPWA will be a fiduciary and make recommendations that are appropriate for the client and their financial goals.

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

We do not charge advisory fees on a share of the capital appreciation of the funds or securities in a client account (so-called performance-based fees).

## ITEM 7 - TYPES OF CLIENTS

We provide investment advice to individuals, high net worth individuals, businesses, corporations, foundations, employer sponsored retirement plans, charitable organizations, institutions, trusts, estates, and broker-dealers. We do not have minimum dollar amount to open and maintain an advisory account with our Firm.

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

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### METHODS OF ANALYSIS AND INVESTMENT STRATEGIES

TPWA utilizes personalized investment strategies to meet the needs and goals of clients. We provide a consultative process which combine both comprehensive financial planning concepts along with a disciplined investment allocation aligned with planning based individualized client's risk/return needs.

**Asset Allocation** - Asset Allocation is the process of attempting to maximize our client's portfolio objectives while minimizing the associated risks. We manage diversified portfolios utilizing Exchange Traded Funds (ETFs) and actively managed institutional share class mutual funds to provide a long-term core strategic asset allocation. The strategic allocation decisions generally consider the recommendation of the recognized best in the business firm's security research (i.e. Morningstar, Fidelity Institutional Asset Management, Blackrock, and other third-party sources). These core allocations will focus on seeking non-correlated assets to reduce short term volatility. We also will incorporate short-term tactical themes representing opportunities given the current state of the economy.

**Mutual Fund and/or ETF Analysis** - We use ETFs to weight sectors, geographies, market-caps and styles to ensure portfolios reflect potential opportunity within capital market assumptions over time. We look at the underlying assets in a mutual fund or ETF to determine if there is significant overlap in the underlying investments held in other fund(s) in the client's portfolio. We also monitor the funds or ETFs to determine if they are continuing to follow their stated investment strategy. A risk of mutual fund and/or ETF analysis is that, as in all securities investments, past performance does not guarantee future results. Because we do not control the underlying investments in a fund or ETF, managers of different funds held by the client may purchase the same security thereby increasing the risk to the client if that security were to fall in value. There is also a risk that a manager may deviate from the stated investment mandate or strategy of the fund or ETF which could make the holding(s) less suitable for the client's portfolio.



**Constraints** - We believe wealth can be achieved through a disciplined, managed approach that remains fully invested. Market timing techniques generally will not be employed. Over the course of a market cycle, we may be under or overweight certain sectors to take advantage of potential market opportunities. Positions may be increased or reduced as price, performance, and market conditions warrant. Clients should keep in mind that historical short-term results have been a less reliable indicator of management performance than compounded returns generated over longer periods of time.

**Ongoing Review** - Communication with clients is ongoing with a focus on progress to the client's investment planning goals. In addition to quarterly account statements from your Custodian, we send clients a personalized quarterly performance evaluation. The evaluation reviews asset allocation and highlights account performance considering stated guidelines. It also supplies relevant benchmarks against which clients may use to help evaluate performance. Investment performance will be reviewed at least annually to determine the continued feasibility of achieving the client's objectives.

TPWA rebalances portfolios on a regular basis to ensure investment allocations remain consistent to Client objectives. Periodically we may encounter economic conditions that warrant temporary adjustments to the asset allocation of an investment strategy or portfolio. If we believe that these conditions present either an increase in risk or opportunity for that particular asset class, we may alter the appropriate allocation to reflect this conviction.

**Alternative Investments** - If deemed appropriate for your portfolio, we may recommend investments classified as "alternative investments". Alternative investments may include a broad range of underlying assets including, but not limited to, hedge funds, private equity, non-traded REITS, venture capital, and registered, publicly traded securities. Alternative investments are speculative, not suitable for all clients and intended for only experienced and sophisticated investors who are willing to bear the high risk of the investment.

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## **RISK OF LOSS**

A client's investment portfolio is affected by general economic and market conditions, such as interest rates, availability of credit, inflation rates, economic conditions, changes in laws and national and international political circumstances. Investing in securities involves certain investment risks. Securities may fluctuate in value or lose value. Clients should be prepared to bear the potential risk of loss. TPWA will assist Clients in determining an appropriate strategy based on their tolerance for risk.

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

Our methods rely on the assumption that the underlying companies within our security allocations are accurately reviewed by the rating agencies and other publicly available sources of information about these securities, are providing accurate and unbiased data. While we are alert to indications that data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information.

Investors should be aware that accounts are subject to the following risks:

**Market Risk** - Even a long-term investment approach cannot guarantee a profit. Economic, political, and issuer-specific events will cause the value of securities to rise or fall. Because the value of investment portfolios will fluctuate, there is the risk that you will lose money and your investment may be worth upon liquidation.

**Foreign Securities and Currency Risk** - Investments in international and emerging-market securities include exposure to risks such as currency fluctuations, foreign taxes and regulations, and the potential for illiquid markets and political instability.

**Capitalization Risk** - Small-cap and mid-cap companies may be hindered because of limited resources or less diverse products or services. Their stocks have historically been more volatile than the stocks of larger, more established companies.

**Interest Rate Risk** - In a rising rate environment, the value of fixed-income securities generally declines, and the value of equity securities may be adversely affected.

**Credit Risk** - Credit risk is the risk that the issuer of a security may be unable to make interest payments and/or repay principal when due. A downgrade to an issuer's credit rating or a perceived change in an issuer's financial strength may affect a security's value and thus, impact the fund's performance.

**Securities Lending Risk** - Securities lending involves the risk that the fund loses money because the borrower fails to return the securities in a timely manner or at all. The fund could also lose money if the value of the collateral provided for loaned securities, or the value of the investments made with the cash collateral, falls. These events could also trigger adverse tax consequences for the fund.

**Exchange-Traded Funds** - ETFs face market-trading risks, including the potential lack of an active market for shares, losses from trading in the secondary markets, and disruption in the creation/redemption process of the ETF. Any of these factors may lead to the fund's shares trading at either a premium or a discount to its "net asset value."

**Performance of Underlying Managers** - We select the mutual funds and ETFs in the asset allocation portfolios. However, we depend on the manager of such funds to select individual investments in accordance with their stated investment strategy.

**Non-liquid Alternative Investments** - From time to time, we recommend to certain qualifying clients that a portion of such clients' assets be invested in private funds, private fund-of-funds and/or other alternative investments (collectively, "Nonliquid Alternative Investments"). Nonliquid Alternative Investments are not suitable for all clients and are offered only to those qualifying clients for whom we believe such an investment is suitable and in line with their overall investment strategy. Nonliquid Alternative Investments typically are available to only a limited number of sophisticated investors who meet the definition of "accredited investor" under Regulation D of the Securities Act of 1933, as amended (the "Securities Act"), or "qualified client" under the Investment Advisers Act of 1940, or "qualified purchaser" under the Investment Company Act of 1940. Nonliquid Alternative Investments present special risks for our clients, including without limitation, limited liquidity, higher fees and expenses, volatile performance, no assurance of investment returns, heightened risk of loss, limited transparency, additional reliance on underlying management of the investment, special tax considerations, subjective valuations, use of leverage and limited regulatory oversight. When a Nonliquid Alternative Investment invests part or all of its assets in real estate properties, there are additional risks that are unique to real estate investing, including but not limited to: limitations of the appraisal value; the borrower's financial conditions (if the underlying property has been obtained by a loan), including the risk of foreclosures on the property; neighborhood values; the supply of and demand for properties of like kind; and certain city, state and/or federal regulations. Additionally, real estate investing is also subject to possible loss due to uninsured losses from natural and man-made disasters. The above list is not exhaustive of all risks related to an investment in Nonliquid Alternative Investments. A more comprehensive discussion of the risks associated with a particular Nonliquid Investment is set forth in that fund's offering documents, which will be provided to each client subscribing to a Nonliquid Alternative Investment, for review and consideration. It is important that each potential, qualified investor carefully read each offering or private placement memorandum prior to investing.

**Options and Other Derivatives Risk** - Client portfolios may purchase or sell options, warrants, equity-related swaps or other derivatives that trade on an exchange. Both the purchasing and selling of call and put options entail risks. An investment in an option may be subject to greater fluctuation than an investment in the underlying securities. The effectiveness of purchasing or selling stock index options as a hedging technique depends upon the extent to which price movements in the hedged portfolios correlate with price movements of the stock index selected. Because the value of an index option depends upon movements in the level of the index rather than the price of a particular security, whether a portfolio realizes a gain or loss will depend upon movements in the level of security prices in securities markets generally rather than movements in the price of a particular security.

**Interest Rate Risk** - refers to the risk that the market value of bonds will go down when interest rates go up. Because of this risk, investors can lose money in any bond fund or laddered individual bond portfolio, if a bond were sold before its maturity date. Interest rate risk applies to investments in insured bonds and U.S. Treasury Bonds. Longer-term bonds and bond funds tend to have higher interest rate risks.

**Credit Risk** - refers to the risk that companies or other issuers may fail to pay their debts (including the debt owed to holders of their bonds). Consequently, this affects individual bond ladders, mutual funds and exchange-traded funds (ETFs) that hold these bonds. Credit risk is less of a factor in investments including insured bonds or U.S. Treasury Bonds. By contrast, those that invest in the bonds of companies with poor credit ratings generally will be subject to higher risk.

**Prepayment Risk** - Issuers may choose to pay off debt earlier than the stated maturity date on a bond. For example, if interest rates fall, a bond issuer may decide to "retire" its debt and issue new bonds that pay a lower rate. When this happens, proceeds from the sale of individual bonds or a bond fund may not be able to be reinvested in an investment with as high a return or yield.

## ITEM 9 - DISCIPLINARY INFORMATION

We do not have any legal, financial, or other "disciplinary" item to report.



## ITEM 10 - OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

As noted above, some Representatives are also licensed to sell insurance and/or are Registered Representatives of PKS and may receive commissions from the sales products available through these associations. Should a client wish to purchase any products that are not advisory assets, the client will pay the premium or commission on those assets that are separate and distinct from any Advisory Fee. This could create a conflict for the Representative to sell a product to make a commission—but in all cases the client interests must be placed before ours.

## ITEM 11 - CODE OF ETHICS

We have implemented policies and procedures to govern our employees and to mitigate the conflicts of interest we encounter when providing our advisory services to clients. These include:

- A Code of Ethics that each employee is required to review and sign an acknowledgement of receipt and understanding (upon hire, and annually);
- Prohibitions on the misuse of material non-public information;
- Personal securities trading policies and procedures (governing not only our employee but also the members of their household and any other securities or brokerage accounts where they have beneficial ownership of with a spouse, family member or other person). Employees are not allowed to:
  - Trade on inside information.
  - “Front-run” or trade in anticipation of client transactions.
  - Trade or participate in any activity prohibited under the federal securities laws.
  - Place their interests in front of clients.

We strive to achieve the highest ethical and fiduciary standards (in dealing with clients, the public, vendors, prospective clients and each other). As a fiduciary, we have an affirmative duty to act with integrity, competence and care; this includes disclosing all potential and actual conflicts of interest.

It may be possible for the Representative to buy or sell securities in their personal accounts that were also purchased in client accounts. We have a strict policy against using the trade flow of clients to economically benefit our firm or Representatives and we monitor the transactions of Representative’s accounts to ensure that client interests are placed first.

We perform services for various other clients. We may give advice or take actions for our clients that differ from the advice given to other clients. The timing or nature of any action taken for all clients or other sponsors may also vary. For more information or to request a copy of our Code of Ethics, please contact us at (650) 200-0308.

## ITEM 12 - BROKERAGE PRACTICES

As noted above, we work primarily with LPL or Schwab based on the value to our clients for the transaction costs and other costs incurred. The client is not obligated to effect transactions through any broker-dealer recommended by TPWA. In recommending the Custodian, we will comply with our fiduciary duty to seek best execution and will consider such relevant factors as: (1) historical relationship; (2) price; (3) the custodian’s facilities, reliability, and financial responsibility; (4) the ability of the custodian to effect transactions, particularly with regard to such aspects as timing, order size and execution of order; and (5) Any other factors that we consider to be relevant.

We may aggregate trades for clients. The allocations of a particular security will be determined before the trade is placed with the broker. When practical, client trades in the same security will be bunched in a single order (“block”) to obtain best execution at the best security price available. When employing a block trade: (1) we will make reasonable efforts to attempt to fill client orders by day-end. (2) If the block order is not filled by day-end, we will allocate shares executed to underlying accounts on a pro rata basis, adjusted as necessary to keep client transaction costs to a minimum. (3) If a block order is filled (full or partial fill) at several prices through multiple trades, an average price and commission will be used for all trades executed. (4) All participants receiving securities from the block trade will receive the average price. (5) Only trades executed within the block on the single day may be combined for purposes of calculating the average price.

It is expected that this trade aggregation and allocation policy will be applied consistently. However, if application of this policy results in unfair or inequitable treatment to some or all our clients, we may deviate from this policy.

## ITEM 13 - REVIEW OF ACCOUNTS

Accounts are reviewed by our Chief Compliance Officer who is responsible for overseeing all investment advisory activities for the firm, although such reviews may be assigned or delegated to an appropriate reviewer. The frequency of reviews is determined based on the client investment objectives. Accounts are generally reviewed quarterly, but in any event, no less than annually.

More frequent reviews may be triggered by a change in client's investment objectives; tax considerations; large deposits or withdrawals; large sales or purchases; loss of confidence in corporate management; or changes in the economic climate.

Investment advisory clients receive standard account statements from the Custodian of their accounts typically on a monthly basis. We may also provide clients with a written report summarizing your accounts. There may be a difference between the report provided by TPWA and the statement from the Custodian based on settlement versus trade date accounting, dividends or accrued interest. It is important that Clients rely on the value as provided by the Custodian for the actual value of their accounts.

Additionally, we have contracted with various unaffiliated firms ("Firms"), to utilize their servicing and technology platforms which support our data reconciliation, performance reporting, fee calculation, client relationship maintenance, quarterly performance evaluations, and other functions related to the administrative tasks of managing client accounts. Due to these arrangements, these Firms will have access to client accounts, but will not serve as an investment advisor to our clients or bill the accounts for their fees. These Firms charge us a fee to utilize the services and software that is born by our firm.

## ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION

As disclosed under Item 12 above, we may recommend LPL or Schwab (collectively referred to as "Custodians") to clients for custody and brokerage services. The Custodians provide us economic benefits that may or may not be available for retail clients. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving our 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 us by third party vendors. The Custodians may pay for business consulting and professional services received by our related persons. Some of the products and services made available by the Custodians may benefit us but may not benefit our client accounts. These products or services may assist us in managing and administering client accounts, including accounts not maintained at the Custodians. Other services made available by the Custodians are intended to help us manage and further develop our business enterprise. The benefits received by TPWA does not depend on the amount of brokerage transactions directed to the Custodians.

### **Cantor Fitzgerald Insured Cash Program<sup>SM</sup>**

TPWA makes available to clients the Cantor Fitzgerald Insured Cash Program<sup>SM</sup> sponsored by StoneCastle Cash Management, LLC ('StoneCastle'). The Federally Insured Cash Account program offered by StoneCastle allows customers the ability to protect their money by placing it in deposit accounts at banks, savings institutions and credit unions in a manner that maintains a higher level of insurance of the funds by the Federal Deposit Insurance Corporation ("FDIC") or National Credit Union Administration ("NCUA"), whichever is applicable. Funds will be deposited within StoneCastle's network of insured depositories. TPWA earns a referral fee from StoneCastle if clients participate in this program. TPWA's referral fee will be 35 basis points. The interest rate clients receive from the FICA program are net of all fees, including the 35-basis points fee we receive for referring clients to this program. TPWA will assist clients in signing up for this program and facilitating the transfer of funds between the client's like-named accounts. Clients participating in this program will receive a copy of the StoneCastle's Form ADV.

The receipt of the referral compensation presents a conflict of interest since we have a financial incentive to recommend this cash program over other cash alternatives. As a fiduciary, we will only make these referrals if in your best interest. You

are under no obligation to accept any recommendation that we provide.

Non-employee (outside) consultants, individuals, and/or entities, who refer prospective clients to our firm may receive compensation from the firm. Such arrangements will comply with the requirements of the relevant jurisdictions, including the requirement that the compensation arrangement is disclosed to the prospective client at the time of the referral. Referral compensation will only be paid in jurisdictions in which the relevant parties are registered or exempt from registration requirements. Under these arrangements, clients will not pay additional fees because of this referral arrangement.

## **ITEM 15 – CUSTODY**

As noted in the Advisory Agreement signed by the Client, we do have the ability to deduct our advisory fee directly from Client accounts. Additionally, we are reporting custody on certain accounts where the client has requested the ability to electronically transfer assets to a third-party through a standing limited power of attorney (known as a SLOA). Although, we do not have any relationship, affiliation or share an address with any of the third parties, we are following SEC guidelines to report having custody of these assets. Other than these situations, we do not have custody of any client assets.

## **ITEM 16 – INVESTMENT DISCRETION**

Clients grant us discretion through a limited power of attorney to select, purchase, or sell securities without obtaining client specific consent within client accounts. Our Advisory Agreement will provide us discretion authority to trade accounts.

## **ITEM 17 – VOTING YOUR SECURITIES**

We will not vote proxies on your behalf. You are welcome to vote proxies or designate an independent third-party at your own discretion. You designate proxy voting authority in the custodial account documents. You must ensure that proxy materials are sent directly to you or your assigned third party. Clients can contact our office with questions about a particular solicitation by phone at (650) 200-0308.

From time to time, we may, in our sole discretion, assist clients with corporate actions, such as a mutual fund tender announcement. We provide this service on a complimentary basis. Our firm does not provide legal advice.

## **ITEM 18 – FINANCIAL INFORMATION**

We are not aware of any circumstance that is reasonably likely to impair our ability to meet contractual commitments to clients. We do not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance. Therefore, we are not required to include a balance sheet for our most recent fiscal year.