

# AVIDIAN WEALTH SOLUTIONS, LLC

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## **The Avidian Wealth Solutions Strategic Management Wrap Fee Program Brochure ("The AWS Program")**

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Avidian Wealth Solutions, LLC is an investment adviser that is registered with the United States Securities and Exchange Commission. Registration does not imply a certain level of skill or training.

This firm brochure provides information about the qualifications and business practices of Avidian Wealth Solutions, LLC. If you have any questions about the contents of this firm brochure, please contact us at 281-822-8800 and/or [hopeedick@avidianwealth.com](mailto:hopeedick@avidianwealth.com). The information in this firm brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Avidian Wealth Solutions, LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## ITEM 2 – MATERIAL CHANGES

The Avidian Wealth Strategic Wealth Management Wrap Fee Program “The AWS Program” is a new Wrap Program, available to clients we serve on the LPL Financial Custodial Platform.

**ANY QUESTIONS:** Avidian’s Chief Compliance Officer, Hope Edick, remains available to address any questions regarding this brochure and she may be contacted at the telephone number or email address on the cover page of this brochure.

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## ITEM 4 – SERVICES, FEES AND COMPENSATION

### Avidian Advisory Description

Avidian Wealth Solutions, LLC (“Avidian”) was formed on October 9, 2002, and commenced doing business in 2003 as Streettalk Advisors, LLC. The principal owners are James “Luke” Patterson, Michael Anthony Smith, Preston Snow, James Atkinson, Bradley Covey, William Morgan Stone, and Gregory Litts.

### AWS Wrap Fee Program

Avidian provides investment management services on a wrap fee basis in accordance with the terms of its AWS SWM Wrap Fee Program (the “AWS Program”). The services offered under, and the corresponding terms and conditions pertaining to, the AWS Program are discussed in this AWS Wrap Fee Program Brochure, a copy of which is presented to all prospective Program participants. Under the AWS Program, Avidian is able to offer participants discretionary investment management services, for a single specified annual AWS Program fee, inclusive of trade execution, custody, reporting, and investment management fees. The current annual Program fee ranges from negotiable to 1.50% of the assets placed into the AWS Program.

Under the AWS Program, Avidian, if engaged on a discretionary basis, shall be provided with written authority to determine which securities and the amounts of securities that are bought or sold. Any limitations on this discretionary authority shall be included in the written agreement between each client and Avidian. Clients may change/amend these limitations, in writing, at any time. The client shall have reasonable access to one of Avidian ’s investment professionals to discuss their account.

### Fee Calculation

The fee charged is calculated as described above and is not charged on the basis of a share of capital gains upon or capital appreciation of the funds or any portion of the funds of an advisory client.

### Fee Payment

Clients will be charged in arrears at the end of each calendar month based upon the average daily balance of the assets in the account the previous month. Fees are also charged on accrued interest. If the advisory agreement becomes effective after the first day of a calendar month, the fee for that month will be calculated proportionately with respect to the number of days in the month for which the agreement is in effect. If the agreement is terminated prior to the last day of the calendar month, the fee will be calculated proportionately with respect to the number of days in the month that the agreement was in effect.

### Fee Differentials

As indicated above, Avidian shall receive an investment advisory fee based upon a percentage (%) of the market value of the assets placed under management (between negotiable and 1.50%). However, fees shall vary depending upon various objective and subjective factors, including but not limited to: the representative assigned to the account, the amount of assets to be invested, the complexity of the engagement, the anticipated number of meetings and servicing needs, related accounts, future earning capacity, anticipated future additional assets, and negotiations with the client.

Because we shall generally price our wrap fee advisory services based upon various objective and subjective factors, our clients could pay diverse fees based upon a combination of factors, including but not limited to the market value of their assets, the complexity of the engagement, the level and scope of the overall investment advisory services to be rendered, and negotiations, similarly situated clients could pay diverse fees, and the services to be provided by Avidian to any particular client could be available from other advisers at lower fees. All clients and prospective clients should be guided accordingly.

### Investment Performance

As a condition to participating in the AWS Program, the participant must accept that past performance may not be indicative of future results, and understand that the future performance of any specific investment or investment strategy (including the investments and/or investment strategies purchased and/or undertaken by Avidian may not: (1) achieve their intended objective; (2) be profitable; or, (3) equal historical performance level(s) or any other performance level(s).

Participation in the AWS Program may cost more or less than purchasing such services separately. Also, the Program fee charged by Avidian for participation in the AWS Program may be higher or lower than those charged by other sponsors of comparable wrap fee programs.

Depending upon the percentage wrap-fee charged by Avidian, the amount of portfolio activity in the client's account, and the value of custodial and other services provided, the wrap fee may or may not exceed the aggregate cost of such services if they were to be provided separately and/or if Avidian were to negotiate transaction fees and seek best price and execution of transactions for the client's account.

### Wrap Program-Conflict of Interest

Under the AWS Program, the client generally receives investment advisory services, the execution of securities brokerage transactions, custody, and reporting services for a single specified fee. Participation in a wrap program may cost the client **more** or less than purchasing such services separately. Because wrap program fees are generally paid to the custodian/broker-dealer by the Advisor (in this case Avidian) based on transactions, and/or commissions, there is the potential conflict that the advisor could minimize the number of trades in the client's account to maximize

its compensation. To mitigate this conflict Avidian does pay fee based on transactions, rather the fee that is paid on behalf of the client is a % of the assets held on the custodian platform. Sometimes referred to as a custodial platform fee.

The AWS Program's wrap fee does not include certain charges and administrative fees, including, but not limited to, fees charged by SMAs and/or independent investment managers utilized to manage all or a portion of the client's portfolio, mark-ups and mark-downs resulting from trades effected through or with a broker-dealer other than the account custodian, exchange fees, interest charges, American Depository Receipt agency processing fees, and any charges, taxes or other fees mandated by any federal, state or other applicable law or otherwise agreed to with regard to client accounts. Such fees and expenses are in addition to the AWS Program's wrap fee.

Clients who engage Avidian on a wrap fee basis **will not** incur brokerage commissions and/or transaction or asset based custodial fees in addition to the AWS Program fee.

Avidian's related persons who recommend the AWS Program to clients do not receive additional or incentive compensation as a result of a client's participation in the wrap fee program.

#### **ITEM 5 – ACCOUNT REQUIREMENTS AND TYPES OF CLIENTS**

Avidian clients shall generally include individuals, pension and profit-sharing plans, business entities, trusts, estates, foundations, and other entities. Avidian in its sole discretion, may reduce its 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.).

**Please Note: The AWS Program is only available to clients who maintain their accounts at LPL Financial.**

#### **ITEM 6 – PORTFOLIO MANAGER SELECTION AND EVALUATION**

Avidian may allocate a portion of a client's AWS Program assets among unaffiliated independent investment managers or separately managed accounts in accordance with the client's designated investment objective(s). In such situations, the other manager(s) shall have day-to-day responsibility for the active discretionary management of the allocated Program assets. The Registrant shall continue to render investment supervisory services to the client relative to the ongoing monitoring and review of account performance, asset allocation and client investment objectives. Factors which Avidian shall consider in recommending the other manager(s) include the client's designated investment objective(s), management style, performance, reputation, financial strength, reporting, pricing, and research.

Avidian acts as the portfolio manager for the AWS Program. Inasmuch as the execution costs for transactions effected in the client account will be paid by Avidian, a conflict of interest arises in that Avidian may have a disincentive to trade securities in the client account. In addition, the amount of compensation received by Avidian as a result of the client's participation in the AWS Program may be more than what Avidian would receive if the client paid separately for investment advice, brokerage, and other services.

As the AWS Program sponsor, Avidian shall be responsible for the primary management of the Program, including the selection and termination of all independent investment managers and separately managed accounts. Once selected, an independent investment manager or separately managed account manager shall be responsible for day-to-day management and selection of

securities for the account.

As discussed below, Avidian also offers its client's investment advisory services, on a non-wrap fee basis.

### **Other Advisory Business Services**

#### ***Non-Wrap Fee Basis***

Clients may engage Avidian to provide discretionary investment advisory services. Avidian's annual investment advisory fee shall be based upon a percentage (%) of the market value and type of assets placed under management.

#### ***Financial Planning and Consulting Services (Stand-Alone)***

To the extent specifically requested by a client, Avidian may determine to provide financial planning and/or consulting services (including investment and non-investment related matters, business planning, including estate planning, insurance planning, etc.) on a stand-alone fee basis. Fees charged are described in Item 5.

Avidian gathers information from the client such as assets, liabilities, and financial goals. Avidian inputs that information into financial planning / retirement planning software. The software uses the information to project the likelihood of various investment outcomes and generate a Financial Goal Plan report. The software uses several methods of calculating results. All results are hypothetical in nature and do not reflect actual investment results. Implementation of any financial planning recommendation is entirely at the client's discretion. This service is used merely to help the client understand how much they may need to save in order to meet their retirement goals. There is no guarantee that clients will meet their retirement or investment goals even if they follow all Avidian recommendations.

Several of the Avidian Advisors are also, Certified Financial Planners and are subject to

Please Note: Avidian does not serve as an attorney or accountant, and no portion of our services should be construed as same. Accordingly, Avidian does not prepare estate planning documents, or tax returns. To the extent requested by a client, we may recommend the services of other professionals for certain non-investment implementation purpose (i.e., attorneys, accountants, insurance), including Avidian's representatives in their separate individual capacities as licensed insurance agents of Avidian Insurance Agency, LLC., and licensed CPAs (operating as a CPA Firm as an outside business activity).

#### **Affiliated Private Funds**

Avidian Wealth Solutions, LLC is the general partner and investment advisor of The Streettalk Advisors Premier Fund, LP ("Premier Fund"), a Texas limited partnership that offered investors access to a diversified, multi-strategy investment portfolio designed to provide long-term growth of capital. Avidian Wealth Solutions has exclusive and complete control of the Premier Fund's activities including the selection, retention, and replacement of investment managers. The Streettalk Advisors Premier Fund deployed a fund of funds strategy and invested primarily in different series of Black Swan Funds.

In 2015, Avidian Wealth Solutions was appointed to act as the liquidating trustee for each series of the Black Swan Funds because the manager of the Black Swan Funds was unable to fulfill his contractual obligation to the investors. The main duty of Avidian is to oversee the orderly liquidation of each of the fund's assets and the distribution of disposition proceeds in accordance with the liquidation provisions set forth in the applicable Operating Agreements. Avidian and its

Principals are not employees of Black Swan and receive no compensation or fee.

Avidian Wealth Solutions, LLC also acts as the investment manager to the Avidian Real Estate Fund 1, LP, which is a Texas limited partnership that offers investors access to mid-size real estate investment opportunities with a focus on multi-family residential housing and senior living properties. The principals of Avidian Wealth Solutions are responsible for the selection of the investment properties. Avidian Real Estate Company, LLC acts as the general partner, two of the principals of Avidian Wealth Solutions, LLC (Michael Smith and Luke Patterson) are affiliated with Avidian Real Estate Company, LLC. Avidian clients are under absolutely no obligation to consider or make an investment in the Avidian Real Estate Fund 1, LP.

Please Note: Interests in the Streettalk Advisors Premier Fund, LP ("Premier Fund") and the Avidian Real Estate Fund 1, LP are closed to new investors. \*This brochure is not a public offer of either of these investments.

#### Unaffiliated Private Investment Funds

Avidian also provides investment advice regarding unaffiliated private investment funds. Avidian may recommend that certain accredited and/or qualified clients consider an investment in unaffiliated private investment funds. Avidian's role relative to the private investment funds shall be limited to its initial and ongoing due diligence and investment monitoring services. If a client determines to become a private fund investor, they are required to sign the sponsor subscription documents to transact the investment (thus these assets are considered non-discretion investments – as Avidian cannot purchase or sell without written approval). The amount of assets invested in the fund(s) shall be included as part of "assets under management" for purposes of Avidian calculating its investment advisory fee.

In some instances, Avidian may consider a private investment opportunity for clients in which certain other Avidian clients are affiliated as a member of the general partnership and/or sponsor of the investment. This could pose a conflict of interest in that an Avidian Advisor could potentially leverage the relationship with the affiliated client sponsor to acquire more assets (thus increasing their investment advisory fee). This could be achieved by an Advisor telling the affiliated client that Avidian will recommend their investment opportunity to its clients if they add assets to their Avidian account. To mitigate this conflict Avidian uses the same due diligence process on all private investment opportunities regardless of any relationship with the sponsor/issuer and the decision to participate in any private offering is made by the Investment Committee. No Advisor has the authority to choose what private investments the firm will offer.

In addition, it is important to note that there are no special compensation arrangements between any private investment issuer and Avidian or any of its Advisors. Avidian clients are under absolutely no obligation to consider or make an investment in a private investment fund(s).

Please Note: Private investment funds generally involve various risk factors, including, but not limited to, the potential for complete loss of principal, liquidity constraints, and lack of transparency. A complete discussion is set forth in each fund's offering documents, which will be provided to each client for review and consideration. Unlike liquid investments that a client may maintain, private investment funds do not provide daily liquidity or pricing. Each prospective client investor will be required to complete a Subscription Agreement, pursuant to which the client shall establish that he/she is qualified for investment in the fund and acknowledges and accepts the various risk factors that are associated with such an investment. Please Also Note: Valuation: If an

Avidian Client invests in an unaffiliated private investment fund(s), the value(s) of the investment(s) reported on the custodial statement(s) and/or Avidian generated report(s) shall reflect the most recent valuation provided by the Fund Sponsor or Issuer. Not all Fund Sponsors report valuations on a set schedule. If no valuation post-purchase is provided by the Fund Sponsor, then the valuation shall reflect the initial purchase price until a valuation may be obtained. Therefore, if no valuation update is received from the Fund Sponsor before the client's fee is calculated, the client may pay a fee that is significantly more or less than they would have paid should the Fund Sponsor have provided a valuation update.

Interests in the Streetwork Advisors Premier Fund, LP ("Premier Fund") and The Avidian Real Estate Fund 1, LP are closed to new investors. *\*This brochure is not a public offer of either of these investments.*

**ERISA PLAN ENGAGEMENTS:** Avidian may also be engaged by Plan sponsors to provide discretionary and/or non-discretionary investment advisory services to ERISA retirement plans, whereby Avidian shall manage Plan assets in the amount and objective as designated by the Plan sponsor. In such engagements, Avidian will serve as an investment fiduciary as that term is defined under The Employee Retirement Income Security Act of 1974 ("ERISA")-either as a 3(21) fiduciary for non-discretionary engagements or as a 3(38) fiduciary for discretionary engagements. In either engagement, Avidian will generally provide services on an "assets under management" fee basis per the terms and conditions of an Investment Advisory Agreement between the Plan and Avidian.

**Participant Directed Retirement Plans.** Avidian may also provide investment advisory and consulting services to participant directed retirement plans per the terms and conditions of a Retirement Plan Consulting Agreement between Avidian and the plan. For such engagements, Avidian shall assist the Plan sponsor to select an investment platform from which Plan participants shall make their respective investment choices, and, to the extent engaged to do so, shall provide corresponding education to assist the participants with their decision-making process.

**Client Retirement Plan Assets.** If requested to do so, Avidian shall provide investment advisory services relative to the client's 401(k) plan assets. In such an event, Avidian shall allocate (or recommend that the client allocate) the retirement account assets among the investment options available on the 401(k) platform. Avidian's ability shall be limited to the allocation of the assets among the investment alternatives available through the plan. Avidian will not receive any communications from the plan sponsor or custodian, and it shall remain the client's exclusive obligation to notify Avidian of any changes in investment alternatives, restrictions, etc. pertaining to the retirement account.

### **Miscellaneous Advisory Services Disclosure**

*Use of Mutual Funds* - Most mutual funds are available directly to the public. Thus, a prospective client can obtain many of the mutual funds that may be recommended and/or utilized by Avidian independent of engaging Avidian as an investment advisor. However, if a prospective client determines to do so, he/she will not receive Avidian's initial and ongoing investment advisory services. **Separate Fees:** All mutual funds (and exchange traded funds ("ETFs")) impose fees at the fund level (e.g., management fees and other fund expenses). All mutual fund and ETF fees are separate from, and in addition to, Avidian's investment advisory fee as described in our Brochure. **Avidian's Chief Compliance Officer, Hope Edick, remains available to address any questions that a client or prospective client may have regarding the above.**

*Sub-Advisory Arrangements* – Avidian may engage sub-advisers for the purpose of assisting Avidian with the management of its client accounts. Unless otherwise disclosed in this brochure or in a separate agreement with the client, the sub-adviser will have discretionary authority over the day-to-day management of the assets that are allocated to it by Avidian. The sub-adviser will continue in such capacity until the arrangement is terminated or modified by Avidian or the client. Avidian will pay a portion of the investment advisory fee received on assets that the sub-adviser is responsible for managing unless otherwise specified in this brochure, any Sub-Advisory Agreement or separate disclosure provided to the client.

In addition, in certain cases, Avidian may be granted oversight on accounts in which it is not considered the investment manager and does not have discretionary authority. In these instances, Avidian may receive a portion of the advisory fee from the investment manager for review/oversight and planning assistance.

*Non-Investment Consulting* – Avidian Wealth does not hold itself out as providing consulting services. However, to the extent requested by a client, Avidian may recommend the services of other professionals for certain non-investment implementation purposes (i.e., attorneys, accountants, insurance, etc.) including, as disclosed below, to certain Avidian Wealth personnel in their separate capacities as licensed agents. The client is under no obligation to engage the service of any such recommended professional. The client retains absolute discretion over all such decisions and is free to accept or reject any recommendation from Avidian. **\*Please Note:** If the client engages any such recommended professional and a dispute arises thereafter, relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional.

*Account Minimum/Advisory Fees* - Avidian generally requires a client (aggregate account) minimum of \$1,000,000.00 for its discretionary managed account services. Avidian, in its sole discretion, may reduce its investment advisory fee and/or reduce its minimum \$100,000,000.00 investable assets per client requirement 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 clients, etc.).

*Retirement Rollovers- Conflict of Interest:* A client or prospective client leaving an employer typically has four options regarding an existing retirement plan (and may engage in a combination of these options): (i) leave the money in the former employer's plan, if permitted, (ii) roll over the assets to the new employer's plan, if one is available and rollovers are permitted, (iii) roll over to an Individual Retirement Account ("IRA"), or (iv) cash out the account value (which could, depending upon the client's age, result in adverse tax consequences). If Avidian recommends that a client roll over their retirement plan assets into an account to be managed by Avidian, such a recommendation creates a conflict of interest if Avidian will earn an advisory fee on the rolled over assets. **No client is under any obligation to rollover retirement plan assets to an account managed by Avidian. Avidian's Chief Compliance Officer, Hope Edick, remains available to address any questions that a client or prospective client may have regarding the conflict of interest presented by such rollover recommendation.**

*Separately Managed Accounts - Independent Managers.* Avidian may allocate (and/or recommend that the client allocate) a portion of a client's investment assets among unaffiliated separately managed accounts ("SMAs") and/or independent investment managers in accordance with the client's designated investment objective(s). In such situations, the SMA or independent investment managers shall have day-to-day responsibility for the active discretionary management of the allocated assets. Avidian shall continue to render investment supervisory services to the client relative to the ongoing monitoring and review of account performance, asset allocation and client investment objectives. Factors which Avidian shall



consider in recommending SMAs or independent investment managers include the client's designated investment objective(s), management style, performance, reputation, financial strength, reporting, pricing, and research.

*Fee Differentials.* As indicated above with regard to the AWS Wrap Fee Program, Avidian shall receive an investment advisory fee based upon a percentage (%) of the market value of the assets placed under management (between negotiable and 1.50%. However, fees shall vary depending upon various objective and subjective factors, including but not limited to: the representative assigned to the account, the amount of assets to be invested, the complexity of the engagement, the anticipated number of meetings and servicing needs, related accounts, future earning capacity, anticipated future additional assets, and negotiations with the client.

Because we shall generally price our advisory services based upon various objective and subjective factors, similarly, situated clients could pay diverse fees, and the services to be provided by Avidian to any particular client could be available from other advisers at lower fees.

*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 Avidian) will be profitable or equal any specific performance level(s).

*Client Obligations* - In performing its services, Avidian is not required to verify any information received from the client or from the client's other professionals and is authorized to rely on such information without verification. Clients remain responsible to promptly notify Avidian if there is ever any change in their financial situation or investment objectives for the purpose of reviewing, evaluating, or revising Avidian's previous recommendations and/or services.

Avidian shall provide investment advisory services specific to the needs of each client. Prior to providing investment advisory services, an investment adviser representative will discuss with each client their particular investment objective(s). Avidian shall allocate each client's investment assets consistent with their designated investment objective(s). Clients may, at any time, impose restrictions, in writing, on the Registrant's services.

Please Note: There is no material difference between how Avidian manages wrap fee accounts and non-wrap fee accounts. However, as stated above, if a client determines to engage Avidian on a wrap fee basis the client will pay a single fee for bundled services (i.e., investment advisory, brokerage, custody) (**See** Item 4). The services included in a wrap fee agreement will depend upon each client's particular need. If the client determines to engage Avidian on a non-wrap fee basis the client will select individual services on an unbundled basis, paying for each service separately (i.e., investment advisory, brokerage, custody).

### **Performance Based Fees and Side-By-Side Management**

Neither Avidian nor any supervised person of Avidian accepts performance-based fees.

### **Methods of Analysis, Investment Strategies and Risk of Loss**

Avidian uses a combination of the following types of analysis in evaluating investments for client accounts:

- Charting—Analysis of charts of past stock performance

- Fundamental—Analysis of financial attributes of a company, such as revenue growth, debt to equity ratio, inventory turnover, etc.
- Technical—Analysis which assumes past performance is a predictor of future performance.

Avidian uses the following sources of information in its analysis among others:

- financial newspapers and magazines,
- research materials prepared by others,
- corporate rating services,
- timing services,
- annual reports, prospectuses, filings with the Securities and Exchange Commission, and
- company press releases.

## Investment Strategies

The investment strategies Avidian uses to implement investment advice include the following:

- long-term purchases (securities held at least a year),
- short-term purchases (securities sold within a year),
- trading (securities sold within 30 days),
- short sales,
- margin transactions – which requires additional documentation from the client,
- option writing, including covered options, uncovered options, or spreading strategies.

The Premier Fund is currently in liquidation, so no further investments will be made. The fund's objective was pursued by allocating Premier Fund capital among one or more managers with a diversified group of underlying investment managers for investments in investment pools or discretionary managed accounts, which are managed in an attempt to achieve high relative returns with reasonable volatility.

The Avidian Real Estate Fund 1, LP is closed to new investors. The Partnership is invested in existing or to-be-developed real estate investment opportunities with third parties through partnerships, joint ventures, or other entities ("**Joint Ventures**"), thereby acquiring non-controlling interests. The objective is to generate risk-adjusted total returns through capital appreciation and current income by providing investors with access to mid-size real estate investment opportunities with a focus on multi-family residential housing and senior living properties.

## Risk of Loss

Investing in securities involves risk of loss that clients should be prepared to bear. Avidian does not guarantee the future performance of any account, the performance of any investment decision, strategy that Avidian may use, or the performance of Avidian's overall management of the account. Investment decisions made by Avidian, for a client's account, are subject to various market, currency, economic, political, and business risks. Such investment decisions will not always be profitable.

More specifically, these risks include but are not limited to:

- *Short Sales:* Short selling is the practice of selling investments which are not owned by the seller, generally when the seller anticipates a decline in the price of the investments or for hedging purposes. To complete a short sale, the seller must borrow the investments from a third party in order to make delivery to the buyer. The seller generally will be required to pay a brokerage commission or interest, which will increase the cost to the seller of selling such investments. Until the investments are replaced, the seller will be required to pay, to the lender, amounts equal to any dividends or interest which accrue during the period of the loan of the investments.
- Under certain circumstances, including any U.S. or non-U.S. governmental or regulatory action which impacts short selling, a fund may be prematurely forced out of a short position. The lender of a security used to cover a short position generally has the right to demand the return of the stock that has been loaned at any time. In such event, a fund would be required to replace the borrowed securities by borrowing the securities from another lender. If the fund were unable to replace the borrowed securities, it would be required to close out the short position by buying the security in the market to make delivery. When completing a short sale, the fund could incur a significant loss if the security sold short had increased in value.
- *Put and Call Options on specific investments:* The funds, Hedged Tactical Equity Strategy, and Options Core Strategy may purchase exchange-listed put and call options on specific investments and the funds may purchase put and call options over-the-counter ("OTC"). In addition, the funds may write and sell covered or uncovered call and put option contracts. A call option gives the purchaser of the option the right to buy and obligates the writer to sell the underlying investments at a stated exercise price at any time prior to the expiration of the option. Similarly, a put option gives the purchaser of the option the right to sell and obligates the writer to buy the underlying investments at a stated exercise price at any time prior to the expiration of the option. Options written by the fund may be wholly or partially covered (meaning that the fund holds an offsetting position) or uncovered. Options on specific investments may be used by funds to seek enhanced profits with respect to a particular investment. Alternatively, they may be used for various defensive or hedging purposes.

The use of put and call options may result in losses to the funds, force the sale or purchase of portfolio investments at inopportune times, force prices higher than (in the case of put options) or lower than (in the case of call options) current market values, limit the amount of appreciation the funds can realize on its investments, or cause the funds to hold an investment it might otherwise sell. For example, a decline in the market price of a particular investment could result in a complete loss of the amount expended by a fund to purchase a call option (equal to the premium paid for the option and any associated transaction charges). An adverse price movement may result in unanticipated losses with respect to covered options sold by a fund. The use of uncovered option writing techniques may entail greater risks of potential loss to a fund than other forms of options transactions. For example, a rise in the market price of the underlying investment will result in the fund realizing a loss on the calls written, which would not be offset by the increase in the value of the underlying investments, to the extent the call option position was uncovered.

- *Withdrawals and Performance:* Numerous hedge funds have experienced material levels of withdrawals and received significant withdrawal requests for upcoming withdrawal dates due to market conditions, fund performance, the need for liquidity by some investors, and other reasons. In response, a number of hedge funds have had to impose liquidity restraints and, in certain cases, dissolve. There can be no assurance that the funds will

not in the future experience withdrawal requests at a level that may have an adverse effect on their operations or ability to satisfy such requests.

- *Regulatory Risk:* U.S. and non-U.S. securities and commodities markets are subject to ongoing and substantial regulatory changes. Recently there has been increased government agency scrutiny, as well as self-regulatory scrutiny, of the “hedge fund” industry in general. This includes incidents of regulators unexpectedly announcing regulatory changes or interpretations that prohibited strategies that had been implemented in a variety of formats for many years. For example, in September 2008 the SEC and various non-U.S. regulatory bodies imposed temporary bans on short-selling in a variety of stocks and adopted permanent regulations that may have the effect of making short-selling more difficult or costly. These actions were generally regarded as disrupting the market.

fundamentals and causing unexpected and volatile increases in the stock prices of a variety of issuers, as short sellers closed out their positions by buying securities. Such increased or additional regulation may require the funds to alter the manner in which they do business and could adversely affect their ability to implement their investment programs.

Avidian will endeavor to regularly monitor the managers of the funds in which its pooled investment vehicles are invested, but Avidian is unlikely to have access to information about the underlying portfolio positions of investments in the underlying funds on a regular basis. Investors in the pooled investment vehicles typically have no right to demand such information from the managers. Accordingly, Avidian will not be in a position to analyze or respond to developments within any particular underlying fund unless, and until, information relating thereto is disseminated by the manager to its investors. That information may not necessarily be timely or complete.

### **Financial Planning Methodology and Risks**

When providing financial planning services, Avidian eMoney and Money Guide Pro software programs. These programs were developed by companies that are not affiliated with Avidian. The methodology underlying eMoney and Money Guide Pro, as well as various assumptions, limitations, and risks associated with the softwares, are discussed with clients at the time Avidian provides them with financial planning services and delivers the client’s Financial Plan Goal report.

Any recommendations or suggestions made by Avidian and/or its advisors, as part of its financial planning services, are not automatically implemented in the client’s account. It is entirely up to clients -- in their sole discretion -- to accept or implement Avidian’s financial planning suggestions or to make changes based on the results shown in the financial planning report. Avidian may assist clients in implementing recommendations in accounts as to which Avidian provides advisory services. However, this will be undertaken only at the client’s specific request, not automatically as part of Avidian’s services. Any changes to other accounts must be made or arranged by clients themselves.

There are limitations and risks inherent in using software for financial planning purposes. The validity of the output produced by the software is dependent on a number of factors, such as the models underpinning the software, the accuracy of the computer coding, the quality of the data put into the models, and the quality of the output generated by the models and ultimately deployed into a report. The potential for errors, such as development, implementation, systems, and human errors are an inherent risk in this process. Risks of loss, corruption, or error due to computer viruses, worms, hacking, intrusions, outages or other factors, and intellectual property disputes

could negatively affect the software, its use and performance, and/or the report delivered to clients. While Avidian takes reasonable steps to mitigate these risks to the extent under its control, these risks cannot be eliminated entirely.

### **Voting Client Securities**

Avidian does not vote client proxies and has instructed the custodian to forward all proxy material directly to the client. Avidian shall forward to the client, or to the advisor(s) for an employee benefit plan covered by ERISA, any proxy materials it receives that pertain to the assets in the client's account unless the account relates to an employee benefit plan and the plan's trust agreement provides otherwise. Clients will receive proxy materials directly from the custodian by U.S. Mail or by email. Clients may contact Avidian with questions concerning particular proxy matters.

## **ITEM 7 – CLIENT INFORMATION PROVIDED TO PORTFOLIO MANAGERS**

Avidian shall be the AWS Program's portfolio manager. Avidian shall provide investment advisory services specific to the needs of each client. Prior to providing investment advisory services, an investment adviser representative will discuss with each client their particular investment objective(s). Avidian shall allocate each client's investment assets consistent with their designated investment objective(s). Clients may, at any time, impose restrictions, in writing, on Avidian's services.

As indicated above, each client is advised that it remains their responsibility to promptly notify Avidian if there is ever any change in their financial situation or investment objectives for the purpose of reviewing, evaluating, or revising our previous recommendations and/or services.

To the extent the AWS Program utilizes independent investment managers; Avidian shall provide the independent investment managers with each client's particular investment objective(s). Any changes in the client's financial situation or investment objectives reported by the client to Avidian shall be communicated to the independent investment managers within a reasonable period of time.

## **ITEM 8 – CLIENT CONTACT WITH PORTFOLIO MANAGERS**

The client shall have, without restriction, reasonable access to the AWS Program's portfolio manager.

## **ITEM 9 – ADDITIONAL INFORMATION**

Avidian, nor any of its officers or principals, has been convicted of any investment-related criminal or civil actions in a domestic, foreign, or military court.

Avidian nor any of its officers or principals, has been found (1) to have caused an investment-related business to lose its authorization to do business, and (2) to have been involved in a violation of an investment-related statute or regulation and the subject of an order in connection with any administrative proceedings before the Securities and Exchange Commission, any other federal regulatory agency, any state regulatory agency, or any foreign financial regulatory authority.

Avidian has not been involved in any self-regulatory organization proceedings; however, one of the principals had a regulatory action brought against him by the NASD (now FINRA). This

action stemmed from an employee agreement. In 2002, Mr. Patterson received a forgivable loan from the firm with which he was employed. The loan was to be forgiven if he stayed with the firm in accordance with his employee agreement. In 2004, Mr. Patterson left the firm for various reasons, which included his not wanting to sell the products the firm offered, as well as differences in investment philosophy. In 2005, the firm filed an arbitration proceeding to collect the portion of the loan that had not been forgiven. Mr. Patterson moved shortly after he left the firm; therefore, he never received notice of the arbitration and did not appear at the proceeding. This resulted in the suspension of his NASD registration. In 2005, Mr. Patterson's old firm received a default arbitration award. As soon as Mr. Patterson learned of the default arbitration, he contacted the firm and settled the matter. His suspension was lifted by FINRA in 2011.

## **Other Financial Industry Activities and Affiliations**

### **Affiliations with Pooled Investment Vehicles**

Avidian and its affiliates have sponsored a number of private investment funds that they manage. Avidian and/or its affiliates serve as the general partners to these funds. The funds do not have independent management. These arrangements are described in more detail in our Brochure. Certain Avidian principals have also invested personal assets in these private funds.

Although this arrangement may give Avidian heightened control and discretion over its fund clients, Avidian manages conflicts of interest by adhering to the investment strategy and investment allocation policy discussed in each client's fund offering documents.

From time to time, Avidian may recommend that qualifying clients invest in one of these private funds. This poses a conflict of interest for Avidian to the extent it has a financial incentive to recommend that clients invest in the funds, thereby increasing the assets held by the funds and in turn increasing the compensation payable to Avidian and/or its affiliates, otherwise benefiting them. However, Avidian does not charge an advisory fee on any assets in its clients' managed accounts that are invested in these private funds, which is aimed at mitigating this conflict of interest. In addition, Avidian is constrained by fiduciary principles to act in its clients' best interests when managing accounts and will recommend that clients invest in the funds only when it is suitable to do so. Avidian monitors activity in its clients' accounts in an effort to ensure that transactions are appropriate.

### **Affiliation with Insurance Agency and Licensed Insurance Agents**

Clients may receive advice on other insurance-related products such as fixed annuities and various types of insurance. Some of the investment advisor representatives (IAR's) may be independently licensed with various insurance companies and/or the following affiliated insurance agency Avidian Insurance Agency, LLC.

#### **Affiliated Insurance Agency – Licensed Agents**

Avidian Wealth Solutions and/or its principals have an affiliation with the Avidian Insurance Agency, LLC.

James "Luke" Patterson and Michael Smith, both principals of Avidian Wealth Solutions, LLC own the Avidian Insurance Agency, LLC. The percentage of interest is as follows: Luke Patterson 50% and Michael Smith 50%. Both Luke Patterson and Michael Smith are licensed agents for Avidian Insurance Agency.

The recommendation by Avidian Wealth representatives that a client purchase insurance product from the firm's affiliated insurance agency, presents a **conflict of interest** as the receipt

of commissions to the insurance agency benefits Avidian Wealth Solutions, LLC, and the other owners of the agency. In addition, Michael Smith and Luke Patterson, licensed agents of Avidian Insurance Agency, LLC, receive normal and customary commissions for the sale of insurance products. No client is under any obligation to purchase any insurance commission products from Avidian and/or its representatives. Clients are reminded that they may purchase insurance products recommended by Avidian through other non-affiliated or insurance agencies. In addition, Avidian Wealth is constrained by fiduciary principles to act in its clients' best interests when providing advice and will recommend that clients purchase an insurance product only when it is suitable to do so. Avidian Wealth monitors these arrangements in an effort to ensure that purchases are appropriate.

#### Non-Affiliated Insurance Agency - Licensed Agents

Some of the IAR's acting in the capacity of an insurance agent may recommend insurance products with non-affiliated agencies. This presents a conflict of interest as the IAR may receive fees for the advice and receive commission on the sale of the product. Clients are reminded that they may purchase insurance products recommended by Avidian Wealth's advisors through other insurance agents. In addition, Avidian Wealth is constrained by fiduciary principles to act in its clients' best interests when providing advice and will recommend that clients purchase an insurance product only when it is suitable to do so. Avidian Wealth monitors these arrangements in an effort to ensure that purchases are appropriate.

#### Registered Representatives of a Broker-Dealer

As discussed above, certain of our representatives are also, in their separate and individual capacities, registered representatives of Purshe Kaplan Sterling a registered broker-dealer. Clients can choose to engage these registered individuals to affect securities brokerage transactions on a commission basis.

The recommendation by these representatives that a client purchase a securities commission product presents a 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 Avidian's representatives. Clients are reminded that they may purchase securities or insurance products recommended by Avidian through other, non-affiliated insurance agents or registered representatives of a broker-dealer.

#### **Avidian's Chief Compliance Officer, Hope Edick, remains available to address any questions that a client or prospective client may have regarding the above conflicts of interest.**

#### Other Business Activity

Avidian Wealth Solutions is acting as the liquidating trustee to each series of the Black Swan Opportunity Fund, LP as well as the Black Swan Multi-Strategy Funds. The main duty of Avidian is to oversee the orderly liquidation of each of the fund's assets and the distribution of disposition proceeds in accordance with the liquidation provisions set forth in the applicable Operating Agreements. Avidian and its Principals are not employees of Black Swan and receive no compensation or fee.

#### Liquidating Trustee

While acting in this capacity poses a risk of misappropriating funds from the various Limited Partner Accounts. The risk is mitigated by having the funds held by a qualified custodian, having a fund administrator producing monthly financials, as well as subjecting each fund's financial statements to annual audit. In addition, Avidian is constrained by the conditions set forth in the Liquidating Trustee Agreement.

## **Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

Avidian has adopted a Code of Ethics which describes the general standards of conduct Avidian expects of all firm personnel (collectively referred to as “employees”). Failure to uphold the Code of Ethics may result in disciplinary sanctions, including termination with Avidian. Any client or prospective client may request a copy of Avidian’s Code of Ethics which will be provided, at no cost, by contacting Hope Edick at 281.822.8800.

The following basic principles guide all aspects of Avidian’s business and represent the minimum requirements to which Avidian expects employees to adhere:

- Clients’ interests come before employees’ personal interests and before Avidian’s interests.
- Avidian must fully disclose all material facts about conflicts, of which it is aware, between Avidian and its employees’ interests, on the one hand, and client and Avidian’s interests on the other.
- Employees must operate on Avidian’s behalf and on their own behalf consistently with Avidian’s disclosures and manage the impacts of those conflicts.
- Avidian and its employees must not take inappropriate advantage of their positions of trust with or responsibility to clients.
- Avidian and its employees must always comply with all applicable securities laws.

### ***Personal Securities Trading***

Trading by Avidian personnel in their personal accounts is subject to review and, in many cases, requires prior approval by Avidian’s Chief Compliance Officer (CCO). Employees are allowed to trade in their personal accounts in stocks, mutual funds, bonds, ETFs, and pre-approved private placements. Employees may invest simultaneously with clients as long as the same price is obtained. Investing in private placements in personal accounts must be pre-approved by the CCO. Personal trades must be reported quarterly to the Avidian CCO, and holdings are reported annually. Both personal trades and holdings are reviewed on a periodic basis to ensure compliance with Avidian’s policy. Breaches to the policy are taken seriously and may be met with disciplinary action, including termination of employment.

The Avidian principals have also invested in the Premier Fund and the Avidian Real Estate Fund as limited partners; therefore, have ownership interests beyond owning the general partners of each fund. See Above “Other Financial Industry Activities and Affiliations” for more information on the conflict of interest this presents.

### ***Outside Business Activities***

Employees are required to report to Avidian any outside business activities generating revenue. If any are deemed to be in conflict with clients, such conflicts will be fully disclosed, or the employee will be directed to cease this activity.

## **Review of Accounts**

### ***Managed Accounts***

Reviews are conducted by Avidian Wealth Advisors’ Investment Advisor Representatives. Through the use of trading and investment software programs, managed account holdings are compared to the selected portfolio model for allocation purposes, as well as monitored for performance. The Chief Investment Officer, and other members of the investment team, discuss



the performance of each model in a weekly investment committee meeting. The principals meet with the investment advisor representatives at least bi-monthly to discuss the advisor's client accounts. Avidian personnel generally contact clients annually to schedule an in-depth portfolio review with one of the advisors. Clients are also provided access to Avidian Wealth Advisors' Portal, Advisor View, where they may obtain reports on their performance and other account information.

#### *Pooled Investment Vehicles*

Each private fund's investment manager is responsible for monitoring the holdings of its respective fund on at least a quarterly basis. Avidian provides investors with written annual audited financial statements examined by independent auditors, as well as annual tax information.

#### *Financial Plans*

Avidian Wealth Solutions, LLC offers a varying degree of financial planning services. Prior to implementing a financial plan, clients will complete a financial planning services agreement which will outline the scope of the service. Financial planning reports generated by eMoney and/or Money Guide Pro software are reviewed by investment personnel and then delivered to the client, usually in a face-to-face meeting to explain the results. Dependent upon the service chosen in the agreement, Avidian may or may not have an obligation to update, monitor, or amend any advice or report provided. The agreement determines the scope of the client and Advisor obligation. Please note the Financial Planning Services Agreement is separate from the Investment Advisory Agreement. Should a financial planning client wish to have Avidian manage their investment account, the client will need to sign a separate Investment Advisory Agreement. Financial planning clients are reminded they are under no obligation to act on the advice provided in the plan.

#### **Client Referrals and Other Compensation**

Except as stated below, Avidian does not, nor do any of its principals or employees, receive an economic benefit such as sales awards, or other prizes, from non-clients for providing advisory services to its clients.

In limited circumstances Avidian does provide compensation to third parties for client referrals. When engaging in this type of arrangement Avidian requires the solicitor/promoter to be affiliated with a Registered Investment Advisory Firm. Prior to the solicitation Avidian and the referring Advisor will enter into an agreement that clearly details the scope of the engagement and payment details. In addition, the client will be provided with certain disclosures surrounding the arrangement and will be notified of the fee the referring party will receive.

Please note: Avidian is responsible for the fee, there will be no cost to the client.

In addition, Avidian does allow its supervised persons to send a thank you gift or gift card as token of their appreciation to friends or clients for referrals. The value may not exceed \$100.00 and gift cards may not be redeemable in cash. All gifts must be reported to the compliance department.

#### **Other Compensation and Arrangements**

Avidian receives compensation from Midwest Trust Company and Voya. In these few instances, Avidian receives a portion of the investment management fee that Midwest Trust Company and/or Voya charges certain clients for management of assets received in a litigation settlement or held in a qualified retirement account. In such cases Avidian is not considered the investment manager and does not have discretionary authority. The payments range from 25% to 35% of the annual fee charged by Midwest Trust and/or Voya and are paid quarterly to the advisor.

As indicated at Item 12 above, Avidian may receive from *LPL, Schwab, Fidelity, and/or MTC* without cost (and/or at a discount), support services and/or products. Avidian 's clients do not pay more for investment transactions effected and/or assets maintained at *LPL, Schwab, Fidelity, and/or LPL* as a result of this arrangement. There is no corresponding commitment made by Avidian to *LPL, Schwab, Fidelity* and/or *MTC* or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities, or other investment products as a result of the above arrangements.

Avidian 's Chief Compliance Officer, Hope Edick, remains available to address any questions that a client or prospective client may have regarding the above arrangements and any corresponding perceived conflict of interest such arrangements may create.

### **Financial Information**

Avidian Wealth Solutions, LLC obtained financial assistance by participating in the Paycheck Protection Program ("PPP") established by the U.S. Small Business Administration ("SBA"). Avidian 's participation in the PPP was in anticipation of the need for assistance with business expenses due to the COVID-19 pandemic. These loans were forgiven and used for overhead of the firm, and other allowable expenses.