

## ITEM 1: COVER PAGE



# Principia Wealth Advisory, LLC

## Form ADV Part 2 Brochure

This brochure provides information about the qualifications and business practices of Principia Wealth Advisory, LLC. If you have any questions about the contents of this brochure, please contact us at 214.775.0899, or by email at [info@pwadvisory.com](mailto:info@pwadvisory.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Principia Wealth Advisory, LLC ("Principia Wealth Advisory", "PWA", "the Firm", "We" or "Our") also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Principia Wealth Advisory is a Registered Investment Adviser. Registration does not imply a certain level of skill or training.

**Principia Wealth Advisory, LLC**  
13355 Noel Rd. Ste 1100  
Dallas, TX 75240  
Phone: 214.775.0899  
[www.pwadvisory.com](http://www.pwadvisory.com)  
[info@pwadvisory.com](mailto:info@pwadvisory.com)

Version Date: 1/2/2020

## **ITEM 2: MATERIAL CHANGES**

This section of the brochure will address only those material changes that have been incorporated since our last delivery or posting of this document on the SEC's public disclosure website [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. The CRD number for PWA is 152678. The last annual update or amendment to form ADV was made on March 28, 2019.

### **Material Changes Since the Last Update**

Michael D. Miller has become an Investment Adviser Representative of Principia Wealth Advisory.

### **Full Brochure Available**

A free copy of the entire brochure will be available at any time. If you would like to receive a complete copy of our brochure, please contact us by telephone at 214.775.0899 or by email at [info@pwadvisory.com](mailto:info@pwadvisory.com).

# ITEM 3: TABLE OF CONTENTS

## Table of Contents

ITEM 1: COVER PAGE ..... 1

ITEM 2: MATERIAL CHANGES ..... 2

ITEM 3: TABLE OF CONTENTS ..... 3

ITEM 4: ADVISORY BUSINESS..... 4

ITEM 5: FEES AND COMPENSATION ..... 6

ITEM 6: PERFORMANCE-BASED FEES ..... 9

ITEM 7: TYPES OF CLIENTS..... 9

ITEM 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS ..... 9

ITEM 9: DISCIPLINARY INFORMATION..... 11

ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS..... 11

ITEM 11: CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING 11

ITEM 12: BROKERAGE PRACTICES..... 13

ITEM 13: REVIEW OF ACCOUNTS..... 14

ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION ..... 15

ITEM 15: CUSTODY ..... 15

ITEM 16: INVESTMENT DISCRETION ..... 15

ITEM 17: VOTING CLIENT SECURITIES ..... 15

ITEM 18: FINANCIAL INFORMATION ..... 16

ITEM 19: REQUIREMENTS FOR STATE-REGISTERED ADVISERS ..... 16

## ITEM 4: ADVISORY BUSINESS

### A. Description of the Advisory Firm

Principia Wealth Advisory, LLC is a limited liability company formed on December 17, 2009 under the laws of the State of Texas and domiciled in the State of Texas. PWA offers investment advisory and financial planning services to individuals and high net worth individuals, pension and profit sharing plans, trusts, estates, charitable organizations, corporations, and other business organizations. PWA's services and fee arrangements are described in the following pages. This narrative provides clients with information regarding PWA and the qualifications, business practices, and nature of advisory services that should be considered before becoming a client of PWA.

#### Principal Owners

Aaron J. Plautz is the only Firm principal owner and is a 100% shareholder.

### B. Types of Advisory Services

#### Portfolio Management

PWA's portfolio management service is designed to assist clients in meeting their financial goals through the use of financial investments. For each portfolio management client, PWA will conduct one or more meetings (in person if possible, otherwise via telephone conference) with the client in order to understand the client's current financial situation, existing resources, financial goals, and tolerance for risk. Based on the foregoing, PWA will propose an investment approach to the client. PWA may propose an investment portfolio, consisting of exchange traded funds, mutual funds, individual stocks or bonds, or other securities. Upon the client's agreement to the proposed investment plan, PWA will work with the client to establish or transfer investment accounts so that PWA is able to manage the client's portfolio. Once the relevant accounts are under PWA's management, PWA will review such accounts on a regular basis and at least quarterly. PWA may periodically rebalance or adjust client accounts under its management. If the client experiences any significant changes to his/her financial or personal circumstances, the client must notify PWA so that PWA can consider such information in managing the client's investments.

#### Financial Planning/Financial Consulting

PWA offers financial planning and financial consulting services to individuals, families, business organizations, and other clients. These services will be provided pursuant to a written client agreement. PWA can work with a client to develop a written financial plan or provide consulting services on specific issues or areas that are of concern to the client.

The goal of a financial planning engagement is to provide the client with a written financial plan that will assist the client in meeting his/her financial goals. PWA and the client will discuss and agree upon the specific topics to be covered by the financial plan. Such topics may include investment planning, retirement planning, tax planning, insurance planning, estate planning, or business planning. PWA will conduct one or more meetings (in person if possible, otherwise via telephone conference) with the client in order to understand the client's current financial situation, financial goals, specific issues or questions, and topics to be covered by the financial plan. PWA may also request copies of relevant financial documents, such as account statements, income tax

returns, insurance policies, retirement plans, estate planning documents, and business financial statements. PWA will then prepare a written financial plan that summarizes the client's current financial situation and offers observations and recommendations. PWA prepares the financial plan based on the information provided to PWA by the client and as of the date that the plan is submitted to the client. PWA undertakes no responsibility to update the financial plan unless PWA and the client agree upon a subsequent financial planning engagement or the client agrees to PWA's monthly retainer fee, in which case the client will have responsibility to furnish updated information as necessary.

PWA also offers financial consulting services on specific issues or areas that are of concern to the client. PWA will obtain background information on the issues or topics to be covered by the financial consulting engagement through client meetings and documents provided by the client. PWA will then offer advice or recommendations to the client. Such advice or recommendations may or may not be in writing depending on the nature of the engagement.

#### Pension Consulting Services

Pension Consulting consists of assisting employer plan sponsors establish, monitor and review their company's participant-directed retirement plan. As the needs of the plan sponsor dictate, areas of advising could include: investment options, plan structure, participant education.

#### Miscellaneous Disclosures

##### Non-Investment Consulting/Implementation Services

To the extent requested by the client, PWA *may* provide consulting services regarding non-investment related matters, such as estate planning, tax planning, insurance, etc. Neither PWA, nor any of its representatives, serves as an attorney or accountant and no portion of PWA's services should be construed as same. To the extent requested by a client, PWA may recommend the services of other professionals for certain non-investment implementation purposes (i.e. attorneys, accountants, insurance, etc.). The client is under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from PWA. 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. Please Also Note: It remains the client's responsibility to promptly notify PWA if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/revising PWA's previous recommendations and/or services.

#### Client Obligations

In performing its services, PWA shall not be required to verify any information received from the client or from the client's other professionals, and is expressly authorized to rely thereon. Moreover, each client is advised that it remains his/her/its responsibility to promptly notify PWA if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/revising PWA's previous recommendations and/or services.

#### ERISA / IRC Fiduciary Acknowledgment

If the client is: (i) a participant or beneficiary of a Plan subject to Title I of the Employee Retirement Income Security Act of 1974 (“ERISA”) or described in section 4975(e)(1)(A) of the Internal Revenue Code, with authority to direct the investment of assets in his or her Plan account or to take a distribution; (ii) the beneficial owner of an IRA acting on behalf of the IRA; or (iii) a Retail Fiduciary with respect to a plan subject to Title I of ERISA or described in section 4975(e)(1)(A) of the Internal Revenue Code: then PWA represents that it and its representatives are fiduciaries under ERISA or the Internal Revenue Code, or both, with respect to any investment advice provided by PWA or its representatives or with respect to any investment recommendations regarding an ERISA Plan or participant or beneficiary account.

#### Disclosure Statement

A copy of PWA’s written Brochure as set forth on Part 2A of Form ADV shall be provided to each client prior to, or contemporaneously with, the execution of any advisory agreement.

#### **C. Tailored Relationships and Client Imposed Restrictions**

The goals and objectives for each client are discussed and documented as well as their feelings about investment risk. An investment strategy is then recommended, discussed and agreed upon that is consistent with the client’s financial goals, objectives and risk tolerances. Clients may impose restrictions on investing in certain securities or types of securities.

#### **D. Wrap Fee Programs**

Not applicable.

#### **E. Assets Under Management**

As of 1/02/2020, PWA manages approximately \$50,000,000 in assets on a discretionary basis, and \$0 is managed on a non-discretionary basis for approximately 425 accounts.

## **ITEM 5: FEES AND COMPENSATION**

#### **A. Advisory Service Fees**

##### Investment Advisory Fees

PWA manages client accounts on a discretionary basis, with a limited authority to make trades and deduct advisory fees. Advisory fees are calculated based on assets under management according to the following tiered schedule:

<b>Assets Under Management</b>	<b>Annual Advisory Fee</b>
\$0 - \$499,999	1.20%
\$500,000 - \$749,999	1.10%
\$750,000 - \$999,999	1.00%
\$1,000,000 - \$2,999,999	0.85%

\$3,000,000 - \$4,999,999	0.75%
\$5,000,000 - \$9,999,999	0.60%
\$10,000,000 - ∞	0.50%

Advisory fees are calculated and paid monthly in advance. Exceptions may be made to the published fee schedule under certain circumstances pursuant to a negotiated agreement with the client. In the event that the client terminates PWA's services before the end of a billing period, the client shall be assessed a pro-rata fee based on the number of days the client's account was managed by PWA and will have the remainder of the prepaid fees promptly refunded.

PWA's advisory fee shall be negotiable in certain cases. No increase in the fee schedule shall be effective without prior written notification to the client.

#### Financial Planning/Financial Consulting Fees

PWA offers financial planning and financial consulting services on an hourly basis for \$250 per hour, which rate may be negotiable depending on the nature and complexity of the client's circumstances. There is a minimum 1-hour charge for hourly services. For client engagements billed on an hourly basis, PWA will provide the client with an estimate of total projected hours at the outset of the engagement.

For financial planning engagements, PWA may also charge a negotiable initial fee and monthly retainer fee for the initial year of service generally within the range of \$1,200 - \$6,000, the exact amount of which is dependent upon the level and scope of services. The initial fee is payable in full at the outset of the engagement. The monthly retainer shall be paid on the first of each month. After the initial year of service, PWA will continue to charge the monthly retainer fee in the range of \$25 - \$400 for each additional month of service under the engagement.

#### Pension Consulting Fees

PWA's annual fees for pension consulting services provided under this Agreement shall be based on an hourly rate of \$250, which shall be paid to PWA with 50% upfront and 50% upon completion of pension consulting service, or on the market value of the assets under management and shall generally be calculated according to the fee schedule below. PWA will give written estimates of the approximately hours for clients who are charged hourly.

<b>Assets Under Management</b>	<b>Annual Consulting Fee</b>
Up to \$1,000,000	.1000%
\$1,000,001 to \$5,000,000	.0750%
\$5,000,001 to \$20,000,000	.0750% - .0500%
\$20,000,001 to \$100,000,000	.0500% - .0250%
Over \$100,000,000	.0200%

The fee for investment management will be based on the time weighted value of the account for the previous quarter and is payable monthly in advance. The first advisory fee is based on the value of the account on the first day of management by PWA and is payable within one month after execution of the agreement. The first

advisory fee will be assessed on pro-rata basis taking into account the time for which the account was not managed by PWA and the time left in the quarter.

Fees will be automatically deducted from the account. Clients will be provided with a quarterly statement reflecting deduction of the advisory fee as well as an advance invoice from PWA detailing the amount and calculation of the advisory fee.

#### **B. Payment of Fees**

Unless the client requests direct billing, investment advisory fees and pension investment management fees, if applicable, will be automatically deducted from the account(s) designated by the client with written client authorization. Client accounts are billed on or around the 1<sup>st</sup> business day of each month according to the value on the last day of the preceding month.

It is important to note that it is the client's responsibility to verify the accuracy of the fee calculation. The client's account custodian will not determine whether the fee is properly calculated.

For fixed fee financial planning, the initial fee is due and payable on the date of the executed financial planning agreement with the monthly retainer beginning on the first business day of the following month, unless the agreement is executed on the first business day of a month in which case the first monthly retainer would be billed at the same time as the initial fee.

For hourly fee planning/consulting, one half of the total estimated fixed and hourly fees (or a specified amount agreed by both PWA and the client) are due and payable at the time the client's agreement is executed, and the remainder of the fees are due upon presentation of a plan or the rendering of consulting services.

In the event that a client cancels a financial planning or financial consulting agreement, the client shall be billed for actual hours spent on the project times the agreed upon hourly rate.

#### **C. Third Party/Custodian Fees**

PWA's fee schedule does not include the following separately incurred expenses, of which PWA does not receive any part: mutual fund expenses, exchange traded fund expenses, trading costs, and custodial costs. These fees will be separately charged by the relevant parties and borne by the client.

Custodians may charge transaction fees on purchases or sales of stocks, bonds, certain mutual funds and exchange-traded funds, and other securities. Clients are responsible for the payment of all third party fees. Please see Item 12 of this brochure regarding broker/custodian.

Mutual Funds and Exchange Traded Funds generally charge a management fee for their services as investment managers. These fees are in addition to the fees paid by the client to PWA.

#### **D. Prepayment of Fees**

PWA collects fees in advance. Either party may terminate the investment advisory agreement or financial planning/financial consulting agreement at any time by providing written notice to the other party. Full refunds will only be made in cases where cancellation occurs within five (5) business days of signing PWA's investment advisory agreement. After five (5) business days, clients will receive a pro-rata refund, which takes into account



work completed by PWA on behalf of the client. The client will incur charges for bona fide advisory services rendered to the point of termination, and such fees will be due and payable by the client.

In the event that PWA is compensated through a flat fee and the client terminates the agreement prior to completion of the work specified in the financial planning/financial consulting agreement, the client shall be billed for actual hours spent prior to termination times the hourly rate.

**E. Outside Compensation For Sale of Securities to Clients**

Not applicable.

## **ITEM 6: PERFORMANCE-BASED FEES**

PWA does not charge Performance Based Fees.

## **ITEM 7: TYPES OF CLIENTS**

PWA provides our services to a number of clients:

- Individuals, including high net worth individuals
- Trusts, estates and charitable organizations
- Pension and profit sharing plans
- Corporations or other business entities
- Not for Profits

### Account Minimums

We generally require a \$250,000 investable asset minimum for the management of accounts. Fees and account sizes are subject to negotiation and accounts that are less than \$250,000 will be evaluated on a case by case basis. In addition, we reserve the right to refuse to accept proposed management responsibilities or to resign from the management of any individual account.

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

**A. Methods of Analysis**

PWA may offer advice on the following types of securities:

- Exchange-listed securities
- Securities traded over-the-counter
- Warrants
- Corporate debt securities
- Commercial paper
- Certificates of deposit

- Municipal securities
- Variable life insurance
- Variable annuities
- Mutual fund shares
- United States government securities
- Options contracts on securities and/or commodities

As financial markets and products evolve, we may invest in other instruments or securities, whether currently existing or developed in the future, when consistent with client guidelines, objectives and policies.

PWA's security analysis methods include charting, fundamental and cyclical analysis. In conducting security analysis, we utilize a broad spectrum of information including financial newspapers and magazines, research materials prepared by others, corporate rating services, annual reports, prospectuses, filings with the Securities and Exchange Commission, company press releases and resources from commercially available software packages.

All investments in securities involve a risk of loss that clients should be prepared to bear.

#### **B. Investment Strategies**

We employ a range of investment strategies to implement the advice we give to clients including: long-term purchases, short-term purchases, trading, margin transactions, and option strategies including writing covered options, uncovered options and spreading strategies.

As stated above, all investments in securities involve a risk of loss to the original principal, as well as any profits that have not been realized, that clients should be prepared to bear. Stock and bond markets fluctuate substantially over time and performance of any investment is not guaranteed. As a result, there is a risk of loss of the assets we manage that may be out of our control. We strive to manage our client assets with excellence, however, we cannot guarantee any level of performance or that clients will not experience a loss of their account assets.

On occasion, PWA may utilize investment strategies that are designed to be very short term in nature. Strategies of this nature are inherently subject to greater risk due to the unpredictability of the short term volatility and fluctuations of investment markets. Prior to investing any client in a short term strategy, we will discuss the mechanics as well as the potential risks that the client will be exposed to and give them the opportunity to participate or decline. Short term strategies are not appropriate for all clients and may not be offered to all clients as they may not be suitable when considering a variety of factors including their sophistication, account size, willingness to accept higher levels of risk, ability to withstand short term volatility, or consistency with their goals and objectives.

#### **C. Risk of Specific Securities**

PWA primarily uses diversified investment securities such as mutual funds or exchange-traded securities that may invest in any of the securities noted in Item 8.A above. When investing in these securities, the client will be subject to a variety of risk factors including:

- Interest-rate risk
- Market risk
- Inflation risk
- Currency risk
- Reinvestment risk
- Liquidity risk
- Financial risk

## **ITEM 9: DISCIPLINARY INFORMATION**

None

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

### **A. Registration as a Broker/Dealer or Broker/Dealer Representative**

Not applicable.

### **B. Registration as a Futures Commission Merchant, Commodity Pool Operator/Trading Advisor**

Not applicable.

### **C. Relationships Material to this Advisory Business and Possible Conflicts of Interests**

Mr. Plautz is a licensed Certified Public Accountant (“CPA”). He is currently not providing CPA related services.

Mr. Plautz is an owner of Thousand Hills, LLC. Please see Item 11 for further information.

Mr. Winningham is an owner of Thousand Hills, LLC. Please see Item 11 for further information.

Mr. Miller is a licensed CPA. He is currently not providing CPA related services.

### **D. Selection of Other Advisors**

Not applicable.

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

### **A. Code of Ethics**

PWA has established a Code of Ethics that will apply to all of its associated persons. An investment adviser is considered a fiduciary. As a fiduciary, it is an investment adviser’s responsibility to provide fair and full disclosure of all material facts and to act solely in the best interest of each of our clients at all times. PWA has a fiduciary duty to all clients. This fiduciary duty is considered the core underlying principle for PWA’s Code of Ethics which also includes Insider Trading and Personal Securities Transactions Policies and Procedures. PWA requires all of its supervised

persons to conduct business with the highest level of ethical standards and to comply with all federal and state securities laws at all times. Upon employment or affiliation and at least annually thereafter, all supervised persons will sign an acknowledgement that they have read, understand, and agree to comply with PWA's Code of Ethics. PWA has the responsibility to make sure that the interests of all clients are placed ahead of PWA's or its supervised person's own investment interest. Full disclosure of all material facts and potential conflicts of interest will be provided to clients prior to any services being conducted. PWA and its supervised persons must conduct business in an honest, ethical, and fair manner and avoid all circumstances that might negatively affect or appear to affect our duty of complete loyalty to all clients. This disclosure is provided to give all clients a summary of PWA's Code of Ethics. However, if a client or a potential client wishes to review PWA's Code of Ethics in its entirety, a copy will be provided promptly upon request.

#### **B. Recommendations Involving Material Financial Interests**

PWA does not recommend to clients or buy or sell for client accounts, securities in which PWA or a related person has a material financial interest.

Mr. Plautz and Mr. Winningham each purchased an ownership stake 2019 in Thousand Hills, LLC ("Thousand Hills"), a series LLC formed for the purpose of making investments in private businesses. The other owners of Thousand Hills are friends and acquaintances of Mr. Plautz and Mr. Winningham, some of whom are also clients of PWA. Mr. Plautz and Mr. Winningham did not make an initial recommendation nor provide any investment advice or guidance to these clients with regard to their decision to purchase an interest in Thousand Hills. They will not provide any advice to these clients in any ongoing investment decisions within Thousand Hills. PWA does not collect any fees for any activity Mr. Plautz and Mr. Winningham expend on Thousand Hills. Additionally, PWA will not make any recommendation to any other client regarding Thousand Hills activities. Thousand Hills is considered to be an entity held amongst friends and close personal relationships that is engaged on a personal nature by Mr. Plautz and Mr. Winningham. Thousand Hills does represent a potential conflict of interest of which all clients that own an interest in Thousand Hills have been made aware.

#### **C. Investing in Same Securities as Clients**

PWA representatives invest in the same securities they recommend to clients. The Firm's Code of Ethics states, "It is the expressed policy of PWA that no person employed by the Firm may purchase or sell any security prior to a transaction(s) being implemented for an advisory account during the same day unless such transactions are at a price equal to or inferior to the price obtained by advisory clients, and therefore, preventing such employees from benefiting from transactions placed on behalf of advisory accounts." As such, there is no conflict of interest in the Firm representatives' transactions in these securities.

#### **D. Trading Securities At/Around the Same Time as Clients' Securities**

Aaron J. Plautz is the Chief Compliance Officer of PWA. He reviews all employee trades each quarter, including for his own accounts, to ensure compliance with the Firm's Code of Ethics. Most trades for both client and representative accounts are for mutual funds and/or exchange traded funds which do not typically affect the market price of those securities. In all cases where a pricing difference may exist, the Firm's client accounts will receive preferential treatment ahead of the Firm's representatives on transactions executed at or around the same time.

PWA also maintains and enforces written policies reasonably designed to prevent the misuse of material non-public information by PWA. A copy of such policies and procedures is available to any person upon request.

## **ITEM 12: BROKERAGE PRACTICES**

### **A. Factors Considered in Selecting Custodians and/or Broker/Dealers**

A variety of factors are considered when selecting a custodian including brokerage fees, account fees, trading costs, customer service, technology and investment availability.

Clients will establish an account at a broker for execution of securities transactions and custodial services. PWA may in various circumstances recommend the use of TD Ameritrade Institutional, a national discount brokerage firm, as broker and custodian.

PWA participates in the Institutional customer program offered by TD Ameritrade Institutional. TD Ameritrade Institutional is a division of TD Ameritrade Inc., member FINRA/SIPC ("TD Ameritrade"), an unaffiliated SEC-registered broker-dealer and FINRA member. TD Ameritrade offers to independent investment advisors services which include custody of securities, trade execution, clearance and settlement of transactions. PWA receives some benefits from TD Ameritrade through its participation in the program. These services from TD Ameritrade benefit all PWA clients.

There is no direct link between PWA's participation in the program and the investment advice it gives to its clients, although PWA receives economic benefits through its participation in the program that are typically not available to TD Ameritrade retail investors. These benefits include the following products and services (provided without cost or at a discount): duplicate client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving advisor participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client accounts); the ability to have advisory fees deducted directly from client accounts; access to an electronic communications network for client order entry and account information; access to mutual funds and exchange traded 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 PWA by third party vendors.

TD Ameritrade may also have paid for business consulting and professional services received by PWA's related persons and may also pay or reimburse expenses (including travel, lodging, meals, and entertainment expenses) for PWA's personnel to attend conferences or meetings relating to the program or to TD Ameritrade's advisor custody and brokerage services generally. Some of the products and services made available by TD Ameritrade through the program may benefit PWA but may not benefit its client accounts. These products or services may assist PWA in managing and administering client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help PWA manage and further develop its business enterprise. The benefits received by PWA or its personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. Clients should be aware, however, that the receipt of economic benefits by PWA or its related persons in and of itself creates a potential conflict of interest and may indirectly influence PWA's choice/recommendation of TD Ameritrade for custody and brokerage services.

PWA reviews the execution of trades at each custodian each quarter. Trading fees charged by the custodians are also reviewed on a quarterly basis. PWA does not receive any portion of the trading fees.

PWA does not have any affiliation with product sales firms or broker/dealers and does not receive referrals, fees or commissions from any of these arrangements including TD Ameritrade Institutional.

By directing brokerage to TD Ameritrade, clients may pay higher fees or transaction costs than those obtainable by other broker-dealers or custodians. PWA believes that our clients are paying a discounted and reasonable rate. Clients may pay higher or lower fees if you select another broker/dealer. We believe that TD Ameritrade charges competitive commissions on transactions they handle for us that are reasonable and customary. Currently, PWA does not allow clients to direct brokerage.

#### **B. Aggregation of Orders**

When we trade the same exchange-traded security in like direction (buy or sell) in more than one client account, we generally attempt to aggregate the trades in order to create a block transaction. Generally, buying and selling in blocks helps to create trading efficiencies, better price execution, and fair pricing for all clients. If the aggregated order is filled in its entirety, it will be allocated among clients in accordance with their participation in the transaction at the average share price received for all shares in the block order. If the order is partially filled, it will be allocated pro-rata among clients in accordance with their participation in the transaction at the average share price received for all shares in the filled orders.

### **ITEM 13: REVIEW OF ACCOUNTS**

#### **A. Periodic Account Review**

Client accounts are reviewed at least quarterly by Aaron J. Plautz. Individual investments are monitored continuously. The review consists of determining whether the portfolio or security is achieving expectations and whether any changes are necessary in accordance with the client's objectives. Clients are notified in writing (hard copy and/or electronic) of portfolio changes either through separate communication or by receiving a confirmation of changes made from the third party custodian, or both.

In addition, for individual clients, the review may encompass any or all components of the original financial plan, factors added by subsequent implementation, and changes in the client's financial circumstances and goals.

#### **B. Non-Periodic Account Review**

Not applicable

#### **C. Client Reports**

Each client receives monthly or quarterly account statements from the qualified custodian. PWA also maintains an electronic client web portal where we may post electronic reports monthly, quarterly, annually or on an ad hoc basis at our discretion. Performance reports are posted to client web portal at least quarterly. Clients should carefully read these reports and compare any reports received from PWA against reports received from the qualified custodian.

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

### **A. Compensation By Non-Clients**

As referenced in Item 12 above, PWA may receive an indirect economic benefit from TD Ameritrade. PWA, without cost (and/or at a discount), may receive support services and/or products from TD Ameritrade.

PWA's clients do not pay more for investment transactions effected and/or assets maintained at TD Ameritrade as a result of this arrangement. There is no corresponding commitment made by PWA to TD Ameritrade 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 arrangement.

### **B. Compensation for Client Referrals**

Neither PWA nor any related person of PWA directly or indirectly compensates any person for client referrals.

## **ITEM 15: CUSTODY**

PWA does not have custody of any client funds or securities (except for the direct deduction of advisory fees), as the services of a qualified and independent custodian will be used to hold client accounts.

If fees are deducted from the client's account:

- PWA sends a copy of its invoice to the custodian at or around the same time it sends its invoice to the client. The invoice received by the client provides a detailed calculation of the advisory fee.
- The custodian sends monthly or quarterly statements to the client showing all disbursements for the custodian account, including the amount of the advisory fees. Clients should carefully review these reports and compare any reports received from PWA against reports received from the qualified custodian.
- The client provides authorization permitting PWA to be directly paid by these terms.

## **ITEM 16: INVESTMENT DISCRETION**

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

Clients who engage PWA on a discretionary basis may, at any time, impose restrictions, in writing, on PWA's discretionary authority (i.e. limit the types/amounts of particular securities purchased for their account, exclude the ability to purchase securities with an inverse relationship to the market, etc.).

## **ITEM 17: VOTING CLIENT SECURITIES**

### **A. Proxy Votes**

PWA does not vote proxies on securities. Clients are expected to vote their own proxies. When assistance on voting proxies is requested, PWA will provide guidance to the client and will fully disclose any conflict of interest if one exists.

**B. Proxy Authority**

PWA does not have authority to vote proxies. Clients will receive their proxies or solicitations directly from their custodian or transfer agent.

## **ITEM 18: FINANCIAL INFORMATION**

**A. Prepayment of Fees**

We do not require or solicit prepayment of more than \$500 in fees per client, six months or more in advance, therefore have no material additional financial disclosures to make.

**B. Discretionary Authority or Custody**

PWA has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients.

**C. Bankruptcy Petitions**

PWA has not been the subject of a bankruptcy proceeding.

## **ITEM 19: REQUIREMENTS FOR STATE-REGISTERED ADVISERS**

**A. Management Persons, Education and Business Standards**

PWA generally requires a college degree and/or five years of equivalent industry experience or acceptable coursework for someone to become an investment advisory representative with the firm. Acceptable coursework may include a graduate degree in business, law, finance or accounting or a professional designation such as the CFP®, CPA®, CFA or ChFC. In addition, all investment advisory representatives must have obtained all required licenses (Series 65 or Series 66).

**Aaron J. Plutz, President and Chief Compliance Officer – CRD #5035369**

Born in 1977

Educational Background

2000: MPA; Master of Professional Accountancy, University of Texas at Austin.

2000: BA; Business Administration in Accounting, University of Texas at Austin.

Business Background

12/2009 – Present: Principia Wealth Advisory, LLC, *President and Chief Compliance Officer*

09/2005 – 12/2009: AXA Advisors, LLC, *Financial Advisor*

06/2003 – 06/2005: Highland Capital Management, *Portfolio Surveillance Manager*



06/2000 – 06/2003: Deloitte & Touche, LLP, *Senior Accountant*

Professional Designations & Exams

2005: Series 66

2000: CPA®

Disciplinary Information: None

Arbitration Claims: None

Self-Regulatory Organization or Administrative Proceeding: None

Bankruptcy Petition: None

Outside Business Activities: Thousand Hills

Additional Forms of Compensation: None

**Andrew W. Winningham – CRD #5802231**

Born in 1989

Educational Background

2012: BS; Bachelor of Science in Business Administration, University of Southern California.

Business Background

07/2015 – Present: Principia Wealth Advisory, LLC, *Associate Wealth Advisor*

07/2012 – 05/2015: Uplift Education, *Teacher*

Professional Designations & Exams

2015: Series 65

2018: CFP®

Disciplinary Information: None

Arbitration Claims: None

Self-Regulatory Organization or Administrative Proceeding: None

Bankruptcy Petition: None

Outside Business Activities: Thousand Hills

Additional Forms of Compensation: None

**Michael D. Miller – CRD #4532677**

Born in 1964

Educational Background

1988: BBA; Bachelor of Business Administration in Accounting and Finance, Baylor University

Business Background

1/2020 – Present: Principia Wealth Advisory, LLC; Senior Wealth Advisor

12/2014 – 12/2019: True North Advisors, LLC; EVP and Senior Wealth Manager

03/2006 – 12/2014: WFG Advisors, LP; Senior Wealth Advisor

06/2001 – 3/2006: MDM Capital Advisors, LLC; President

Professional Designations & Exams

2001: Series 65

1990: CPA®

Disciplinary Information: None

Arbitration Claims: None

Self-Regulatory Organization or Administrative Proceeding: None

Bankruptcy Petition: None

Outside Business Activities: None

Additional Forms of Compensation: None