

## Form ADV Part 3: Relationship Summary



### Preston Wealth Advisors, LLC

#### Introduction

Preston Wealth Advisors, LLC (“PWA” or “we”) is an investment adviser registered with the U.S. Securities and Exchange Commission. We offer our clients investment advisory services. Clients should understand that the services we provide and fees we charge are different than those of a broker-dealer, and that it is important to understand the difference between the two. Free and simple tools are available to research firms and financial professional at <https://www.investor.gov/CRS>, which also provides educational materials about investment advisers, broker-dealers and investing.

#### What Investment Services and Advice Can You Provide Me?

##### Description of Services

PWA offers investment advisory services to retail and institutional investors. Our investment advisory services include: Asset Management Services and Financial Planning and Consulting Services.

##### Asset Management Services

We provide asset management services which involves us managing and trading your designated account(s). We will discuss your investment goals and design a strategy to try and achieve your investment goals. We will continuously monitor your account when providing asset management services and contact you at least annually to discuss your portfolio. We also provide sub-advisory services to other investment advisory firms. For more information, please see **Item 2 of our Form ADV Part 2A**. When engaging us for asset management services, you can choose whether you would like us to provide services on a **discretionary** basis (we will have the authority to determine the type and amount of securities to be bought or sold in your account) or a **non-discretionary** basis (we will have to confirm any trades in your account with you before we place them). For more information about investment authority, please see **Item 14 of our Form ADV Part 2A**.

##### Financial Planning & Consulting Services

We also provide financial planning and consulting services. Financial planning services involve us creating a written financial plan for you which covers mutually agreed upon topics. Financial consulting is used when a written financial plan is not needed. It involves one time and/or ongoing meetings to discuss your financial situation. Please see **Item 2 of our Form ADV Part 2A**.

##### Limited Investment Offerings

We do not primarily recommend one type of security to clients. Instead, we recommend investment portfolios designed to be suitable for each client relative to that client’s specific circumstances and needs. However, we are limited in investment selection in that we can only invest your account in securities which are available on your custodian/broker-dealer’s platform. We will make recommendations and provide advice on our proprietary investment products.

##### Account & Fee Minimums

We prefer a minimum of \$500,000 in order to open an account managed by us. To reach this account preferred minimum, you can aggregate all household accounts. The minimum fee generally charged for financial planning and consulting services provided on an hourly basis is \$500.

#### What Fees Will I Pay?

##### Description of Principal Fees & Costs

Fees charged for our asset management services are charged based on a percentage of assets under management, billed in advance on a monthly basis, and calculated based on the fair market value of your account as of the last business day of the previous billing period. The annual fee for asset management services will be based upon a fee schedule which ranges between .85% and 1.60% - though, advisory fees may differ as advisors may decide to offer lower rates for some services, those typically consisting of services related to 401(k) plans. Due to our fee being based upon the value of your account, we have an incentive to recommend that you increase the level of assets in your account. When engaging us for asset management services, you will also incur other fees and expenses. The broker-dealer/custodian on your account will charge you transaction fees for executing trades in your account. You will also be charged internal fees and expenses by the funds we invest in within your account.

If invested in the private equity fund managed by the firm, we charge performance-based fees to clients who meet the definition of “qualified client” which means you must have at least \$1 million under management with our firm or a net worth of more than \$2.1 million at the time the investment advisory agreement is executed. You are typically charged both an annual fee of 2.00% of the client's assets under management and a performance-based fee contingent upon performance of your account. The performance-based fee will be tied to the capital appreciation (i.e., capital gains) within the account as evaluated at the end of each calendar year. The performance-based fee will be payable annually, in arrears. The performance-based fee will generally not exceed 20.00% of the capital appreciation attained within the client's account. The exact fee and fee arrangements may vary or be different than that described above based on

the complexity of client's situation, number of accounts managed, total assets under management and other factors specific to the client. The specific fee arrangements for you will be specified in that your advisory services agreement with us.

Financial planning and consulting services are provided under an hourly fee arrangement. An hourly fee of \$500 per hour is charged by us for these under this arrangement. You will pay in advance a mutually agreed upon retainer that will be available for us to bill hourly fees against for our financial planning and consulting services. We will bill our fees to you on a monthly basis. The fees for the financial planning and consulting services may be waived by us at our sole discretion. Any fees we charge for financial planning and consulting services will not cover the costs associated with implementing any recommendations we may make.

**Additional Information:** You will pay fees and costs whether you make or lose money on your investments. Fees and costs will reduce any amount of money you make on your investments over time. Please make sure you understand what fees and costs you are paying. For more information about the fees that we charge and the other fees and expenses you will incur, please see **Item 3 of our Form ADV Part 2A**.

### **What Are Your Legal Obligations to Me When Acting as My Investment Adviser? How Else Does Your Firm Make Money and What Conflicts of Interest Do You Have?**

#### **Standard of Conduct**

When we act as your investment adviser, we have to act in your best interest and not put our interest ahead of yours. At the same time, the way we make money creates some conflicts with your interests. You should understand and ask us about these conflicts because they can affect the investment advice we provide you. Here are some examples to help you understand what this means.

You should understand that our performance-based fees create conflicts of interest for us such as an incentive for us to recommend an investment that may carry a higher degree of risk to you; please see **Item 3 of our Form ADV Part 2A** for more details. To the extent we recommend you roll over your account from a current retirement plan to an individual retirement account ("IRA") managed by us and subject to our asset-based investment advisory fees, this is a conflict of interest because we have a financial incentive to recommend that you move your IRA to us even if it is not in your best interest. For more information about this conflict and our procedures to mitigate the conflict, see **Item 2 of our Form ADV Part 2A**. When we provide asset management services, we will ask that you establish an account with Charles Schwab and/or Axos (our custodians) to maintain custody of your assets and to effect trades for your account. Our recommendation to use our custodians is not based solely on your interest of receiving the best execution possible. We also recommend our custodians because they provide us with research, products and tools that help us manage and further develop our business operations. As a result, we do not have to pay for such benefits, which save us money; however, these arrangements create a conflict of interest. See **Item 10 of our Form ADV Part 2A** for more information about our arrangements with our custodians. We actively manage our own personal accounts while at the same time managing your accounts and other client accounts. This creates different conflicts of interest for which we have developed procedures to mitigate and control for those conflicts. For more information see **Item 9 of our Form ADV Part 2A**. We also operate private investment funds, GovCon Fund, LP which pay us management fees. Recommending that you invest in these investments creates a conflict of interest due to the potential for additional revenue if you invest in the fund. Some of our investment adviser representatives also serve as insurance agents. Through their role as such they may sell, for commissions, various insurance products. We have a conflict of interest in recommending these products to you because of the potential for additional revenue.

**Additional Information:** For more information about our conflicts of interests and the ways we are compensated, please see **Item 3** and **Item 8 of our Form ADV Part 2A**.

### **How Do Your Financial Professionals Make Money?**

#### **Description of Salary/Payment of IARs**

We compensate our investment adviser representatives based on a monthly salary in addition to compensation based on the level of assets that the representative brings into us. This creates a conflict of interest as it gives your representative an incentive to recommend you invest more in your account with us due to the potential for increased payments. Our representatives also serve as licensed insurance agents. When acting in this capacity, the representative will receive commissions for selling insurance products. This creates a conflict of interest when the representative recommends you purchase insurance products through him or her.

**Additional Information:** For more information about these conflicts of interest, please see **Item 8 of our Form ADV Part 2A**.

### **Do You or Your Financial Professionals Have Legal or Disciplinary History?**

Yes, in November 2014 agreed to a settlement with the state of Florida to settle allegations of a contested technical violation of Florida investment advisor registration requirements and in 2014, the firm entered into a settlement with the State of Virginia to settle allegations that the firm violated state regulations. You can look up more information about us and our investment adviser representatives at <https://adviserinfo.sec.gov/firm/summary/165983> or <https://www.investor.gov/CRS>.

### **Additional Information About Preston Wealth Advisors**

Additional information about us and a copy of this relationship summary are available on the Internet at [www.prestonwealthadvisors.com](http://www.prestonwealthadvisors.com). You can also find our disclosure brochures and other information about us at <https://adviserinfo.sec.gov/firm/summary/165983>. If you have any questions or want an up-to-date copy of this relationship summary, we can be reached by phone at 703-757-0419.