

# WRAP FEE PROGRAM BROCHURE

(PART 2A APPENDIX OF FORM ADV)

PREPARED IN COMPLIANCE WITH

THE INVESTMENT ADVISERS ACT OF 1940 RULE 204-3(A)

**PIH** INVESTMENTS

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This brochure provides information about the qualifications and business practices of Pih Investments, LLC. Being registered as a registered investment adviser does not imply a certain level of skill or training. If you have any questions about the contents of this brochure, please contact us at 818-237-0378. 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 Pih Investments, LLC (CRD #166867) is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)

## **Item 2: Material Changes**

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### **Annual Update**

The Material Changes section of this brochure will be updated annually or when material changes occur since the previous release of the Firm Brochure.

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### **Material Changes since the Last Update**

Initial Filing of Wrap Fee Program Brochure

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## Item 4: Services, Fees and Compensation

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### Firm Description

Pih Investments, LLC (“Advisor”) is an investment advisor registered with the State of California. Advisor offers investment advice to clients through the Wrap Fee Program (“Program”) based on the individual needs of the client. Advisor is the sponsor of the Program. Jeffrey W. Pih is the owner and investment advisor representative of the Advisor and responsible for management of the Program accounts.

This disclosure brochure is limited to describing the Program and other information that client should consider prior to establishing an account in the Program. For a complete description of other programs and services offered by Advisor, clients should refer to Advisor’s Form ADV Part 2A, a copy of which will be provided by Advisor to client upon request.

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### Program Services

The Program offers clients an asset management account in which the Advisor directs and manages Program assets for client. By signing a limited power of attorney or trading authorization, the client authorizes Advisor to purchase and sell on a discretionary basis mutual funds, ETFs, equities, fixed income securities, and options. The client may chose to engage Advisor on a non-discretionary basis meaning Advisor will determine the securities to be bought or sold and the amount of the securities to be bought or sold. However, Advisor will obtain prior client approval on each and every transaction before executing any transactions.

The Advisor obtains the necessary financial data from the client and assists the client in setting appropriate investment objectives for the Program account. The Advisor obtains updated information from the client as necessary in order to provide personalized investment advice to the client.

Client will be required to enter into a written agreement with Advisor in order to establish a Program account. Client will also be required to complete an application with the broker/dealer that will act as custodian for Program account assets.

A Wrap Fee Program is an investment advisory program in which you pay one fee for both investment advisory services and the transaction costs in your account.

The Program Fee is not based directly upon the actual transaction or execution costs for the transactions within your account. Depending on the underlying investments in your Program and how much trading activity occurs, you may pay more or less than if you chose another advisory program that does not have a wrap fee, or if you chose to pay separately for all of your transaction costs (e.g., pay the advisory fee plus all transaction charges). Advisor will review your investment options with you to determine the best offering for you. Similar services to those offered in the Program may be purchased from another unaffiliated financial services provider.

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### Program Fees

The annual investment advisory fee (“Annual Fee”) schedule for the Program is described below:

Assets Under Management	Maximum Annual Fee	Maximum Quarterly Fee
\$0 - \$250,000	N/A	N/A
\$250,001 - \$999,999	0.99%	0.2475%
\$1,000,000 +	0.88%	0.2200%

The annual fee is negotiable, is based on the value of the assets in the account, including cash holdings, and is payable quarterly in arrears. For purposes of calculating Annual Fees, the fee will be calculated from the first day in which the assets are received. The initial fee is due at the end of the quarter following account opening and includes a prorated fee for the initial quarter. Subsequent fee payments are due and assessed at the end of each quarter based on the value of the assets under management as of the close of business on the last business day of the quarter as valued by the custodian. Additional deposits and withdrawals will be added or subtracted from account assets, as the case may be, which may lead to an adjustment of the annual fee. All annual fees are deducted from the account by the custodian unless other arrangements have been made in writing. The annual fee is paid to and retained by the Advisor and the advisory representatives.

In addition to the annual fee, client may also incur certain charges imposed by third parties in connection with investments made through Program accounts, including those imposed by the custodian. These may include, but are not limited to, the following: mutual fund or money market 12b-1 fees, sub-transfer agent fees, certain deferred sales charges on previously purchased mutual funds transferred into the account, variable annuity expenses, other transaction charges and service fees, IRA and qualified retirement plan fees, alternative investment administrative fees, administrative servicing fees for trust accounts, creation and development fees or similar fees imposed by unit investment trust sponsors, managed futures investor servicing fees, and other charges required by law. Advisor does not receive any portion of these fees. Further information regarding charges and fees assessed by a mutual fund or variable annuity are available in the appropriate prospectus.

Mutual funds may also charge a redemption fee if a redemption is made within a specific time period following the investment. The terms of any redemption fee are disclosed in the fund's prospectus. Transactions in mutual fund shares (e.g., for rebalancing, liquidations, deposits or tax harvesting) may be subject to a fund's frequent trading policy.

Client should be aware that margin borrowing involves additional risks. Margin borrowing will result in increased gain if the value of the securities in the account go up, but will result in increased losses if the account value decreases.

## **Item 5: Account Requirements and Types of Clients**

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### **Account Minimum**

A minimum account value is not required for the Program.

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### **Types of Clients**

Advisor offers the wrap fee program primarily to individuals.

## **Item 6: Portfolio Manager Selection and Evaluation**

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### **Portfolio Manager**

Jeffrey W. Pih, President will manage all Program accounts.

In general, all individuals that render investment advice on behalf of Advisor are required to have a college degree and/or five (5) years of equivalent industry experience. In addition, all advisory representatives must have obtained all required licenses or a professional designation.

Each individual will be reviewed and considered on a case-by-case basis by an executive member of Advisor. Advisor requires that individuals have high standards or morals and ethics and be committed to providing quality investment advice. Additionally, advisory representatives will be required to obtain any required regulatory examinations.

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### **Conflicts of Interest**

In establishing a Program account, client elects to appoint Shareholders Service Group, Inc./Pershing, LLC/BNY Mellon, member FINRA/SIPC as the sole and exclusive broker/dealer and custodian with respect to processing securities transactions for the Program account. The Advisor does not maintain custody of client assets.

Securities transactions for Program account are effected without commissions being charged to client. While Advisor makes every attempt to obtain the best execution possible, there is no assurance that it will be obtained. Clients should consider whether or not the appointment of Shareholders Service Group, Inc./Pershing, LLC/BNY Mellon as the sole broker/dealer and custodian may or may not result in certain costs or disadvantages to the client as a result of possibly less favorable executions.

Although client will not be charged a transaction charge for transactions through Shareholders Service Group, Inc./Pershing, LLC/BNY Mellon, client should be aware that Advisor will be required to pay transaction charges to Shareholders Service Group, Inc./Pershing, LLC/BNY Mellon. The transaction charges borne by Advisor vary based on the type of transactions (e.g., mutual fund, equity or fixed income security) and for mutual funds based on whether or not the mutual fund pays 12b-1 fees and/or sub-transfer agent fees that are retained by the custodian in amounts sufficient to cover the majority of trading costs. Client should understand that the cost to Advisor of transaction charges may be a factor the Advisor considers when deciding which securities to select and whether or not to place transactions in a Program account.

No agency-cross transactions or principal transactions are effected by Advisor in Program accounts.

Advisor may aggregate transactions for a client with other clients to improve the quality of execution. When transactions are so aggregated, the actual prices applicable to the aggregated transactions will be averaged, and the client will be deemed to have purchased or sold its proportionate share of the securities involved at the average price obtained.

Advisor participates in Shareholders Service Group, Inc./Pershing, LLC/BNY Mellon's customer program and Advisor may recommend Pershing, LLC to Clients for custody and brokerage services. There is no direct link between Advisor's participation in the program and the investment advice it gives to its Clients, although Advisor receives economic benefits through its participation in the program that are typically not available to Shareholders Service Group, Inc./Pershing, LLC/BNY Mellon retail investors. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate Client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving Advisor participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to Client accounts); the ability to have advisory fees deducted directly from Client accounts; access to an electronic communications network for Client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to Advisor by third party vendors.

Shareholders Service Group, Inc./Pershing, LLC/BNY Mellon may also have paid for business consulting and professional services received by Advisor's related persons. Some of the products and

services made available by Shareholders Service Group, Inc./Pershing, LLC/BNY Mellon through the program may benefit Advisor but may not benefit its Client accounts. These products or services may assist Advisor in managing and administering Client accounts, including accounts not maintained at Shareholders Service Group, Inc./Pershing, LLC/BNY Mellon. Other services made available by Shareholders Service Group, Inc./Pershing, LLC/BNY Mellon are intended to help Advisor manage and further develop its business enterprise. The benefits received by Advisor or its personnel through participation in the program do not depend on the amount of brokerage transactions directed to Shareholders Service Group, Inc./Pershing, LLC/BNY Mellon. As part of its fiduciary duties to clients, Advisor endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by Advisor or its related persons in and of itself creates a potential conflict of interest and may indirectly influence the Advisor's choice of Shareholders Service Group, Inc./Pershing, LLC/BNY Mellon for custody and brokerage services.

The Program may cost the client more or less than purchasing Program services separately. Factors that bear upon the cost of the Program account in relation to the cost of the same services purchased separately include: the type and size of the account, the historical and/or expected size or number of trades for the account, and the number and range of supplementary advisory and client related services provided to the account.

The annual fee is an ongoing fee for investment advisory services and may cost the client more than if the assets were held in a traditional brokerage account. In a brokerage account, a client is charged a commission for each transaction and the representative has no duty to provide ongoing advice with respect to the account. If the client plans to follow a buy and hold strategy for the account or does not wish to purchase ongoing investment advice or management services, the client should consider opening a brokerage account rather than a Program account.

The Advisor receives compensation as a result of the client's participation in the Program. The amount of this compensation may be more or less than what the Advisor would receive if the client participated in other programs or paid separately for investment advice, brokerage and other client services. Therefore, the Advisor may have a financial incentive to recommend the Program account over other programs and services.

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### **Advisory Business**

The Advisor offers clients an asset management account through the Program in which the Advisor directs and manages Program assets for client.

The goals and objectives for each client are documented in our client files. Investment strategies are created that reflect the stated goals and objective. Clients may impose restrictions on investing in certain securities or types of securities.

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### **Sharing of Capital Gains**

Fees are not based on a share of the capital gains or capital appreciation of managed securities.

Advisor does not use a performance-based fee structure because of the potential conflict of interest. Performance-based compensation may create an incentive for the adviser to recommend an investment that may carry a higher degree of risk to the client.

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### **Methods of Analysis**

Security analysis methods may include fundamental analysis. Investing in securities involves risk of loss that clients should be prepared to bear. Past performance is not a guarantee of future returns.

Fundamental analysis involves evaluating a stock using real data such as company revenues, earnings, return on equity, and profits margins to determine underlying value and potential growth.

The main sources of information include financial newspapers and magazines, annual reports, prospectuses, and filings with the Securities and Exchange Commission.

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### **Investment Strategy**

The investment strategy for a specific client is based upon the objectives stated by the client during consultations. The client may change these objectives at any time. Each client executes an Investment Policy Statement or Risk Tolerance that documents their objectives and their desired investment strategy.

Fundamental analysis involves evaluating a stock using real data such as company revenues, earnings, return on equity, and profits margins to determine underlying value and potential growth.

Other strategies may include long-term purchases, short-term purchases, trading, and option writing (including covered options, uncovered options or spreading strategies).

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### **Security Specific Material Risks**

All investment programs have certain risks that are borne by the investor. Our investment approach constantly keeps the risk of loss in mind. Investors face the following investment risks and should discuss these risks with Advisor:

- *Interest-rate Risk:* Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- *Market Risk:* The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events.
- *Inflation Risk:* When any type of inflation is present, a dollar today will buy more than a dollar next year, because purchasing power is eroding at the rate of inflation.
- *Currency Risk:* Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- *Reinvestment Risk:* This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.
- *Business Risk:* These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.
- *Liquidity Risk:* Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.

- *Financial Risk:* Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.
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### **Proxy Voting**

Advisor does not vote proxies on securities. Clients are expected to vote their own proxies. The client will receive their proxies directly from the custodian of their account or from a transfer agent.

When assistance on voting proxies is requested, Advisor will provide recommendations to the client. If a conflict of interest exists, it will be disclosed to the client

## **Item 7: Client Information Provided to Portfolio Managers**

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### **Description**

The Advisor obtains the necessary financial data from the client and assists the client in setting appropriate investment objectives for the Program account. The Advisor obtains updated information from the client as necessary in order to provide personalized investment advice to the client.

Client will be required to enter into a written agreement with Advisor in order to establish a Program account. Client will also be required to complete an application with the broker/dealer that will act as custodian for Program account assets.

## **Item 8: Client Contact with Portfolio Managers**

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### **Restrictions**

There are no restrictions placed on clients' ability to contact and consult with the portfolio managers since Jeffrey W. Pih is the portfolio manager.

## **Item 9: Additional Information**

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### **Disciplinary Information**

#### Criminal or Civil Actions

Advisor and its management have not been involved in any criminal or civil action.

#### Administrative Enforcement Proceedings

Advisor and its management have not been involved in administrative enforcement proceedings.

#### Self Regulatory Organization Enforcement Proceedings

Advisor and its management have not been involved in legal or disciplinary events related to past or present investment clients.

#### Broker-Dealer or Representative Registration

Neither Advisor nor any of its employees are affiliated with a broker-dealer.

#### Futures or Commodity Registration

Neither Advisor nor its employees are registered or have an application pending to register as a futures commission merchant, commodity pool operator, or a commodity trading advisor.

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

### Material Relationships Maintained by this Advisory Business and Conflicts of Interest

Jeffrey Pih is an independent insurance agent. He spends less than 25% of his time in his insurance practice. He may offer clients of Pih Investments, LLC insurance products. As an insurance agent, he may receive separate yet typical compensation in the form of commissions for the sale of insurance products.

These practices represent conflicts of interest because it gives Mr. Pih an incentive to recommend products based on the commission amount received. This conflict is mitigated by the fact that Mr. Pih has a fiduciary responsibility to place the best interest of the clients first and clients are not required to purchase any products. Clients have the option to purchase these products through another insurance agent of their choosing.

### Recommendations or Selections of Other Investment Advisors and Conflicts of Interest

Advisor does not utilize the services of Third Party Money Managers to manage client accounts.

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## **Code of Ethics Description**

The employees of Advisor have committed to a Code of Ethics. The purpose of our Code of The employees of Advisor have committed to a Code of Ethics (“Code”). The purpose of our Code is to set forth standards of conduct expected of Advisor employees and addresses conflicts that may arise. The Code defines acceptable behavior for employees of Advisor. The Code reflects Advisor’ and its supervised persons’ responsibility to act in the best interest of their client.

One area which the Code addresses is when employees buy or sell securities for their personal accounts and how to mitigate any conflict of interest with our clients. We do not allow any employees to use non-public material information for their personal profit or to use internal research for their personal benefit in conflict with the benefit to our clients.

Advisor’s policy prohibits any person from acting upon or otherwise misusing non-public or inside information. No advisory representative or other employee, officer or director of Advisor may recommend any transaction in a security or its derivative to advisory clients or engage in personal securities transactions for a security or its derivatives if the advisory representative possesses material, non-public information regarding the security.

Advisor’ Code is based on the guiding principle that the interests of the client are our top priority. Advisor’ officers, directors, advisors, and other employees have a fiduciary duty to our clients and must diligently perform that duty to maintain the complete trust and confidence of our clients. When a conflict arises, it is our obligation to put the client’s interests over the interests of either employees or the company.

The Code applies to “access” persons. “Access” persons are employees who have access to non-public information regarding any clients' purchase or sale of securities, or non-public information regarding the portfolio holdings of any reportable fund, who are involved in making securities recommendations to clients, or who have access to such recommendations that are non-public.

### Investment Recommendations Involving a Material Financial Interest and Conflict of Interest

Advisor and its employees do not recommend to clients securities in which we have a material financial interest.

### Advisory Firm Purchase of Same Securities Recommended to Clients and Conflicts of Interest

Advisor and its employees may buy or sell securities that are also held by clients. In order to avoid potential conflicts of interest such as front running of client trades, employees are required to disclose

all reportable securities transactions as well as provide Advisor with copies of their brokerage statements.

The Chief Compliance Officer of Advisor is Jeffrey W. Pih. He reviews all employee trades each quarter. The personal trading reviews ensure that the personal trading of employees does not affect the markets and that clients of the firm receive preferential treatment. Since most employee trades are in products such as mutual funds, government securities, bonds or are small in size, they do not impact the securities markets.

#### Client Securities Recommendations or Trades and Concurrent Advisory Firm Securities Transactions and Conflicts of Interest

Advisor does not maintain a firm proprietary trading account and does not have a material financial interest in any securities being recommended and therefore no conflicts of interest exist.

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### **Review of Accounts**

#### Schedule for Periodic Review of Client Accounts and Advisory Persons Involved

Account reviews are performed weekly or monthly depending on the nature of the account and client relationship. All reviews are conducted by Jeffrey W. Pih on a portfolio analysis basis. Account reviews are performed more frequently when market conditions dictate.

#### Review of Client Accounts on Non-Periodic Basis

Other conditions that may trigger a review of clients accounts are changes in the tax laws, new investment information, and changes in a client's own situation.

#### Content of Client Provided Reports and Frequency

Clients receive account statements usually on a monthly basis, but no less than quarterly for managed accounts. Account performance reports are issued on a quarterly basis.

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

#### Economic benefits Provided to the Advisory Firm from External Sources and Conflicts of Interest

Advisor does not receive any economic benefits from external sources.

#### Advisory Firm Payments for Client Referrals

Advisor does not compensate for client referrals.

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### **Financial Information**

#### Balance Sheet

A balance sheet is not required to be provided because Advisor does not serve as a custodian for client funds or securities and Advisor does not require prepayment of fees of more than \$500 per client and six months or more in advance.

#### Financial Conditions Reasonably Likely to Impair Advisory Firm's Ability to Meet Commitments to Clients

Advisor has no condition that is reasonably likely to impair our ability to meet contractual commitments to our clients.

#### Bankruptcy Petitions during the Past Ten Years

Neither Advisor nor its management has had any bankruptcy petitions in the last ten years.

## **Item 10: Requirements for State-Registered Advisers**

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### **Material Relationship Maintained by this Advisory Business or Management persons with Issuers of Securities**

None to report