



# Tanager Wealth Management LLP



## Firm Brochure

April 10, 2023



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This brochure provides information about the qualifications and business practices of Tanager Wealth Management LLP. If you have any questions about the contents of this brochure, please contact Alex Eichhorn at +44 20 3965 6330. 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.

Tanager Wealth Management LLP is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. The written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser.

Additional information about Tanager Wealth Management LLP is available on the SEC's 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 the Adviser is 166084.

## 2. MATERIAL CHANGES

The material changes in this brochure from the last annual updating amendment of Tanager Wealth Management LLP on 03/24/2023 are described below. Material changes relate to Tanager Wealth Management LLP's policies, practices or conflicts of interests.

- Tanager Wealth Management LLP updated its assets under management in Item 4.

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## 4. ADVISORY BUSINESS

### A. OWNERSHIP/ADVISOR HISTORY

Tanager Wealth Management LLP ("Tanager" or the "Firm") is a limited liability partnership domiciled in the United Kingdom. It was established in July 2012. It subsequently became a registered investment adviser with the Securities and Exchange Commission. Its partners are Kristopher Heck, Alex Eichhorn, Jeff Hedges, David Costello, Kyle Pettigrove, Abbas Somji and Patrick Mulhern.

### B. ADVISORY SERVICES OFFERED

Prior to the Adviser-Client relationship, Tanager may offer a complimentary general consultation to discuss services available, to give a prospective client time to review services desired, and to determine the possibility of a potential relationship. Investment advisory services begin only after the client and Tanager formalize the relationship by setting forth the terms and conditions under which Tanager renders its services with a properly executed Client Agreement (collectively the "Agreement").

Tanager offers the following services:

#### i. PORTFOLIO MANAGEMENT SERVICES

At the beginning of the relationship Tanager will hold a meeting(s) with the client to collect pertinent data, identify goals, objectives, financial concerns and potential solutions. The result of these meetings will be a written wealth plan that typically focuses on one or more specific areas such as financial and cash management, risk management, retirement planning, goal setting, wealth management, or other needs identified by the client or by our review of the client's financial circumstances. At the conclusion of the meetings, Tanager may make recommendations regarding implementation of the financial strategies discussed.

After receiving the financial plan, Tanager and the client will create a customized portfolio that Tanager will manage for the client. Similar to the unique written financial plan, Tanager will work with the client to formulate an individualized portfolio based upon his/her objectives, time frame, risk parameters and other investment considerations. The portfolio may contain stocks, bonds, mutual funds, exchange traded funds or other investment products that are agreed up by the client. Tanager will actively manage and review all clients' accounts, which means we review the accounts on a quarterly basis.

## ii. RECOMMENDATION OF INDEPENDENT MANAGERS

Tanager may recommend that clients authorize the active discretionary management of all or a portion of their assets by and/or among certain independent investment managers ("Independent Managers"), based upon the stated investment objectives of the client. The terms and conditions under which the client engages the Independent Managers are set forth in a separate written agreement between Tanager or the client and the designated Independent Managers. Tanager generally renders services to the client relative to the discretionary selection of Independent Managers, and continues to monitor and review the client's account performance and investment objectives. Tanager receives its annual advisory fee which is based upon a percentage of the market value of the assets being managed both directly by Tanager and by the designated Independent Managers.

When selecting an Independent Manager for a client, Tanager reviews information about the Independent Manager such as its disclosure brochure and/or material supplied by the Independent Manager or independent third parties for a description of the Independent Manager's investment strategies, past performance and risk results to the extent available. Factors that Tanager considers in recommending an Independent Manager include the client's stated investment objectives, management style, performance, reputation, financial strength, reporting, pricing, and research. The investment management fees charged by the designated Independent Managers, together with the fees charged by the corresponding designated broker-dealer/custodian of the client's assets, are generally exclusive of, and in addition to, Tanager's investment advisory fee. The client may incur additional fees than those charged by Tanager, the designated Independent Managers, and corresponding broker-dealer and custodian.

In addition to Tanager's written disclosure brochure, the client also receives the written disclosure brochure of the designated Independent Managers.

## iii. FINANCIAL PLANNING

Financial plans and financial planning may include, but are not limited to: investment planning; tax concerns; retirement planning; education planning.

## C. TAILORED SERVICES

As described above, Tanager's services are individualized to each client. As a result, clients may impose reasonable restrictions on the creation of the financial plan or the portfolio management, i.e. to avoid certain securities, asset classes or industries. All restriction requests must be provided in writing.

## D. WRAP PROGRAM



Tanager does not sponsor in a wrap program. However, Tanager may recommend a wrap program sponsored by an Independent Manager.

#### E. CLIENT ASSETS MANAGED

As of December 31, 2022, Tanager advises on \$ 545,145,616.00 in discretionary assets and \$ 207,617,956.00 in non-discretionary assets for its clients.

### 5. FEES AND COMPENSATION

#### A. FEES

The annual fee for Tanager's management services is:

| Custodian Reported Value    | Annual Fee |
|-----------------------------|------------|
| \$0 to \$750,000            | 1.25%      |
| \$750,001 to \$3,000,000    | 1.00%      |
| \$3,000,001 to \$10,000,000 | .75%       |
| \$10,000,000 and above      | .50%       |

Due to the transatlantic nature of the individuals and families that we advise we may sometimes have to apply an additional charge know as VAT (Value Added Tax). This is a UK tax and may be applicable when we are advising on UK personal pensions and individual savings accounts (ISAs). We will advise when this additional charge is applied. Here is a breakdown of our ongoing fee schedule with VAT:

| Custodian Reported Value    | Annual Fee |
|-----------------------------|------------|
| \$0 to \$750,000            | 1.30%      |
| \$750,001 to \$3,000,000    | 1.05%      |
| \$3,000,001 to \$10,000,000 | .80%       |
| \$10,000,000 and above      | .55%       |

There is a minimum annual fee of \$6,500 for all clients.

Accounts held at Tanager's custodian but not managed by Tanager are charged at an annual rate of .25%.

The fixed rate for creating client financial plans is \$10,000. The fees are not negotiable. Clients may terminate the Financial Planning Agreement with written notice.

#### B. HOW FEES ARE COLLECTED

The fee for accounts held with US-based custodians is calculated and collected in advance on a quarterly basis. The fee will be calculated on the Account's previous quarter-end value as reported by the Account's custodian. The fee can be negotiated at the sole discretion of Tanager.

The fee for accounts held with UK-based custodians is calculated and collected in arrears on a monthly basis. The fee will be either be calculated on the Account's daily or month end value as reported by the Account's custodian. The fee can be negotiated at the sole discretion of Tanager.

Clients will be asked to authorize Tanager with the ability to deduct its fees directly from the clients' account. This authorization will apply to the firm's management fees only.

Fixed financial planning fees are paid 50% in advance with the other 50% due at the delivery of the financial plan. Fixed financial planning fees are paid via cash, check, or wire.

#### C. OTHER FEES AND EXPENSES

Tanager's fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses that are incurred by the client. Clients may incur certain charges imposed by custodians, brokers, third party investment and other third parties such as fees charged by managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and exchange traded funds also charge internal management fees, which are disclosed in a fund's prospectus. Such charges, fees and commissions are exclusive of and in addition to our fee and Tanager's will not receive any portion of these commissions, fees, and costs. For more information about our brokerage practices please see Item 12.A.

#### D. TERMINATION AND FEE REFUNDS

A client may cancel Tanager's management services for any reason during the first five (5) days from the date of signing the Investment Management Agreement and will receive a refund of 100% of all fees paid without cost or penalty. To cancel the Agreement, a client must notify Tanager and return any materials received to that date. After five (5) days, the Investment Management Agreement may be terminated at any time by giving thirty (30) days written notice to Tanager Wealth Management LLP, 7th Floor, East Wing, Vintners Place, 68 Upper Thames Street, London EC4V 3BJ. Because Tanager charges in advance,

upon written notice of termination the client will receive a prorated refund of any unearned fees that were collected during the termination quarter.

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

Tanager does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client).

## 7. TYPES OF CLIENTS

Tanager's services are offered to individuals, high net-worth individuals, trusts, charities and pension and profit-sharing plans. Tanager does not require a minimum account size. However, the minimum annual fee for each account is \$6,500. Tanager reserves the right to waive this provision.

## 8. METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

### A. METHODS OF ANALYSIS AND INVESTMENT STRATEGIES

Tanager bases its financial plan on an Asset Allocation model. Asset Allocation is an investment strategy that aims to balance risk and reward by apportioning a portfolio's assets according to an individual's goals, risk tolerance and investment horizon among various asset classes. The asset classes typically include equities, fixed-income, and cash and equivalents. Each class has different levels of risk and return, so each will behave differently over time. The risk associated with asset allocation is that despite being diversified there is no guarantee an account will rise in value.

When selecting securities for a client's portfolio, Tanager uses fundamental analysis. Fundamental analysis is a technique that attempts to determine a security's value by focusing on underlying factors that affect a company's actual business and its future prospects. The analysis is performed on historical and present data. On a broader scope, one can perform fundamental analysis on industries or the economy as a whole. The term refers to the analysis of the economic well-being of a financial entity as opposed to only its price movements. The risk associated with fundamental analysis is that despite that appearance that a security is undervalued, it may not rise in value as predicted.

Tanager may purchase securities on margin. "Margin" is borrowing money from a client's broker to buy a stock and using the client's investment as collateral. Investors generally use margin to increase their purchasing power so that they can own more stock without fully paying for it. The more leverage employed, the more likely a substantial change will occur in the value of the accounts interests. If the securities in the account decline in value beyond a specific threshold the investor will be required to deposit more cash or selling securities.



## B. INVESTMENT RISKS

Tanager uses several types of securities in our clients' accounts. These securities may include, but are not limited to, the following: Bonds and other corporate debt instruments; Exchange Traded Funds; Mutual Funds such as Large Cap Growth, Large Cap Value, Mid Cap Growth, Mid Cap Value, Small Cap Growth, and Small Cap Value; Government Debt instruments including Treasury Bills and Municipal securities; Stocks; Preferred Stock; Money Market Funds and Cash.

All investments bear different types and degrees of risk and investing in securities involves risk of loss that clients should be prepared to bear. While Tanager uses investment strategies that are designed to provide appropriate investment diversification, some investments have significantly greater risks than others. Obtaining higher rates of return on investments entails accepting higher levels of risk. Recommended investment strategies seek to balance risks and rewards to achieve investment objectives. A client's needs to ask questions about risks he/she does not understand, Tanager would be pleased to discuss them.

Tanager strives to render its best judgment on behalf of our clients. Still, it cannot assure or guarantee clients that investments will be profitable or assure that no losses will occur in an investment portfolio. Past performance is an important consideration with respect to any investment or investment adviser but is not a reliable predictor of future performance. Tanager continuously strives to provide outstanding long-term investment performance, but many economic and market variables beyond its control can affect the performance of an investment portfolio.

An investment could lose money over short or even long periods. A client should expect his/her account value and returns to fluctuate within a wide range, like the fluctuations of the overall stock and bond markets. A client's account performance could be hurt by:

- Stock market risk: The chance that stock prices overall will decline. Stock markets tend to move in cycles, with periods of rising stock prices and periods of falling stock prices.
- Interest rate risk: The chance that bond prices overall will decline because of rising interest rates.
- Manager risk: The chance that the proportions allocated to the various securities will cause the client's account to underperform relevant to benchmarks or other accounts with a similar investment objective.
- Liquidity Risk: Liquidity risk exist when particular investments are difficult to purchase or sell, possibly preventing the ability to sell such illiquid securities at an advantageous time or price, or possibly requiring the client to dispose of other investments at unfavorable times or prices in order to satisfy its obligations.
- International investing risk: Investing in the securities of non-U.S. companies involve special risks not typically associated with investing in U.S. companies. Foreign securities

tend to be more volatile and less liquid than investments in U.S. securities, and may lose value because of adverse political, social or economic developments overseas or due to changes in the exchange rates between foreign currencies and the U.S. dollar. In addition, foreign investments are subject to settlement practices, as well as regulatory and financial reporting standards, that differ from those of the U.S.

- **Credit Risk:** There is a risk that issuers and counterparties will not make payments on securities and other investments, resulting in losses to the security or other investment. In addition, the credit quality of securities may be lowered if an issuer's financial condition changes.
- **Inflation Risk:** This is the risk that inflation will undermine the performance of your investment and/or the future purchasing power of your assets.
- **Use of Independent Managers:** Tanager may recommend the use of Independent Managers to its clients. Tanager will continue to do ongoing due diligence of such managers, but such recommendations rely, to a great extent, on the Independent Managers' ability to successfully implement their investment strategy. In addition, Tanager does not have the ability to supervise the Independent Managers on a day-to-day basis other than as previously described in response to Item 4, above.
- **Margin Interest Charges:** To the extent margin is available, such accounts must meet certain risk tolerance requirements. When margin is used to buy additional securities, the total value of the assets increases as a client's asset-based fees increase. In addition, a client may be charged margin interest on debit balances in his/her account. An increase in the asset-based fee the client pays may provide an incentive for the representative to recommend the use of margin.

## 9. DISCIPLINARY INFORMATION

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events within the past 10-years that would be material to your evaluation of Tanager or the integrity of its management.

Tanager has no information applicable to this Item because it has not been the subject of any administrative, civil, criminal, regulatory (SEC or State) or self-regulatory proceedings.

## 10. OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

### A. BROKER-DEALER AFFILIATIONS

Tanager is not affiliated with a broker-dealer.

## B. FUTURES/COMMODITIES FIRM AFFILIATION

Tanager is not affiliated with a futures/commodities firm.

## C. OTHER INDUSTRY AFFILIATIONS

Tanager operates a white label foreign exchange brokerage called TanagerFX. This service is provided by Sciopay Limited (SL), a UK-based fintech company. The partners established TanagerFX to help clients of Tanager who were experiencing difficulties and high costs when moving money between the UK and the US.

Whilst Tanager receives commissions from SL they are minimized to improve client outcomes and the firm does not operate TanagerFX as a profit center. The advisors at Tanager do not receive any commissions from recommending TanagerFX.

This represents a potential conflict of interest which is managed by ensuring that TanagerFX is utilized as a last resort to help clients who are experiencing problems with UK and US banks or other foreign currency brokerages. Until recently US residents were unable to access TanagerFX.

Tanager offers clients access to a Donor Advised Fund (DAF) via the Anglo-American Charitable Foundation (AACF), a US charity. One partner is a director of a UK-based sister charity called the Anglo-American Charity Limited (AACL).

This represents a conflict of interest as the AACF charges clients a fee to provide a DAF and then retains Tanager to manage the investable assets. The partner who works with the AACL is not compensated for their time and Tanager keeps the DAF pricing under review to ensure that clients have the best financial outcome with their philanthropic savings.

## A. SELECTION AND MONITORING OF THIRD-PARTY INVESTMENT ADVISERS

Tanager's services include recommending and monitoring third party investment advisers. A detailed description of this service can be found under Item 4 – Advisory Services and Item 5 – Fees and Compensation.

# 11. CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

## A. DESCRIPTION

Tanager's Code of Ethics establishes ideals for ethical conduct upon fundamental principles of openness, integrity, honesty, and trust. The Code of Ethics is available free of charge upon request by any client or prospective client.

Tanager's Code of Ethics covers all supervised persons and it describes its high standard of business conduct, and fiduciary duty to its clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition of rumor mongering, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All supervised persons must acknowledge the terms of the Code of Ethics annually, or as amended.

#### B. MATERIAL INTEREST IN SECURITIES

Tanager does not have a material interest in any securities. Additionally, it is Tanager's policy that it will not affect any principal or agency cross securities transactions for client accounts. Tanager will also not cross trades between client accounts.

#### C. INVESTING IN OR RECOMMENDING THE SAME SECURITIES

Tanager and its associated persons, may, from time to time, buy or sell for their own accounts securities that are the same as, similar to, or different than those that clients purchase or sell. Differences can arise due to variations in personal goals, investment horizons, risk tolerance, and the timing of purchases and sales. The securities traded are typically broadly traded, large-scale securities (not penny stocks) and/or mutual funds. Tanager and its Associated Persons are aware of their fiduciary duty to clients and the prohibitions against the use of any insider information. Tanager keeps records of all associates' proprietary trading activities and makes them available to regulators to review. Whenever Tanager deems that there may appear to be a conflict of interest, Tanager will inform affected clients of the holdings involved prior to placing any orders.

## 12. BROKERAGE PRACTICES

#### A. RECOMMENDATION CRITERIA

When Tanager recommends custodians, it will seek broker-dealers who offer competitive commission costs together with reliable services. A client's choice of another broker-dealer is acceptable if proven feasible. Tanager recognizes its fiduciary responsibility in negotiating brokerage commissions, assuring best execution practices and assuring adequate investment availability/inventory on behalf of its clientele. Tanager does not receive compensation with respect to execution of these trades. In some instances, a client may incur a ticket charge for the sale or purchase of securities. Tanager will ensure all broker-dealers and custodians are properly registered in the state of where the client resides prior to making the recommendation.

i. RESEARCH AND SOFT DOLLARS

Tanager does not receive any "Soft Dollar" benefits.

ii. BROKERAGE FOR CLIENT REFERRALS

Tanager does not receive client referrals from brokers.

iii. DIRECTED BROKERAGE

Some clients may direct Tanager to a specific broker-dealer to execute securities transactions for their accounts. When so directed, Tanager may not be able to effectively negotiate lower brokerage commissions or achieve best execution on clients' transactions. This can result in substantially higher fees, charges or dealer concessions in one or more transactions for the clients' account because Tanager cannot negotiate favorable prices.

B. TRADING POLICIES

On occasions when selling the same security for multiple accounts, Tanager may aggregate orders to a single block order against an average price account. The average price account will allocate proportionate shares to each client's account.

## 13. REVIEW OF ACCOUNTS

A. PERIODIC REVIEWS

Each investment adviser representative reviews the asset allocations of their clients' accounts on a quarterly basis. They also meet (either in person or by telephone) with clients to discuss their accounts on an annual basis.

All financial planning accounts are reviewed upon financial plan creation and plan delivery by the investment advisor representatives who have written the plan. There is only one level of review for financial plans, and that is the total review conducted to create the financial plan.

B. OTHER REVIEWS

Additional reviews are conducted periodically depending on market conditions, economic or political events, or by changes in a client's financial situation (such as retirement, termination of employment, physical move or inheritance).

C. REPORTS



All clients will receive at least quarterly statements from their custodian. Tanager urges clients to carefully review such statements.

#### 14. CLIENT REFERRALS AND OTHER COMPENSATION

##### A. OTHER COMPENSATION

Tanager does not receive extra compensation or any other economic benefit for providing investment advice or other advisory services to clients.

##### B. CLIENT REFERRALS

Tanager does not pay for client referrals or use solicitors.

#### 15. CUSTODY

All client funds, securities and accounts are held at third-party custodians. Tanager does not take possession of a client's securities. Clients should receive quarterly statements from the broker dealer, bank or other qualified custodian that holds and maintains client's investment assets. Tanager urges clients to carefully review such statements.

#### 16. INVESTMENT DISCRETION

Tanager offers discretionary investment management services. Discretionary investment management is granted when a client signs an investment management agreement. The investment management agreement contains a limited power of attorney that allows Tanager to select the securities to be bought and sold and the amount of securities to be bought and sold in the client's account. It also allows Tanager to place each such trade without the client's prior approval. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account, and any other investment policies, limitations or restrictions.

#### 17. VOTING CLIENT SECURITIES

Tanager will not be responsible for responding to proxies for securities held in clients' accounts. Proxy solicitation materials will be forwarded to clients for response and voting. In the event a client has a question about a proxy solicitation, the client should contact his/her investment adviser representative.

#### 18. FINANCIAL INFORMATION

##### A. BALANCE SHEET

Tanager does not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance. Therefore, this section is not applicable.

#### B. FINANCIAL CONDITION

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about our financial condition when it is impaired. Tanager does not have a financial commitment that impairs its ability to service its clients.

#### C. BANKRUPTCY

Tanager has not been the subject of a bankruptcy proceeding.