

# DISCLOSURE BROCHURE

PREPARED IN COMPLIANCE WITH  
THE INVESTMENT ADVISERS ACT OF 1940 RULE 204-3(A)



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**MARCH 31, 2021**

This brochure provides information about the qualifications and business practices of Silverhawk Asset Management, LLC. Being registered as an 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 480-296-0200. 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 Silverhawk Asset Management, LLC (CRD #167798) 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**

This update is in accordance with the required annual update for Investment Advisors. Since the last update on February 8, 2020, the following changes have occurred:

- Item 4 has been corrected to show the correct ownership.
  - Assets under management have been updated in Item 4.
  - Item 15 has been updated to disclose additional custody information.
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### **Full Brochure Available**

This Firm Brochure being delivered is the complete brochure for the Firm.

## Item 3: Table of Contents

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## **Item 4: Advisory Business**

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### **Firm Description**

Silverhawk Asset Management, LLC, ("Silverhawk") was founded in 2010 and registered as a registered investment adviser in 2013. Silverhawk Enterprises, LLC is the majority owner with Paul J Mershon as the minority owner and Chief Compliance Officer. Paul Mershon is the majority owner of Silverhawk Enterprises, LLC

Silverhawk provides personalized confidential financial planning and investment management primarily to individuals, trusts, estates, charitable organizations and corporations or business entities. Advice is provided through consultation with the client and may include: determination of financial objectives, identification of financial problems, cash flow management, tax planning, insurance review, investment management, education funding, retirement planning, and estate planning.

Silverhawk does not act as a custodian of client assets. Silverhawk places trades for clients under a limited power of attorney or discretionary investment advisory agreement.

An evaluation of each client's initial situation is provided to the client, often in the form of a net worth statement, risk analysis or similar document. Periodic reviews are also communicated to provide reminders of the specific courses of action that need to be taken. More frequent reviews occur but are not necessarily communicated to the client unless immediate changes are recommended.

Other professionals (e.g., lawyers, accountants, tax preparers, insurance agents, etc.) are engaged directly by the client on an as-needed basis and may charge fees of their own. For example, tax preparation and estate plan review or preparation will be billed to clients directly by the tax preparer and the estate planning document preparer or attorney.

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### **Types of Advisory Services**

#### ASSET MANAGEMENT

Advisory services encompass a wide range of investment objectives, from conservative to aggressive, giving the client and Silverhawk the flexibility to design a custom portfolio and asset allocation that meets the client's specific investment needs. Each client's portfolio is continuously managed based on the client's investment objective and we maintain continuous discretionary authority for your accounts. We can execute our investment recommendations in accordance with the Investment Policy Statement on your behalf, without the approval of each specific transaction, unless specifically restricted by you. We will choose which model is appropriate for you based upon the items discussed above. We offer several investment portfolios designed to meet various needs, but portfolios are not designed specifically for each client.

Silverhawk offers discretionary direct asset management services to advisory clients. Silverhawk will offer clients ongoing portfolio management services through determining individual investment goals, time horizons, objectives, and risk tolerance. Investment strategies, investment selection, asset allocation, portfolio monitoring, tax efficient strategies and others. The overall investment program will be based on the above factors. The client will authorize Silverhawk discretionary authority to execute selected investment program transactions as stated within the Investment Advisory Agreement. Silverhawk offers discretionary direct asset management services to advisory clients utilizing The Betterment for Advisors platform for digital services. On this platform, Silverhawk has the discretion to delegate the management of all or part of the Assets to one or more independent investment managers or independent investment management programs ("Independent Managers"). To the extent utilized, Independent Managers will have limited power-of-attorney and trading authority over those assets Silverhawk directs to them for management. Silverhawk will supervise the Independent Managers and monitor and review asset allocation and asset performance. Silverhawk may terminate or change Independent Managers when, in Silverhawk's sole discretion, Silverhawk believes such termination or changes is in your best interest.

Silverhawk recognizes that as individuals, our clients have unique goals and interest. As such, we tailor our advisory services to the individual needs of our clients. We begin by offering a comprehensive financial plan that helps us to create a picture of the client's financial condition as well as learn about the client's personal financial goals. The plan also acts as a tool, which helps the client clarify their investment and life objectives. Out of this plan and together with the client, an investment strategy and asset allocation decisions are agreed upon.

When deemed necessary, all or a portion of a client's account may be removed from participating in the market. For those clients that so desire, they may select to participate in the Silverhawk Cash Management account, an actively managed short-term cash alternative to a money market mutual fund. The fees charged for this account may be different than the fees charged for other of the client's actively managed equity-based accounts. The cost to participate in this cash management account is more than the cost of utilizing a money market mutual fund, and may or may not end up generating a net return (net of fees and trading costs) that is in excess of the return of the money market fund. The cash management fund could lose principal whereas a money market mutual fund is not anticipated to lose principal.

#### SUB-ADVISOR ARRANGEMENTS

Silverhawk may, from time to time, enter into sub-advisor agreements with other Registered Investment Advisors to manage client assets. The sub-advisor shall supervise and invest the assets in each client account in accordance with the investment strategy set forth by the client and Silverhawk. At no time will the sub-advisor have control over client accounts. Silverhawk shall furnish authorization to custodian in order that sub-advisor(s) may direct the custodian to invest and reinvest or sell assets in the account.

Silverhawk will have the discretion to hire and fire sub-advisors at their discretion. This is detailed in Item 10 of this brochure.

#### ERISA PLAN SERVICES 3(21) ADVISOR

Silverhawk offers the following services to the Plan and the Plan participants:

##### 1. Fiduciary Services:

- a. Provide non-discretionary investment advice to the Client about asset classes and investment alternatives available for the Plan in accordance with the Plan's investment policies and objectives. Client will make the final decision regarding the initial selection, retention, removal and addition of investment options.
- b. Assist the Client with the selection of a broad range of investment options consistent with ERISA Section 404(c) and the regulations thereunder.
- c. Assist the Client in the development of an investment policy statement ("IPS"). The IPS establishes the investment policies and objectives for the Plan. Client shall have the ultimate responsibility and authority to establish such policies and objectives and to adopt and amend the IPS.
- d. Assist in monitoring investment options by preparing periodic investment reports that document investment performance, consistency of fund management and conformance to the guidelines set forth in the IPS and make recommendations to maintain, remove or replace investment options.
- e. Meet with Client on a periodic basis to discuss the reports and the investment recommendations.
- f. Provide non-discretionary investment advice to the Plan Sponsor with respect to the selection of a qualified default investment alternative for participants who are automatically enrolled in the Plan or who have otherwise failed to make investment elections. The Client retains the sole responsibility to provide all notices to the Plan participants required under ERISA Section 404(c) (5).

##### 2. Non-fiduciary Services:

- a. Assist in the education of Plan participants about general investment information and the investment alternatives available to them under the Plan. Client understands Silverhawk's assistance in education of the Plan participants shall be consistent with and within the scope of the Department of Labor's definition of investment education (Department of Labor Interpretive Bulletin 96-1). As such, Silverhawk is not providing fiduciary advice as defined by ERISA to the Plan participants. Silverhawk will not provide investment advice concerning the prudence of any investment option or combination of investment options for a particular participant or beneficiary under the Plan.

- b. Assist in the group enrollment meetings designed to increase retirement plan participation among the employees and investment and financial understanding by the employees.

Silverhawk may provide these services or, alternatively, may arrange for the Plan's other providers to offer these services, as agreed upon between Silverhawk and Client.

3. Silverhawk has no responsibility to provide services related to the following types of assets ("Excluded Assets"):
  - a. Employer securities;
  - b. Real estate (except for real estate funds or publicly traded REITs);
  - c. Stock brokerage accounts or mutual fund windows;
  - d. Participant loans;
  - e. Non-publicly traded partnership interests;
  - f. Other non-publicly traded securities or property (other than collective trusts and similar vehicles); or
  - g. Other hard-to-value or illiquid securities or property.

Excluded Assets will **not** be included in calculation of Fees paid to the Adviser under this Agreement.

#### THIRD PARTY MONEY MANAGERS

In some client relationships, Silverhawk selects the services of Third Party Money Managers ("TPM") to manage client accounts. Silverhawk acts as the liaison between the client and the TPM in return for an ongoing portion of the advisory fees charged by the TPM. Silverhawk helps the client complete the necessary paperwork of the TPM, provides ongoing services to the client to provide the TPM with any changes in client status as provided to Silverhawk by the client and review the quarterly statements provided by the TPM. Silverhawk will deliver the Form ADV Part 2, Privacy Notice and Solicitors Disclosure Statement of the TPM. This is detailed in Item 10 of this brochure.

#### FINANCIAL PLANNING AND CONSULTING

If financial planning services are applicable, the client will compensate Silverhawk on an hourly fee basis or fixed fee basis described in detail under "Fees and Compensation" section of this brochure. Services include but are not limited to a thorough review of all applicable financial topics including: business planning, personal and corporate financial planning, budgeting, cash flow projections, divorce planning, retirement planning, tax planning, estate planning, asset protection planning, investment planning, asset allocation modeling, insurance review and recommendations pension plan consulting, investment account aggregation advice and others. If a conflict of interest exists between the interests of Silverhawk and the interests of the client, the client is under no obligation to act upon Silverhawk's recommendation. If the client elects to act on any of the recommendations, the client is under no obligation to effect the transaction through

Silverhawk. Financial plans will typically be completed and delivered inside of thirty (30) days, but could take longer depending on complexity, cooperation of client and completeness of initial information provide to Silverhawk by the client.

#### PRIVATE PLACEMENTS

Silverhawk may provide investment advice and due diligence about certain privately-issued securities for those clients who represent they are accredited investors and who otherwise meet certain investor standards. (To qualify as an accredited investor, you must have a net worth, not including your primary residence of at least \$1 million; or have an income exceeding \$200,000 in each of the two most recent years or joint income with a spouse exceeding \$300,000 for those years and a reasonable expectation of the same income level in the current year.) Silverhawk will collect all available information—marketing materials, auditing reports, balance sheets, offering memorandum, subscription agreement, review historical records and access opportunities and risks for investment now and for the years ahead. Prepare and seek answers to relevant due diligent questions. Interview manager and/or make site visit. Consider the time horizon and the sponsor’s strength over an extended period of time. Due diligence will continue throughout the duration of the investment. Silverhawk will meet with the client at least on an annual basis for the duration of the investment.

The fees for these services will be based on a percentage of the initial investments detailed in Item 5 of this brochure.

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#### **Client Tailored Services and Client Imposed Restrictions**

The goals and objectives for each client are documented in our client files. Investment strategies are created that reflect the stated goals and objectives. Clients may impose restrictions on investing in certain securities or types of securities. Agreements may not be assigned without written client consent.

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#### **Wrap Fee Programs**

Silverhawk does not sponsor any wrap fee programs.

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#### **Client Assets under Management**

As of December 31, 2020, Silverhawk had \$181,000,000 in assets under management on a non-discretionary basis and \$146,400,000 in assets under management on a discretionary basis.

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### **Item 5: Fees and Compensation**

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#### **Method of Compensation and Fee Schedule**

##### ASSET MANAGEMENT

Silverhawk offers discretionary asset management services to advisory clients. The fees for these services will be based on a percentage of Assets Under Management as follows:

<b>Assets under Management</b>	<b>Maximum Annual Fee</b>	<b>Maximum Quarterly Fee</b>
\$0 - \$2,500,000	2.50%	0.615%
\$2,500,001 - \$5,000,000	2.00%	0.500%
Above \$5,000,001	1.70%	0.425%

Advisory fees are tailored to the individual needs of clients. Some clients will pay different fees based upon their contract fee schedules. Silverhawk will not treat higher paying clients more favorably. Fees schedules will vary for clients based on the length of their relationship with Silverhawk. Fee schedules may be reduced the longer a client maintains a relationship with Silverhawk.

Our firm's fees are quoted on an annualized basis, charged and paid quarterly in arrears and are based on the value of your account on the last day of the previous quarter. Fees will be automatically deducted from your account by the custodian. As part of this process, you should understand the following:

All or a portion of the account may be removed from participating in the market. In these circumstances, client agrees to have this portion of the account held in the following:

- Silverhawk Cash Management account
- Non-fee bearing money market mutual fund.

Our firm's fees are quoted on an annualized basis, charged and paid quarterly in arrears and are based on the value of your account on the last day of the previous quarter. Fees will be automatically deducted from your account by the custodian. If a portion of the account is put into a Silverhawk Cash Management or Non-fee bearing money market when moved back into the market the agreed upon fee in the table above will be reinstated.

When utilizing the Betterment Investment platform, Silverhawk's fee will be prorated and billed quarterly in arrears, based on the Client's average daily balance for the prior quarter multiplied by the annual percentage rate of .75% of Assets charge (i.e., .75%/4). Fees will be automatically deducted from your account. Betterment for Advisors will make quarterly adjustments for deposits and withdrawals in client accounts. As part of this process, you understand and acknowledge the following:

- Betterment Securities as the custodian sends statements at least quarterly to Clients showing all disbursements for their account, including the amount of the advisory fees paid to our firm;
- The Client has provided authorization permitting fees to be directly paid by these terms;
- Betterment Institution calculates the advisory fees and deducts them from the Client's account. The fees are based on a client's average balance of their entire account. Client will see the total fee of .75% (to include the Betterment for

Advisors platform fee of 0.25% in addition to the annual percentage of assets charged by Silverhawk of .50%)

Lower fees for comparable services may be available from other sources. Clients may terminate their account within five (5) business days of signing the Investment Advisory Agreement with no obligation. For cancellation after five (5) business days, Silverhawk will be entitled to a pro rata fee for the days service was provided in the final quarter. Client shall be given thirty (30) days prior written notice of any increase in fees, and client will acknowledge, in writing, any agreement of increase in said fees.

#### SUB-ADVISOR ARRANGEMENTS

Silverhawk will compensate sub-advisors directly. The client will not pay any additional fees for accounts managed by sub-advisors; the client will be charged according to the fee schedule above under Assets Under Management.

#### ERISA PLAN SERVICES

The annual fees are based on a range between .30% and 1% of the market value of the Included Assets. Fees are charged quarterly and in arrears. The fee will be based on the market value of the Plan assets on the last business day of the previous fee period (without adjustments for anticipated withdrawals by Plan participants or other anticipated or scheduled transfers or distribution of assets) and will be due the following business day. If this Agreement is terminated prior to the end of the fee period, Silverhawk shall be entitled to a prorated fee based on the number of days during the final quarter services were provided. The advisory fees will be deducted from the account by the custodian.

- Your independent custodian will send statements at least quarterly to you showing all disbursements from your account, including the amount of the Advisory fees paid to us;
- You provide authorization permitting us to be directly paid by these terms; and
- If we send a copy of our invoice directly to you, we will also send a copy of our invoice to the independent custodian at the same time we send the invoice to you.

The compensation of Silverhawk for the services is described in detail in Schedule A of the ERISA Plan Agreement. The Plan is obligated to pay the fees, however the Plan Sponsor may elect to pay the fees.

#### THIRD PARTY MONEY MANAGERS

Silverhawk will be paid a portion of the advisory fee paid for asset management on assets managed by third party money managers. This is detailed in Item 10 of this brochure.

#### FINANCIAL PLANNING and CONSULTING

Financial Planning Services are available to all clients on a negotiable fee. A negotiable hourly rate of \$100 to \$700 per hour or a fixed fee ranging from \$380 - \$50,000,

depending on the complexity of the plan and other factors related to the client's situation. Prior to the planning process the client is provided an estimated plan fee. Financial plans will require a deposit amount with the balance due upon plan delivery. Client may cancel within five (5) business days for a full refund. After the five (5) business days, any prepaid, unearned fees will be refunded to the client on a pro rata basis or any unpaid, earned fees will be due Silverhawk on a pro rata basis; whichever is applicable.

#### PRIVATE PLACEMENTS

Silverhawk will charge clients a fixed fee up to 5% of the initial investible asset for the due diligence work on certain private placements. The client may elect to pay this fee as a one-time payment upon investment or via a draft of the fee from the clients existing TD Ameritrade investment account managed by Silverhawk. In the case of the latter, the fee will be withdrawn no later than 30 days after the time of the investment.

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#### **Additional Client Fees Charged**

In addition to the fees paid to Silverhawk, clients will incur transaction charges for trades executed in their accounts by the custodian. These charges may include mutual fund transactions fees, postage and handling and miscellaneous fees (fee levied to recover costs associated with fees assessed by self-regulatory organizations). Silverhawk does not receive any portion or participate in any way with these transactions costs. The custodial and transaction fees are subject to change at any time. The exact amount and frequency of these fees will vary. These fees are separate from our fees and will be disclosed by the firm that executes the trades. Also, clients will pay the following separately incurred expenses, of which we do not receive any part: charges imposed directly by a mutual fund, index fund, or exchange traded fund which are disclosed in the fund's prospectus (i.e., fund management fees and other fund expenses).

Silverhawk, in its sole discretion, may waive its minimum fee and/or charge a lesser investment advisory fee based upon certain criteria (e.g., historical relationship, type of assets, anticipated future earning capacity, anticipated future additional assets, dollar amounts of assets to be managed, related accounts, account composition, negotiations with clients, etc.)

For more details on the brokerage practices, see Item 12 of this brochure.

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#### **Prepayment of Client Fees**

Silverhawk does not bill in advance. Some third party money managers may, and the fee arrangement will be disclosed in the Form ADV Part 2 of the manager.

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#### **External Compensation for the Sale of Securities to Clients**

Silverhawk does not receive any external compensation for the sale of securities to clients, nor do any of the investment advisor representatives of Silverhawk.

## **Item 6: Performance-Based Fees and Side-by-Side Management**

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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.

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

## **Item 7: Types of Clients**

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### **Description**

Silverhawk provides investment advice to:

- Individuals
- High net worth individuals
- Pensions and profit sharing plans

Client relationships vary in scope and length of service. Some clients may require and/or receive more services than others, and not all clients will require/receive the same amount of time from the Silverhawk.

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### **Account Minimums**

Silverhawk requires a minimum of \$250,000 to open an account. Silverhawk may, at its discretion, waive or reduce the minimum account size.

## **Item 8: Methods of Analysis, Investment Strategies and Risk of Loss**

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### **Methods of Analysis**

Security analysis methods may include fundamental analysis, technical analysis, Modern Portfolio Theory (MPT), cyclical analysis, and other academically and industry identified methods. 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. Technical analysis involves evaluating securities based on past prices and volume. Cyclical analysis involves analyzing the cycles of the market. MPT states that assets should be selected on the basis of how they interact with one another, rather than how they perform in isolation.

Silverhawk considers a broad array of investment strategies, and seeks to employ several methods to analyze investments for potential inclusion in client portfolios. Investment manager due diligence is comprised of both qualitative and quantitative factors, and to the extent practicable based upon readily available news and research. Silverhawk considers several factors which may include some, but are not limited to the all of the

following: the integrity of the manager, the portfolio's diversification and relevant market correlations, a manager's experience and capabilities, the investment strategy and process, industry experience, reference checks, portfolio analytics, compensation and fee structure, operational issues, compliance and custody arrangements.

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, Risk Tolerance or similar form that documents their objectives and their desired investment strategy.

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. Fundamental analysis may involve interest rate risk, market risk, business risk, and financial risk. Risks involved in technical analysis are inflation risk, reinvestment risk, and market risk. Cyclical analysis involves inflation risk, market risk, and currency risk.

Our investment approach constantly keeps the risk of loss in mind. Investors face the following investment risks:

- *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.

## **Item 9: Disciplinary Information**

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### **Criminal or Civil Actions**

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

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### **Administrative Enforcement Proceedings**

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

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### **Self-Regulatory Organization Enforcement Proceedings**

The firm and its management have not been involved in legal or disciplinary events that are material to a client's or prospective client's evaluation of Silverhawk or the integrity of its management.

## **Item 10: Other Financial Industry Activities and Affiliations**

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### **Broker-Dealer or Representative Registration**

Silverhawk is not a broker-dealer nor does the firm have an application pending to become one. None of the employees of Silverhawk are registered representatives of a broker-dealer.

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### **Futures or Commodity Registration**

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

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

Managing Member, Paul Mershon, has a financial industry affiliated business as a licensed insurance agent. More than 50% of Mr. Mershon's time is spent in this business practice. From time to time, he will offer clients advice or products from this activity. Mr. Mershon receives fees for services and commissions for the insurance products he sells.

This practice represents conflicts of interest because it gives Paul Mershon an incentive to recommend products and services based on the commission or fees received. This conflict is mitigated by disclosures, procedures, and the firm's Fiduciary obligation to place the best interest of the client first and the clients are not required to purchase any products. Clients have the option to purchase these products through another insurance agent of their choosing.

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

### SUB-ADVISOR ARRANGEMENTS

Silverhawk may, from time to time, enter into sub-advisor agreements with other Registered Investment Advisors to manage client assets. The sub-advisor shall supervise and invest the assets in each client account in accordance with the investment strategy set forth by the client and Silverhawk. At no time will the sub-advisor have control over client accounts. Silverhawk shall furnish authorization to custodian in order that sub-advisor(s) may direct the custodian to invest and reinvest or sell assets in the account. Silverhawk will have the discretion to hire and fire sub-advisors at their discretion.

Client will not pay additional fees when Silverhawk hires a sub-advisor. The fees for these services will be the same as the fee schedule set forth in Item 5 under Assets Under Management. Silverhawk will pay the sub-advisor fees from the fees they collect from the client.

### THIRD PARTY MONEY MANAGERS

Silverhawk solicits the services of Third Party Money Managers to manage client accounts. In such circumstances, Silverhawk receives a portion of the asset management fee. These fees range from .50% to 1.5% annually. Silverhawk acts as the liaison between the client and the TPM in return for an ongoing portion of the advisory fees charged by the TPM. Silverhawk is responsible for:

- helping the client complete the necessary paperwork of the TPM;
- providing ongoing services to the client;
- updating the TPM with any changes in client status which is provide to Silverhawk by the client;
- reviewing the quarterly statements provided by the TPM; and
- delivering the Form ADV Part 2, Privacy Notice and Solicitors Disclosure Statement of the TPM to the client.

Clients placed with TPMs will be billed in accordance with the TPM's Fee Schedule which will be disclosed to the client prior to signing an agreement. When referring clients to a third party money manager, the client's best interest will be the main determining factor of Silverhawk.

These practices represent conflicts of interest because Silverhawk is paid a Solicitor Fee for recommending the Third Party Money Managers and may choose to recommend a particular TPM based on the fee Silverhawk is to receive. This conflict is mitigated by disclosures, procedures, and the firm's Fiduciary obligation to act in the best interest of his clients. Clients are not required to accept any recommendation of third party money managers given by Silverhawk and have the option to receive investment advice through other money managers of their choosing.

## **Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

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### **Code of Ethics Description**

The employees of Silverhawk have committed to a Code of Ethics ("Code"). The purpose of our Code is to set forth standards of conduct expected of Silverhawk employees and addresses conflicts that may arise. The Code defines acceptable behavior for employees of Silverhawk. The Code reflects Silverhawk 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.

Silverhawk'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 Silverhawk 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.

Silverhawk's Code is based on the guiding principle that the interests of the client are our top priority. Silverhawk's 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 also 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.

The firm will provide a copy of the Code of Ethics to any client or prospective client upon request.

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

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

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

Silverhawk and its employees may buy or sell securities that are also held by clients. In order to mitigate conflicts of interest such as front running, employees are required to disclose all reportable securities transactions as well as provide Silverhawk with copies of their brokerage statements.

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

Silverhawk 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. However, employees may buy or sell securities at the same time they buy or sell securities for clients. In order to mitigate conflicts of interest such as front running, employees are required to disclose all reportable securities transactions as well as provide Silverhawk with copies of their brokerage statements.

The Chief Compliance Officer of Silverhawk is Paul Mershon. 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 over employee transactions.

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**Item 12: Brokerage Practices**

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**Factors Used to Select Broker-Dealers for Client Transactions**

Silverhawk will use its discretion in recommending the broker-dealer and therefore the commission charged. In selecting or recommending the broker-dealer, Silverhawk will comply with its fiduciary duty to obtain best execution. Silverhawk will take into account such relevant factors as:

- Price
- The broker-dealers facilities, reliability, and financial responsibility
- The ability of the broker-dealer to effect transactions, particularly with regards to such aspects as timing, order size and execution of order

- The research and related brokerage services provided by such broker-dealer to Silverhawk, notwithstanding that the account may not be direct or exclusive beneficiary of such services
- Any other factors Silverhawk considers to be relevant

Silverhawk does not use brokerage commissions, mark-ups or mark-downs to obtain research or other products and services from our Custodians. We receive no client referrals from the broker-dealer/custodian that would create a conflict when recommending custodians to clients. Silverhawk has no incentive to select or recommend a particular broker-dealer other than receiving acceptable execution for our clients.

Silverhawk does not use Directed Brokerage arrangements with broker-dealers.

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### **Aggregating Securities Transactions for Client Accounts**

Silverhawk is authorized in its discretion to aggregate purchases and sales and other transactions made for the account with purchases and sales and transactions in the same securities for other clients of Silverhawk. All clients participating in the aggregated order shall receive an average share price with all other transaction costs shared on a pro-rated basis.

## **Item 13: Review of Accounts**

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### **Schedule for Periodic Review of Client Accounts or Financial Plans and Advisory Persons Involved**

Paul Mershon, Chief Compliance Officer reviews the accounts at least quarterly. Account reviews are performed more frequently when market conditions dictate. Financial Plans are considered complete when recommendations are delivered to the client and a review is done only upon request of client.

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### **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.

Review meetings may take place in person, using web-based services, or over the phone. While these meetings are important whenever a client's circumstances or needs change, Silverhawk encourages clients to make time for review meetings even when the client believes there is no compelling reason to.

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### **Content of Client Provided Reports and Frequency**

Clients receive account statements no less than quarterly. Client may receive additional reports from the TPM as disclosed in the Form ADV Part 2 of the TPM. Client receives confirmations of each transaction in account and an additional statement during any month in which a transaction occurs.

Under financial planning services, the client will receive a one-time written financial plan.

## **Item 14: Client Referrals and Other Compensation**

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

Silverhawk receives a portion of the annual management fees collected by the Third Party Money Managers to whom Silverhawk refers clients.

This situation creates a conflict of interest because Silverhawk and/or its Investment Advisor Representative have an incentive to decide what Third Party Money Managers to use because of the higher solicitor fees to be received by Silverhawk. However, when referring clients to a third party money manager, the client's best interest will be the main determining factor of Silverhawk.

In addition, as part of a client's entire portfolio, a portion may be allocated to privately issued securities from various companies. In connection with investing in these privately issued securities, Silverhawk may receive marketing support payments in the form of reimbursements for reasonable marketing expenses. This represents a conflict of interest because Silverhawk may be incentivized to place more assets with these issuers/sponsors because of such reimbursements. This conflict is mitigated by disclosures, procedures, and the firm's fiduciary obligation to the client.

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### **Advisory Firm Payments for Client Referrals**

Silverhawk may enter into "Solicitor/Finder" relationships. These individual solicitors offer our services to the public. Silverhawk pays a referral fee to the solicitor or finder based on its advisory fee and written agreement. Solicitors/finders will also be appropriately registered under federal and state securities laws where applicable. Client receives all related agreements and disclosures prior to or at the time of entering into an Investment Advisory Agreement.

## **Item 15: Custody**

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### **Account Statements**

All assets are held at qualified custodians, which means the custodians provide account statements directly to clients at their address of record at least quarterly. Clients are urged to compare the account statements received directly from their custodians to the performance report statements prepared by Silverhawk.

Silverhawk is deemed to have constructive custody solely because advisory fees are directly deducted from client's account by the custodian on behalf of Silverhawk.

Silverhawk is also deemed to have limited custody due to its Third-Party Standing Letters of Authorization ("SLOA").

Silverhawk and its qualified custodian meet the following seven (7) conditions in order to avoid maintaining full custody and be subject to the surprise exam requirement:

1. The Client provides an instruction to the qualified custodian, in writing, that includes the Client's signature, the third party's name, and either the third party's address or the third party's account number at a custodian to which the transfer should be directed.
2. The Client authorizes Silverhawk, in writing, either on the qualified custodian's form or separately, to direct transfers to the third party either on a specified schedule or from time to time.
3. The Client's qualified custodian performs appropriate verification of the instruction, such as a signature review or other method to verify the Client's authorization and provides a transfer of funds notice to the Client promptly after each transfer.
4. The Client has the ability to terminate or change the instruction to the Client's qualified custodian.
5. Silverhawk has no authority or ability to designate or change the identity of the third party, the address, or any other information about the third party contained in the Client's instruction.
6. Silverhawk maintains records showing that the third party is not a related party nor located at the same address as Silverhawk.
7. The Client's qualified custodian sends the Client, in writing, an initial notice confirming the instruction and an annual notice reconfirming the instruction.

## **Item 16: Investment Discretion**

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### **Discretionary Authority for Trading**

Silverhawk accepts discretionary authority to manage securities accounts on behalf of clients. Silverhawk has the authority to determine, without obtaining specific client consent, the securities to be bought or sold, and the amount of the securities to be bought or sold. By signing a discretionary investment advisory agreement with our firm and/or a limited power of attorney, the client will authorize Silverhawk discretionary authority to execute selected investment program transactions as stated within the Investment Advisory Agreement.

## **Item 17: Voting Client Securities**

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### **Proxy Votes**

Silverhawk 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, Silverhawk will provide recommendations to the client. If a conflict of interest exists, it will be disclosed to the client.

## **Item 18: Financial Information**

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### **Balance Sheet**

A balance sheet is not required to be provided because Silverhawk does not serve as a custodian for client funds or securities and Silverhawk does not require prepayment of fees of more than \$1200 per client and six months or more in advance.

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

Silverhawk 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 Silverhawk nor its management has had any bankruptcy petitions in the last ten years.

**SUPERVISED PERSON BROCHURE**  
FORM ADV PART 2B

Paul J. Mershon, CFP<sup>®</sup>, ChFC<sup>®</sup>, CLU<sup>®</sup>, RHU<sup>®</sup>



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This brochure supplement provides information about Paul Mershon and supplements the Silverhawk Asset Management, LLC's brochure. You should have received a copy of that brochure. Please contact Paul Mershon if you did not receive the brochure or if you have any questions about the contents of this supplement.

Additional information about Paul Mershon (CRD #709764) is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

**MARCH 31, 2021**

## Brochure Supplement (Part 2B of Form ADV)

### Supervised Person Brochure

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**Paul Mershon, CFP<sup>®</sup>, ChFC<sup>®</sup>, CLU<sup>®</sup>, RHU<sup>®</sup>**

- Year of birth: 1955
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#### Item 2 Educational Background and Business Experience

Educational Background:

- University of Minnesota, Carlson School of Business, BSB 1978

Business Experience:

- Silverhawk Asset Management, LLC; Managing Member/Investment Adviser Representative; 05/2013 to Present
  - Silverhawk Insurance Services, LLC; Managing Member/Insurance Agent; 09/2005 to Present
  - Ausdal Financial Partners, LLC; Registered Representative; 02/2011 to 08/2015
  - Pioneer Advisors, LLC; Member/Investment Advisor Representative; Principal, 10/2010 to 09/2013
  - QA3 Financial, LLC; Investment Advisor Representative; 02/2006 to 02/2011
  - Marathon Advisors, LLC; Investment Advisor Representative; 02/1985 to 02/2006
  - QA3 Financial Corporation; Registered Representative; 02/2006 to 02/2011
  - Securian Financial Services, Inc.; Registered Representative; 10/1990 to 02/2006
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#### Professional Certifications

Employees have earned certifications and credentials that are required to be explained in further detail.

Certified Financial Planner (CFP<sup>®</sup>): Certified Financial Planner is a designation granted by the CFP<sup>®</sup> Board. CFP<sup>®</sup> requirements:

- Bachelor's degree from an accredited college or university.
- Completion of the financial planning education requirements set by the CFP<sup>®</sup> Board ([www.cfp.net](http://www.cfp.net)).
- Successful completion of the 10-hour CFP<sup>®</sup> Certification Exam.
- Three-year qualifying full-time work experience.
- Successfully pass the Candidate Fitness Standards and background check.
- When you achieve your CFP<sup>®</sup> designation, you must renew your certification every year, pay a certification fee and complete 30 hours of continuing education.

Chartered Financial Consultant<sup>®</sup> (ChFC<sup>®</sup>): Chartered Financial Consultant (ChFC<sup>®</sup>) is a designation issued by the American College. ChFC<sup>®</sup> designation requirements:

- Complete ChFC<sup>®</sup> coursework within five years from the date of initial enrollment.
- Pass the exams for all required elective courses. A minimum score of 70% must be achieved to pass.
- Meet the experience requirements: Three years of full-time business experience within the five years preceding the date of the award. An undergraduate or graduate degree from an accredited educational institution qualifies as one year of business experience.
- Take the Professional Ethics Pledge.
- When you achieve your CHFC<sup>®</sup> designation, you must earn 30 hours of continuing education credit every two years.

Chartered Life Underwriter (CLU<sup>®</sup>): Chartered Life Underwriter is a designation granted by the American College. CLU<sup>®</sup> designation requirements:

- Successfully complete CLU<sup>®</sup> coursework: five required and three elective courses.
- Meet the experience requirements: Three years of business experience immediately preceding the date of the use of the designation are required. An undergraduate or graduate degree from an accredited education institution qualifies as one year of business experience.
- Take the Professional Ethics Pledge.
- When you achieve the CLU<sup>®</sup> designation, you must complete 30 hours of continuing education credit every two years.

Registered Health Underwriter<sup>®</sup> (RHU<sup>®</sup>): Registered Health Underwriter is a designation granted by the American College. RHU<sup>®</sup> designation requirements:

- Successfully complete RHU<sup>®</sup> coursework in selected program;
- Meet the experience requirements: Three years of business experience within the five years immediately preceding the date of the use of the designation are required. An undergraduate or graduate degree from an accredited education institution qualifies as one year of business experience.
- Take the Professional Ethics Pledge.
- When you achieve the CLU<sup>®</sup> designation, you are subject to the PACE Recertification Program, either earning 30 hours of Continuing Education ("CE") credit every two years if you fall into one of the following categories:
  - Licensed insurance agent/broker/consultant
  - Licensed security representative/registered/investment advisor
  - Financial consultant, attorney, accountant, employee benefits specialist, and any other individual who provides insurance, employee benefits, financial planning, or estate planning advice and counsel to the public

- If an RHU<sup>®</sup> subject to PACE but do not fall into one of the above categories, you are exempt from the CE requirements. You will be required to notify The College of the exempt status every reporting period, as long as the exemption applies.

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**Item 3 Disciplinary Information**

There is no disciplinary information to report.

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**Item 4 Other Business Activities**

Managing Member, Paul Mershon, has a financial industry affiliated business as a licensed insurance agent. More than 50% of Mr. Mershon's time is spent in this business practice. From time to time, he will offer clients advice or products from these activities. Mr. Mershon receives fees for services and commissions for the insurance products he sells.

These practices represent conflicts of interest because it gives Paul Mershon an incentive to recommend products and services based on the commission or fees received. This conflict is mitigated by disclosures, procedures, and the firm's Fiduciary obligation to place the best interest of the client first and the clients are not required to purchase any products. Clients have the option to purchase these products through another insurance agent of their choosing.

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**Item 5 Additional Compensation**

Paul Mershon receives additional compensation in his capacity as an insurance agent, but he does not receive any performance based fees.

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**Item 6 Supervision**

Paul Mershon is the majority owner of Silverhawk Enterprises, LLC which is the majority owner of Silverhawk Asset Management, LLC and therefore he is primarily responsible for all supervision and formulation and monitoring of investment advice offered to clients. Mr. Mershon will adhere to the policies and procedures as described in the firm's compliance manual.