

**ADV PART 2A: BROCHURE**

**Darkhorse Advisor, LLC  
(DBA "Darkhorse Advisor")**

**June 15, 2020**

This brochure provides information about the qualifications and business practices Darkhorse Advisor, LLC. If you have any questions about the contents of this brochure, please contact us at 714-394-0243 or [alan@darkhorseadvisor.com](mailto:alan@darkhorseadvisor.com).

The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. Registration with the Department of Business Oversight does not imply a certain level of skill or training.

Additional information about Darkhorse Advisor, LLC. is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). CRD#309558

## **Item 2     Material Changes**

As a state registered investment adviser, our firm is required to comply with the new reporting and filing requirements. Our Firm Brochure, dated 6/15/2020, is our new disclosure document prepared according to those requirements and rules.

After our initial filing of this Brochure, this section will be used to provide our clients with a summary of new and/or updated information.

Consistent with the new rules, we will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business' fiscal year.

### **Material Changes as of June 15, 2020**

The firm is in the process of registration with the California Department of Business Oversight.

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## **Item 4 – Advisory Business**

### *Firm Description*

Darkhorse Advisor, LLC. ("Darkhorse Advisor") was founded in June 2020. Darkhorse Advisor investment management advisory services to individuals and high-net worth individuals.

### *Management Persons*

Alan Flores is the managing Member and 100% owner Darkhorse Advisor.

### *Investment Management Services*

Darkhorse Advisor provides clients with wealth management services which include a broad range of comprehensive financial planning and consulting services as well as discretionary and/or non-discretionary management of investment portfolios. Clients can engage DHA to manage all or a portion of their assets on a discretionary or non-discretionary basis. As needed, DHA will develop a comprehensive financial plan and/or provide ongoing financial planning services which may take into consideration business planning, investment, insurance, retirement, education, estate planning, and tax and cash flow needs of the client.

DHA primarily allocates clients' investment management assets among mutual funds, exchange-traded funds ("ETFs"), individual debt and equity securities.

Darkhorse Advisor provides an initial 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, income tax planning, and estate planning.

We tailor our services to the needs of our clients. The initial meeting, which may be conducted by telephone, is free of charge and is considered an exploratory interview to determine the extent to which type of investment advisory and financial planning services may be beneficial to the client. Clients may impose restrictions on investing in certain types of securities in

We do not participate in any wrap fee programs

As of June 15, 2020, Darkhorse Advisor does not manage any client assets on a discretionary or non-discretionary basis. There are no clients with the firm.

**Financial Planning Disclosure:** In accordance with CCR Section 260.235.2, we are required to disclose if a conflict exists between the interests of the investment adviser and the interests of the client. If so, the client is under no obligation to act upon the investment advisor's recommendation, and, if the client elects to act on any of the recommendations, the client is under no obligation to effect the transaction through the investment adviser.

## Item 5 - Fees and Compensation

An annual fee based upon a percentage of the market value of the assets being managed by DHA.

### Equity & Balanced

Portfolio Value	Annual Fee
up to \$250,000	1.25%
250,001 - \$500,000	1.10%
\$500,001 - \$1,000,000	1.00%
\$1,000,001 - \$2,000,000	0.85%
\$2,000,001 - \$5,000,000	0.65%
above \$5,000,000	Negotiable

### Fixed

Portfolio Value	Annual Fee
up to \$250,000	.70%
250,001 - \$500,000	.65%
\$500,001 - \$1,000,000	.50%
\$1,000,001 - \$2,000,000	0.40%
\$2,000,001 - \$5,000,000	0.20%
above \$5,000,000	Negotiable

### How Investment Advisory Fees/Billing are Incurred

Please refer to our Termination of Agreement section below for our firm's policy "termination of agreement" policy.

These fees are negotiable between client and investment advisory firms.

Investment advisory management fees are typically computed in accordance with their own investment advisory firm's fee schedule. Investment management fees are typically billed quarterly by the investment advisory firms, in advance, meaning that the investment advisory firms take their fee before the three-month billing period has begun. Fees are usually deducted from a designated client account to facilitate billing.

On a quarterly basis, the investment advisory firm then pays an agreed upon/negotiated percentage of the investment management fees based on the fair market value of the investments under management to Darkhorse Advisor.

Total fees charged by our firm will not exceed 3% of assets under management.

Based on the Equity & Balanced or Fixed strategy selected, the client will be charged based according to the applicable fee schedule listed above. The fee schedules will not be blended.

### *Financial Planning Engagements*

Darkhorse Advisor provides financial planning work for clients who need tax, accounting and other financial advice on a limited scope of work. These services are offered as a part of our investment advisory services.

### *Termination of Agreement*

Client may terminate this Agreement upon notice to the Advisor at any time within five (5) days from the date hereof. Thereafter, either Client or Advisor may terminate this Agreement by giving thirty (30) days prior written notice of termination to the other.

Upon termination, any fees owed to the Advisor shall be paid by the Client on a prorated basis as of the effective date of termination.

If an advance payment was made directly to Darkhorse Advisor, our firm will refund any unearned portion of the advance payment.

### *Other Fees*

Darkhorse Advisor does not charge for any other client investment advisory services, such as custodian fees, commissions, load charges, or mutual fund expenses.

Our selected brokers may charge for these expenses and other brokerage transactional costs, if applicable.

Advisory Fees in General: In accordance with CCR Section 260.238(j), clients should note that lower fees for comparable services may be available from other sources. Clients have the option to purchase investment products that we recommend through other brokers and agents not affiliated through us.

None of our supervised persons accepts compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds.

We have no conflicts of interests to describe at this time, since we do not accept compensation for the sale of securities or other investment products.

Clients have the option to purchase investment products that we recommend through other brokers or agents that are not affiliated with us.

We do not receive commissions and other compensation for the sale of investment products we recommend to our clients.

We do not offer commissions or markups.

### **Item 6 - Performance-Based Fees**

Darkhorse Advisor does not charge performance fees nor engages in side by side management.

### **Item 7 - Types of Clients**

Darkhorse Advisor provides personalized confidential investment advisory services to individuals and high-net worth individuals.

Account minimum size \$250,000. Darkhorse Advisor in its sole discretion, may accept clients with smaller portfolios based upon certain criteria including anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing client, account retention, and pro bono activities.

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

#### *Methods of Analysis*

Darkhorse Advisor portfolio management services combines fundamental and technical analysis with an active investment philosophy to create and manage an individualized, tax-efficient portfolio for wealth management needs.

#### *Material Risks of Investment Analysis/Strategies*

Our method of blending fundamental and technical analysis is an attempt to reduce risk for the client while closely monitoring and adjusting per the client risk tolerance. Fundamental analysis utilizes economic and business indicators as investment selection criteria. These criteria are generally ratios and trends that may indicate the overall strength and financial viability of the entity being analyzed. Assets are deemed suitable if they meet certain criteria to indicate that they are a strong investment with a value discounted by the market. While this type of analysis helps the Advisor in evaluating a potential investment, it does not guarantee that the investment will increase in value. Assets meeting the investment criteria utilized in the fundamental analysis may lose value and may have negative investment performance. The Advisor monitors these economic indicators to determine if adjustments to strategic allocations are appropriate.

Review of Accounts. Technical analysis involves the analysis of past market data rather than specific company data in determining the recommendations made to clients. Technical analysis may involve the use of charts to identify market patterns and trends, which may be based on investor sentiment rather than the fundamentals of the company. The primary risk in using technical analysis is that spotting historical trends may not help to predict such trends in the future. Even if the trend will eventually reoccur, there is no guarantee that DarkHorse Advisor will be able to accurately predict such a reoccurrence. As noted above, DarkHorse Advisor generally employs a long-term investment strategy for its Clients, as consistent with their financial goals. Dark Horse will typically hold all or a portion of a security for more than a year but may hold for shorter periods for the purpose of rebalancing a portfolio

or meeting the cash needs of Clients. At times, Dark Horse may also buy and sell positions that are more short-term in nature depending on the goals of the Client and/or the fundamentals of the security, sector or asset class.

#### *Material Risks of Loss*

All investment carry certain risks that are borne by the investor. Since we do not manage or advise you concerning your investments, you should consult your own investment advisory service. Investing in securities involves risk of loss that you should be prepared to bear.

#### *Material risks related to equities, mutual funds, and ETFs:*

- **Interest-rate Risk:** Changes 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 not buy as much as 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 History**

We have no disciplinary actions or complaints to disclose or report.

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

### *Applications for registration as a broker-dealer/registered representative*

We, nor our management persons, do not have any application pending to register, as a broker-dealer or a registered representative.

### *Applications for futures/commodity/Other merchants*

We, nor our management persons, do not have any application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associate person of foregoing entities.

### *Relationships/Affiliations*

We, nor our management persons, do not have any other arrangements that are material to its advisory business or its clients with a related person who is a broker-dealer, investment company, other investment advisor, or financial planning firm.

### *Other Investment Advisor*

We, nor our management persons, do not recommend any other investment Advisor.

In accordance with CCR § 260.238(k), any material conflict of interest relating to you or your representatives and employees that could be reasonably expected to impair the rendering of unbiased or objective advice should be disclosed. Conflicts of interest may include, but are not limited to, (a) compensation arrangements connected with advisory services which are in addition to the advisory fees, (b) other financial industry activities or affiliations, or (c) participation of interest in client transactions.

## **Item 11 – Code of ethics, Participation or interest in client transactions and personal Trading**

Code of Ethics: We will provide a copy of our Code of Ethics to any client or prospective client upon request.

**Ethical Standards** – Our code of ethics is designed to ensure that our firm meets high ethical standards.

- The Code is designed to address and factor in activities which may lead to or give the appearance of: (1) conflicts of interest, (2) insider information, and/or (3) other forms of unethical business conduct.

- The code is designed to preserve the name and reputation of the firm and its employees.
- This Code establishes rules of conduct to oversee the personal securities trading activities in the accounts of employees (if any), immediate family/household accounts and accounts in which an employee has a beneficial interest.

**Fiduciary Duty** —Our code establishes that we have a fiduciary duty to our clients to conduct affairs, including their personal securities transactions, in a manner to avoid:

1. Serving their own personal interests ahead of clients,
2. Taking inappropriate actions, such as abusing their position with the firm, and
3. Actual conflicts of interest that would jeopardize their position of trust and responsibility.

Material financial interest: We do not recommend nor act as a principal, have material interest and/or sell securities to clients.

Invest in securities we recommend to you: Darkhorse may make a purchase or sale of the same securities that may be recommended to and purchased on behalf of clients. When trading for personal accounts a conflict of interest may arise if trading in the same securities. If so, such trades are typically aggregated with client orders or traded afterwards. The fiduciary duty to act in the best interest of our clients can be violated if personal trades are made in a more advantageous way than client trades. At no time will Darkhorse transact in any security to the detriment of any client.

Buy or sell securities about the same time as you: No, we do not buy/sell securities at or around the same time as our clients.

## **Item 12 - Brokerage Practices**

### *Selecting Brokerage Firms*

Generally, Darkhorse recommends that clients utilize the brokerage and clearing services of Charles Schwab & Co., Inc. ("Charles Schwab") for its investment management accounts.

We recommend Schwab to our clients based on their financial strength, reputation, execution, pricing, research, and robust offering of services.

Schwab enables our firm to obtain a wide range of mutual funds without transaction charges and other securities at nominal transaction charges. Note: The commissions and/or transaction fees charged by Schwab may be higher or lower than those charged by other Financial Institutions.

### *Research/Soft dollars*

Darkhorse receives from Schwab, without cost to the firm or clients, internet, software, and related back office support, which enables our practice to effectively monitor client accounts maintained at Schwab.

Darkhorse receives the software and related support as a part of its investment management services and maintaining a level of assets at Schwab. When we use client commissions to obtain research or other products or services, we receive a benefit because we do not have to produce or pay for the research, products, or services.

Generally, the software and related systems support is used to service all clients. While adhering to fiduciary standards, Darkhorse seeks at all times to put the interests of our clients ahead of its own. Clients should be aware that Darkhorse's receipt of soft dollar benefits from a broker-dealer creates a conflict of interest since these incentives may influence Darkhorse's selection of Schwab over another broker-dealer that does not furnish similar benefits or services.

In addition, Darkhorse may receive the following benefits from Schwab: (1) duplicate client confirmations; (2) duplicate statements; (3) trading desk access for Schwab Institutional customers; (4) block "aggregate" trading which provides the ability to combine transactions and allocate an appropriate number of shares to our client.

Darkhorse may have an incentive to select or recommend a broker-dealer based on our interest in receiving the research or other products or services, rather than on our clients' interest in receiving most favorable execution. Darkhorse seeks at all times to put the interests of its clients ahead of its own and achieve best execution when available.

Note: The commissions and/or transaction fees charged by Schwab may be higher or lower than those charged by other broker-dealers. Inadvertently, we may cause our clients to pay higher fees for using the services of Schwab.

The software and related systems support are used to benefit all clients of Darkhorse and will be allocated proportionally to service all its accounts.

Darkhorse has not received client brokerage commissions (or markups or markdowns) within the last fiscal year. In addition, Darkhorse has not directed client transactions to a particular broker-dealer in return for soft dollar benefits in the last fiscal year.

#### *Brokerage for client referrals*

Darkhorse may have an incentive to select or recommend a broker-dealer based on our interest in receiving client referrals, rather than on our clients' interest in receiving most favorable execution. Darkhorse seeks at all times to put the interests of our clients ahead of its own and do not receive any client referrals from any brokerages, including Charles Schwab.

Darkhorse did not direct any client transactions to a brokerage in the last fiscal year.

### *Directed brokerage*

Darkhorse may recommend for our clients to direct brokerage services to Charles Schwab.

Not all advisers require their clients to direct brokerage. In some cases, brokerage transactions may be directed to certain broker-dealers in return for investment research products and/or services which assist our firm in its investment decision-making process.

The receipt of research products and/or services as well as the allocation of the benefit of such services poses a conflict of interest because our firm does not have to produce or pay for the products or services. With that said, Darkhorse does not have any other economic relationships with Schwab or any broker-dealer that creates a material conflict of interest.

By directing clients to a particular brokerage, we may be unable to achieve the most favorable execution of client transactions, and that this practice may cost clients more money.

Alternatively, with a written agreement, a client may direct Darkhorse to use a particular broker-dealer to execute some or all of its transactions.

In those situations, the client will negotiate the terms for the account directly with the broker-dealer, and Darkhorse will follow those instructions without attempting to seek better execution services or prices from another broker-dealer. As a result, the client may pay higher commissions, transaction costs, and/or receive less favorable pricing, on transactions for the account than it would otherwise receive.

For accounts held with client-directed brokerage firms, Darkhorse may not have the ability "batch" those client transactions for execution through Schwab or any broker-dealers with orders for other client accounts managed by Darkhorse (ref "aggregating client accounts").

Darkhorse may reject a client's request to direct brokerage if, in its discretion, such directed arrangements would provide administrative or other logistical challenges for the firm.

### *Aggregating client accounts*

Generally, Darkhorse trades each client account separately. In some cases where aggregation is advantageous to our clients, the firm may decide to purchase or sell the same securities for several clients at the same time in a "batch trade."

In doing so, the firm's objective is to obtain: (1) best execution, (2) more favorable commission rates, and/or (3) to offer its clients an incentive of lower costs when there is a discount in prices, commissions or other transaction fees from a batch trade(s) as opposed to such orders placed independently. With this

procedure, transactions will be averaged and allocated equally among its clients to the purchase and sale orders placed for each client on any given day.

There are no additional costs to a client for not aggregating, but as mentioned above, the firm may receive more favorable execution prices when batching trades.

### **Item 13 - Review of Accounts**

#### *Periodic Reviews*

DHA monitors portfolios as part of an ongoing process while regular account reviews are conducted on at least a quarterly basis. All reviews are conducted by the firm's principal, Alan Flores. Clients are encouraged to discuss their needs, goals, and objectives.

#### *Factors that trigger a review*

Additional or more frequent reviews may be triggered based on a change in market conditions and/or our clients needs, goals, and objectives.

#### *Frequency of Reports*

Darkhorse Advisor provides regular reports to clients regarding their accounts. All reviews are conducted by Alan Flores. A review and reports are also available to the firm's investment management clients on a quarterly basis.

### **Item 14 - Client Referrals and Other Compensation-No such arrangement**

Apart from our brokerage services referenced below, Darkhorse Advisor does not receive any other economic benefits from any party for providing investment advice or other advisory services to our clients.

Please refer to Item 12: Brokerage Practices under the section "Research/Soft Dollars" for more information on the benefits we receive from our custodian.

Darkhorse Advisor does not compensate individuals or third parties for referrals.

### **Item 15 – Custody**

Darkhorse does not take constructive custody of any client assets.

#### **When Direct Debiting Client Accounts:**

Darkhorse Advisor may have a form custody of the funds and securities solely as a consequence of its authority to make withdrawals from client accounts to pay its advisory fee.

In these cases, Darkhorse maintains written authorization from the client to deduct advisory fees from the account held with the qualified custodian.

Each time a fee is directly deducted from a client account, Darkhorse concurrently:

- Darkhorse sends a qualified custodian an invoice or statement of the amount of the fee to be deducted from the client's account; and/or
- Darkhorse sends the client an invoice or statement itemizing the fee. Itemization includes the formula used to calculate the fee, the value of the assets under management on which the fee is based, and the time period covered by the fee.
- Darkhorse notifies the Commissioner in writing that the investment adviser intends to use the safeguards provided above.

When receiving reports, clients to compare the account statements they receive from the qualified custodian with those they receive from us.

#### **Item 16 – Investment Discretion**

Darkhorse Advisor manages accounts on a *discretionary or non-discretionary basis*.

**Discretionary authority** - Adviser shall have limited power of attorney to direct, manage, and change the investment and reinvestment of all assets in the Account, and to take other action with respect to the accounts, without prior permission from client.

**Non-Discretionary Authority** - Adviser shall have limited authority to assist the clients to direct, manage, and change the investment and reinvestment of all assets in the Account, and to take other action with respect to the accounts, with prior permission from client.

#### **Item 17 - Voting Client Securities**

Darkhorse Advisor does not vote nor have the authority to vote client securities.

Clients will receive their proxies or other solicitations directly from their custodian or a transfer agent. Clients can contact us with questions about a particular solicitation.

#### **Item 18 – Financial Information**

Darkhorse Advisor does not require or solicit a pre-payment of fees in excess of \$500 per client for six months or more in advance of services rendered.

As an advisory firm we are also required to disclose any financial condition that is reasonable likely to impair our ability to meet our contractual obligations.

Darkhorse Advisor has no additional financial circumstances to report.

Darkhorse Advisor has not been the subject of a bankruptcy petition at any time during the past ten years.

#### **Item 19 - Requirements for State-Registered Advisers**

Alan Flores is the managing Member and 100% owner of Darkhorse Advisor.

More information on Mr. Flores "Education and Business Background" is listed on Item 2 of the attached ADV Part 2B Supplement.

We have no other business activities to disclose. More information on Management Person(s) "Other Business Activities" is listed on Item 4 of the attached ADV Part 2B Supplement.

No representatives of the firm are compensated for advisory services with performance-based fees.

We are required to disclose all material facts regarding certain legal or disciplinary events pertaining to arbitration awards or other civil, regulatory or administrative proceedings in which our firm or management personnel were found liable or against whom an award was granted.

We have no disciplinary actions or complaints to disclose or report.

The firm will maintain a written business continuity plan to address standard business disruptions ("SBDs") and emergency procedures.

In addition to any relationship or arrangement described in response to Item 10.C. of Part 2A, describe any relationship or arrangement that you or any of your management persons have with any issuer of securities that is not listed in Item 10.C. of Part 2A.

Please refer to Item 10 "Financial Affiliations and Activities" for any information related to our business activities.

**ADV PART 2B: BROCHURE SUPPLEMENT**

Alan Flores

**Darkhorse Advisor, LLC  
(DBA "Darkhorse Advisor")**

**June 15, 2020**

This brochure supplement provides information about Alan Flores that supplements the Darkhorse Advisor' brochure. You should have received a copy of that brochure. If you have any questions about the contents of this brochure supplement, please contact us at 714-394-0243 or [alan@darkhorseadvisor.com](mailto:alan@darkhorseadvisor.com).

Additional information about Alan Flores is available on the SEC's website at.



CRD#2372912

**Item 2 Educational, Background and Business Experience**

**Full Legal Name:** Alan Flores

**Date of Birth Year:** 1962

**Education:**

- University of California, Irvine, CA – 1990 - 1992
- Degree obtained 1992

**Business Experience:**

- Darkhorse Advisor, Managing Director, 06/2020 to Present
- Clearview Investment Partners, Managing Partner, 05/2009 – 06/2020

**Professional Designations:** N/A

**Examinations:** FINRA (NASAA) – Series 65

**Item 3 Disciplinary History: N/A**

**Item 4 Other Business Activities**

A. Investment Related Activities: None

B. Non-Investment-Related Activities: None

**Item 5 Additional Compensation**

No additional compensation to disclose at this time.

**Item 6 Supervision**

**Alan Flores** is responsible for all supervision, formulation and monitoring of investment advice offered to clients.

**Alan Flores** reviews and oversees all material investment policy changes and conducts periodic to determine whether client objectives and mandates are met. Alan is self-supervised and may be reached at 714-394-0243 or Alan@darkhorseAdvisor.com

**Item 7 Requirements for State-Registered Advisers**

Alan Flores **has not been** involved in any of the following events;

1. An award or otherwise being found liable in an arbitration claim alleging damages in excess of \$2,500, involving any of the following:

(a) an investment or an investment-related business or activity;

- (b) fraud, false statement(s), or omissions;
- (c) theft, embezzlement, or other wrongful taking of property;
- (d) bribery, forgery, counterfeiting, or extortion; or
- (e) dishonest, unfair, or unethical practices.

2. An award or otherwise being found liable in a civil, self-regulatory organization, or administrative proceeding involving any of the following:
- (a) an investment or an investment-related business or activity;
  - (b) fraud, false statement(s), or omissions;
  - (c) theft, embezzlement, or other wrongful taking of property;
  - (d) bribery, forgery, counterfeiting, or extortion; or
  - (e) dishonest, unfair, or unethical practices.

Alan Flores **has not been** the subject of a bankruptcy petition.