

# Lain Asset Management & Planning Client Brochure

*This brochure provides information about the qualifications and business practices of Lain Asset Management & Planning. If you have any questions about the contents of this brochure, please contact us at 336-887-9390 or by email at: [steve.lain@northstate.net](mailto:steve.lain@northstate.net). 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 Lain Asset Management & Planning is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Lain Asset Management & Planning's CRD number is: **116840***

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*Registration does not imply a certain level of skill or training.*  
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## **Item 2: Material Changes**

This is the first filing of the new form ADV Part 2A. Therefore there are no changes.

## Item 3: Table of Contents

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## Item 4: Advisory Business

### A. Description of the Advisory Firm

Lain Asset Management & Planning, a sole-proprietorship, began operations on September 1, 1996 offering fee-only investment services, financial planning services and tax advisory services to its clients.

The person who formulates investment advice and who has direct contact with clients is the firm owner, Stephen P. Lain born in 1958. Mr. Lain has served in this capacity since inception of Lain Asset Management & Planning.

#### Educational Background and Professional Designations:

##### **Formal Education:**

- Bachelor of Science Degree in Business Administration and Economics with a concentration in Finance (High Point College, Summa Cum Laude, 1987).
- Master of Business Administration in Individual Financial Planning (City University, President's Honors, 1994).
- Master of Science Degree with an academic emphasis in Financial Planning and a concentration in Wealth Management (College for Financial Planning, 1998).

##### **Professional Designations:**

- Certified Public Accountant (North Carolina State Board of Certified Public Accountant Examiners, 1996). Minimum qualifications required to obtain and retain designation as a CPA include:
  - Obtaining a passing score on the Uniform CPA Examination
  - Demonstration of sufficient education
  - Adequate work experience under the direct supervision of a CPA
  - Completion of an initial eight hour course in Ethics
  - Completion of 40 hours each year continuing professional education, part of which must be in the area of Ethics.
- Certified Financial Planner™ Certificant (CFP Board of Standards, 1996). Minimum qualifications required to obtain and retain the CFP® designation include:
  - Completion of an academic educational financial planning curriculum
  - Obtaining a passing score on the Certified Financial Planner Board of Standards Comprehensive Examination
  - Adequate work experience in a financial planning-related position for compensation
  - Declaration of no past or pending disciplinary actions that would otherwise compromise the Board's *Code of Ethics and Professional Responsibility*
  - Completion of 30 hours continuing professional education bi-annually, a portion of which must be in the area of Ethics.
- Personal Financial Specialist designation (AICPA, 1999). Minimum qualifications required to obtain the PFP designation include:

- Membership in good standing with the American Institute of Certified Public Accountants (AICPA)
- Possession of a valid CPA certificate
- A minimum of 80 hours of personal financial planning education within the five year period preceding the date of the PFS application.
- Obtaining a passing score on a Personal Financial Planning related exam.
- Two or more years of full-time business experience in personal financial planning within the five year period preceding the date of the PFS application.
- 60 hours of continuing professional education related to the personal financial planning body of knowledge every three years.
- Chartered Financial Consultant designation (American College 2004). Minimum qualifications required to obtain the ChFC® designation include successful completion of all required courses within the program, satisfaction of experience requirements and ethics standards, compliance with The American College Code of Ethics and Procedures, and completion of continuing education requirements every two years.
- Chartered Advisor for Senior Living designation (American College 2006). Minimum qualifications required to obtain this designation include completion of the CASL® Curriculum, satisfaction of experience requirements and ethics standards, compliance with The American College Code of Ethics and Procedures, and completion of continuing education requirements every two years.

## **B. Types of Advisory Services**

Lain Asset Management & Planning provides to its clients (i.e. individuals, families, pension and profit sharing plans, trusts, business and non-profit entities) discretionary investment management services, investment and financial related consulting, and financial planning services as described below:

### Investment Management / Investment Advisory Services:

Lain Asset Management & Planning primarily provides discretionary investment management services which are generally delivered through the following process:

- Identification of client's goals and objectives.
- Assessment and evaluation of client's current financial condition.
- Development of an appropriate investment strategy consistent with the client's investment time horizon, expected investment return, willingness to tolerate price and return volatility, investment preferences and or restrictions, tax implications and projected cash flow needs.
- Recommendation and implementation of an appropriate investment program.
- Daily monitoring of account transaction activity; Monitoring of market trends and momentum for various asset classes held in client's portfolio(s) each trading day; Periodic adjustment of asset class target weightings in response to market trend and outlook.

- Performance reporting on demand at client request but no less than quarterly regardless of client request.

In lieu of actual discretionary management of the client's assets, Lain Asset Management & Planning may provide to individuals, trusts and retirement plans, investment advisory services with respect to portfolio allocation, security selection, and investment program implementation. Compensation for such "non-managed" advisory services is based upon an hourly fee and is determined by the scope and amount of professional time required to complete the consulting engagement. The hourly rate to be applied will be disclosed to client prior to engagement of a "non-managed" advisory service. "Non-managed" advisory services are considered secondary to Lain Asset Management & Planning's primary discretionary management business and as such, will be offered only when staff resources are sufficient so as to not impair Lain Asset Management & Planning's primary investment supervisory services.

#### Personal Financial Planning and Tax Services:

Lain Asset Management & Planning may provide various personal financial planning services including retirement planning, cash flow planning, financial risk assessment, educational funding advice, estate tax planning, income tax planning and income tax preparation. As a function of the financial planning process, Lain Asset Management & Planning may prepare non-attest personal financial statements and projections in order to determine a client's current financial condition and to develop appropriate strategies to facilitate progress toward the attainment of the client's desired financial goals.

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

The composition and weighting of asset classes and security positions within a client's portfolio is tailored to the individual needs of each client based upon the client's investment time horizon, expected investment return, perceived tolerance of market volatility, investment preferences and or restrictions, tax implications and projected cash flow needs. For clients who are concerned about the risk of substantial account value "draw down" during "Bear" (declining) markets, Lain Asset Management & Planning makes available a trend analysis approach to risk management based on moving averages of asset class prices or index values. All clients regardless of strategy, however, are reminded that markets are unpredictable, can be volatile and accordingly no approach can entirely eliminate risk or insure against periodic portfolio declines.

Implementation cost may be a consideration in security selection for a given portfolio depending on account size. Some security types (i.e. stocks, exchange-traded funds, etc.) may incur a transaction charge imposed by the custodian or brokerage firm and may be excluded from purchase if the ratio of the fee to the total transaction purchase amount is not deemed reasonable by Lain Asset Management & Planning.

Clients may impose restrictions on the purchase of certain types of securities in their accounts. Clients who desire to direct purchase of specific security positions within any account that is managed on a discretionary basis by Lain Asset Management & Planning, however, are strongly encouraged to establish a separate non-discretionary account in which they may make or direct trades of their own choosing.

#### **D. Wrap Fee Programs**

Lain Asset Management & Planning does not participate in wrap fee programs and does not manage wrap fee accounts.

#### **E. Amounts Under Management**

<b>Discretionary Amounts:</b>	<b>Non-discretionary Amounts:</b>	<b>Date Calculated:</b>
\$47,936,372	\$68	December 31, 2010

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

#### **A. Fee Schedule**

In general, personal financial planning services including personal financial statement preparation, investment advice for "non managed" accounts, tax planning and tax return preparation, cash flow planning, educational funding advice, and retirement planning are provided to the client based upon a pre-agreed hourly rate. Fees are payable upon completion of the financial planning engagement. Lain Asset Management & Planning may also, on occasion, provide estate administration assistance to personal representatives at a specified hourly fee rate.

Lain Asset Management & Planning's Fee Schedule for standard, discretionary "managed investment accounts" is based upon a tiered scale as presented in the following table:

<b>Household Assets:</b>	<b>Marginal Annual Fee Rate:</b>
Up to \$999,999.99	0.50%
\$1,000,000 to \$2,999,999.99	0.35%
\$3,000,000 to \$4,999,999.99	0.20%
\$5,000,000 and up	0.15%

To ensure equal treatment for clients, Lain Asset Management & Planning's fees generally are not negotiable, although we reserve the right to negotiate fees for any relationship by which household assets exceed \$10 million.

As of March 1, 2011 any new client relationship in which Lain Asset Management & Planning is to manage the client's investment accounts on a discretionary basis requires minimum household investment assets under advisory of \$500,000 as of the date the investment advisory agreement is entered into. Client relationships entered into prior to March 1, 2011 are not affected by or subject to the required minimum household asset level.

Investment advisory services to Employer Sponsored Qualified Pension, Profit-Sharing, and Stock Bonus Plans established under Internal Revenue Code Section 401 and comprised of more than one participant are provided at a flat annual fee rate of 0.35%. Participants in these types of retirement plans generally choose their own portfolio allocation from a pool of available investment choices. If a participant engages Lain Asset Management & Planning to both select specific funds for their portfolio and manage their employer-sponsored retirement account on an ongoing discretionary basis, the account will be treated as a standard managed account and subject to the standard tiered "managed investment account" fee table presented in the table above, rather than the flat annual fee rate of 0.35%.

"Cash management accounts" are subject to a flat annual fee rate of 0.10%.

## **B. Payment of Fees**

Lain Asset Management & Planning bills client accounts quarterly in advance by applying one fourth of the applicable annual fee rate to the closing market value as of the just concluded calendar quarter's last trading day. As an example, for a billing cycle beginning in January 1<sup>st</sup> and ending March 31<sup>st</sup>, one-fourth of the applicable annual rate specified above in the table in Item 5A would be applied to the account market value as of the last trading day of December (the account value as of prior quarter-end). All billing cycles are on calendar quarters rather than rolling three month periods.

An invoice is sent to clients each quarter showing how the fee is calculated, along with additional performance and holdings reports. Once clients have had an opportunity to review the invoice, the fee amount is then submitted to the client's custodian for deduction from their accounts. Clients may request that fees for the entire household be deducted from a specific account within that household.

When a new client account is first placed under Lain Asset Management & Planning's management, billing begins on the first business day of the following month. For new client accounts added to Lain Asset Management & Planning's book of business in any month other than the first day of a calendar quarter, the fee calculation for that first period is pro-rated by the number of calendar days remaining in the quarter divided by the quarter's total calendar days. The initial calculation is applied to the value of the account on the first day of Lain Asset Management & Planning's management thereof. If only a small number of days remain in the initial quarter, or if other assets are in the process of transferring in, Lain Asset Management & Planning may elect to waive the calculated pro-rata fee amount for that partial quarter.

### **C. Clients Are Responsible For Third Party Fees**

In addition to Lain Asset Management & Planning's advisory service fee, clients will be subject to fees or expenses imposed by custodians and / or by mutual fund companies. Brokerage firm custodians generally provide to their customers (our clients) pricing guides outlining their commission schedule, transaction fees, redemption fees and service processing fees. All mutual funds impose certain expenses which are disclosed in each respective investment company fund prospectus. Item 12 of this brochure also provides additional information regarding custodians and brokerage firms.

### **D. Prepayment of Fees**

As noted in Item 5B. "*Payment of Fees*" above, advisory fees are collected in advance. In the event that a client terminates the investment management agreement before the end of the billing period, the client may request a refund, in writing, of unearned advisory fees. The amount of reimbursement will be calculated by dividing the number of calendar days remaining in the quarter as of the date of termination by the total calendar days in the quarter, and then multiplying that quotient by the total fee amount collected for that calendar quarter.

### **E. Outside Compensation For the Sale of Securities to Clients**

Receipt of commissions and other compensation for the sale of securities presents a conflict of interest and creates an incentive for investment advisors or representatives to recommend products based upon compensation received rather than on a client's needs. For this reason, Lain Asset Management & Planning and its personnel does not accept commissions or compensation from selling securities, mutual funds or other investment products. Lain Asset Management & Planning is committed to continuing as a fee-only investment advisory practice.

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

Owners, officers and employees of Lain Asset Management & Planning do not accept performance-based fees.

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

Lain Asset Management & Planning offers investment advisory services to individuals, trusts, estates, charitable organizations, businesses and employer-sponsored retirement plans.

Any client relationship entered into after March 1, 2011 requires minimum initial household (or entity) assets under Firm's management of \$500,000 or greater.

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

### **A. Methods of Analysis and Investment Strategies**

Lain Asset Management & Planning uses a combination of fundamental and technical methods to assess opportunities, expected returns and risks in the capital markets. Fundamental data is used by Lain Asset Management & Planning for identifying companies and funds with compelling financial characteristics. Technical data and charting is used to identify securities having favorable supply-demand characteristics and to determine market trend direction and strength. Lain Asset Management & Planning believes that while market mispricing at the macro level does occur, capital market pricing in general is a very efficient mechanism. Accordingly, Lain Asset Management & Planning may select securities designed to match specific asset class indices, most notably in the case of equity-type securities, for core portfolio holdings. Clients are reminded that regardless of the method of analysis or investment strategy employed, investing in securities involves the risk of loss which they must be prepared to accept as an inherent aspect of investing.

Throughout the investment process, Lain Asset Management & Planning reviews numerous sources of information including financial newspapers and magazines, financial web sites, research materials prepared by others, annual reports, prospectuses, filings with the SEC and company press releases. Lain Asset Management & Planning subscribes to various analytical software and databases covering stocks, mutual funds, exchange-traded funds, and variable annuity subaccounts which is used for screening and identifying attractive investment opportunities.

### **B. Material Risks Involved**

All investment securities (including cash equivalents) involve one or more material risks including business risk, financial risk, inflation and purchasing power risk, interest rate risk, exchange rate risk, marketability and liquidity risk, and market risk.

As noted in Item 8B. of this brochure, Lain Asset Management & Planning makes available to clients who are concerned about possible severe draw downs in account value a trend analysis approach based upon moving averages of various asset class prices or index values. Although there is strong evidence that this approach has served well historically over longer periods of time, there can be no assurance that it will continue to provide the desired risk reduction benefit in the future. In fact, a moving average approach likely will at times result in lower shorter-term investment returns relative to a static, “buy & hold” approach due to occasional false sell / buy signals referred to as “whipsaw”. A moving average approach may result in increased transaction costs. In addition, using a moving average approach within taxable, non-qualified accounts may result in adverse recognition of taxable gain character (short term vs. long term) and could result in additional income taxes for the tax year in which sells occur.

### **C. Risks of Specific Securities Utilized**

Risk is broadly defined as the uncertainty that the actual outcome may be different than the expected outcome. The future result or outcome of any investment security, sector or asset class cannot be known with certainty. Numerous dynamics bear on the direction, duration, and strength of security price movements with such movements being influenced by the perceptions, expectations and behavior of capital market participants on a continuous basis. To eliminate risk would require knowledge of the future with absolute certainty.

Because the future cannot be known with any degree of certainty, Lain Asset Management & Planning seeks to reduce unsystematic business and financial risk by diversifying broadly across various asset classes. Nevertheless, any individual underlying security holding within a diversified portfolio may involve risks unique to that position and the overall portfolio will be exposed to one or more materials risks described in Item 8B. Investing in securities involves risk of loss which clients should be prepared to bear.

## **Item 9: Disciplinary Information**

### **A. Criminal or Civil Action**

Lain Asset Management & Planning and its management person has **NOT** been subject to any criminal or civil action in a domestic, foreign, or military court of competent jurisdiction and:

1. Has **NOT** been convicted of, pled guilty or nolo contendere to any felony or to a misdemeanor that involved investments or an investment-related business, fraud, false statements or omissions, wrongful taking of property, bribery, perjury, forgery, counterfeiting, or extortion, or to a conspiracy to commit any of these offenses;
2. Has **NOT** been the named subject of a pending criminal proceeding that involves an investment-related business, fraud, false statements or omissions, wrongful taking of property, bribery, perjury, forgery, counterfeiting, extortion, or a conspiracy to commit any of these offenses;
3. Has **NOT** been found to have been involved in a violation of an investment-related statute or regulation; and

4. Has **NOT** been the subject of any order, judgment, or decree permanently or temporarily enjoining, or otherwise limiting, this Firm or a management person from engaging in any investment-related activity, or from violating any investment-related statute, rule, or order.

#### **B. Administrative Proceeding Before the SEC, Any Other Federal Regulatory Agency, or Any State Regulatory Agency**

Lain Asset Management & Planning and its management person has **NOT** been subject to an administrative proceeding before the SEC, any other federal regulatory agency, any state regulatory agency, or any foreign financial regulatory authority and as such, Lain Asset Management & Planning and its management person:

1. Has **NEVER** been found to have caused an investment-related business to lose its authorization to do business;
2. Has **NEVER** been found to have been involved in a violation of an investment-related statute or regulation and Has **NEVER** been the subject of an order by the agency or authority
  - a. denying, suspending, or revoking the authorization of Lain Asset Management & Planning or a management person to act in an investment-related business;
  - b. barring or suspending Lain Asset Management & Planning's or a management person's association with an investment-related business;
  - c. otherwise significantly limiting Lain Asset Management & Planning's or a management person's investment-related activities; or
  - d. imposing a civil money penalty of more than \$2,500 on Lain Asset Management & Planning or a management person.

#### **C. Proceeding Before a Self-regulatory Organization (SRO)**

Lain Asset Management & Planning and its management person has **NOT** been subject to any self-regulatory organization (SRO) proceedings and as such, Lain Asset Management & Planning and its management person:

1. has **NOT** been found to have caused an investment-related business to lose its authorization to do business; and
2. has **NOT** been found to have been involved in a violation of the SRO's rules and:
  - a. has **NOT** been barred or suspended from membership or from association with other members, or was expelled from membership; and
  - b. has **NOT** been otherwise significantly limited from investment-related activities or fined.

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

### **A. Registration as a Broker/Dealer or Broker/Dealer Representative**

Lain Asset Management & Planning and its management person is not registered as a broker-dealer, is not a registered representative of a broker-dealer and has not applied for registration as a broker-dealer or as a broker-dealer representative.

### **B. Registration as a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor**

Lain Asset Management & Planning and its management person is not registered as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities, and does not have an application pending to register as such.

### **C. Registration Relationships Material to this Advisory Business and Possible Conflicts of Interests**

Lain Asset Management & Planning does not have any relationships or arrangements with advisory affiliates outside of the firm or with any other person or entity under common control. The firm owner, Stephen P. Lain, is a Certified Financial Planner<sup>®</sup> practitioner and is licensed in the State of North Carolina as a Certified Public Accountant. Lain Asset Management & Planning is not aware of any possible conflicts of interest that might arise from financial planning or accounting services, and does not require advisory clientele to use its accounting or tax services.

### **D. Selection of Other Advisors or Managers and How This Adviser is Compensated for Those Selections**

Lain Asset Management & Planning does not recommend to, or select other investment advisors for, its clients and as such is **not** compensated by any third party managers or other investment firms.

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

### **A. Code of Ethics**

Lain Asset Management & Planning and the management person responsible for establishing standards strongly believes that investment advisors are fiduciaries and thereby have the responsibility to render professional, continuous, and unbiased investment advice with honesty, integrity and professionalism. Fiduciaries owe their clients a duty of honesty, good faith, and fair dealing. As a fiduciary, an adviser must act at all times in the client's best interests and must avoid or disclose conflicts of interest.

Lain Asset Management & Planning has adopted a Code of Ethics that emphasizes and implements these fundamental principles. A copy of Lain Asset Management & Planning's Code of Ethics is available to any client or prospective client upon request.

### **B. Recommendations Involving Material Financial Interests**

Lain Asset Management & Planning or any related person does not recommend to clients, nor buys or sells for client accounts, any securities in which the firm or a related person acts as a general partner in a partnership or has a material financial interest.

### **C. Investing Personal Money in the Same Securities as Clients**

As an affirmation of confidence in Lain Asset Management & Planning's investment management endeavors, firm manager and personnel may invest in the same securities as recommended to clients or purchased in client accounts. Firm personnel may choose to have their investment accounts managed by Lain Asset Management & Planning in the same manner as other clients with similar investment objectives. Personnel accounts will be handled objectively and in a manner that insures that the interests of clients are not in any way subordinated. There will be no "front running" or trading ahead of client accounts.

Personnel who choose not to participate in a firm wide trading program must first obtain permission from Lain Asset Management & Planning's Chief Compliance Officer (CCO) prior to effecting personal trades. The CCO shall then make reasonable inquiry into any proposed personal account transactions in order to identify the possibility of improper trades or patterns of trading by access persons. To facilitate monitoring of personal transactions, Lain Asset Management & Planning requires continuous electronic information access to personal trading accounts of all personnel.

## **D. Trading Securities At/Around the Same Time as Clients' Securities**

As noted in Item 11C. above there will be no “front running” of personnel personal accounts or trading ahead of client accounts that would in any way, be inconsistent with acting in the clients’ best interests. Trades for personnel accounts participating in a firm wide trading program may be submitted alongside of client trades, but only by way of “block trades” to insure fair and equal pricing across all accounts submitted. Block trading, however, is not a requirement for buys or sells of open-end mutual fund shares in which the net asset value price is determined only at market close each day.

## **Item 12: Brokerage Practices**

### **A. Factors Used to Select Custodians and/or Broker/Dealers**

All client investment assets must be maintained in an account or accounts at a “qualified custodian,” generally a broker-dealer or bank. Lain Asset Management & Planning may suggest or recommend to clients a registered broker-dealer to maintain custody of their assets and to execute transactions for their accounts. Examples of broker-dealers that we may recommend include Charles Schwab & Co., Inc., Pershing, or TD Ameritrade. Lain Asset Management & Planning is independently owned and operated and is not affiliated with any broker-dealer / custodians.

When making a custodian/broker recommendation, we seek to select a financial firm that will hold client assets and execute transactions on terms that are, overall, most advantageous when compared to other available providers and their services. We consider a wide range of factors, including:

- Combination of transaction execution services and asset custody services
- Capability to execute, clear, and settle trades
- Capability to facilitate transfers and payments to and from accounts (wire transfers, check requests, journals between household accounts)
- Breadth of available investment products (stocks, bonds, mutual funds, exchange-traded funds, etc.)
- Quality of services, particularly prior service to us and our clients
- Availability of investment research and tools that facilitate our decision-making and that ultimately benefit our clients
- Competitiveness of the price of services provided (commission rates, margin interest rates, services fees, etc.)
- Reputation, financial strength, and stability

### ***1. Research and Other Soft-Dollar Benefits***

Broker-dealers serving investment advisory firms make available products and services that assist us in managing and administering our clients' accounts and which may benefit this Firm but that might not directly benefit your specific account. This includes investment research (both proprietary as well as that of third parties), market data, software and information technology that assists us with back-office functions, recordkeeping, and client reporting, trade order submission, facilitating fee payment from client accounts and access to client account data and account statements. In addition, Broker-dealers may make available to Lain Asset Management & Planning educational conferences and events, and publications or consulting on practice management.

Because Lain Asset Management & Planning receives benefits from these products and services, there exists a potential conflict of interest by way of an incentive to recommend a broker-dealer for the benefit of the firm rather than the clients' needs for quality service, price and best trade execution. Recognizing this potential conflict of interest Lain Asset Management & Planning is deeply committed to the principle of "the golden rule". That is, we will only make recommendations (including that of broker-dealer) which we would want applied to ourselves if we were in our clients' positions. This philosophy, we believe, is the core of true ethics.

## ***2. Brokerage for Client Referrals***

Lain Asset Management & Planning does not receive client referrals from any broker-dealer or third party and does not pay for, or participate in, any broker-sponsored client referral networks.

## ***3. Clients Directing Which Broker/Dealer/Custodian to Use***

Lain Asset Management & Planning does not routinely recommend, request or require clients to direct us to execute transactions through a specified broker-dealer.

### **B. Aggregating (Block) Trading for Multiple Client Accounts**

When working trades across multiple household client accounts, it is Lain Asset Management & Planning's practice to aggregate the purchase or sale of securities and to submit those to the custodian for execution by way of "block trade" to insure fair and equal pricing for all accounts / households included within the trade order. Mutual fund orders, however, are not submitted in block order format given that pricing is calculated by the underlying investment company and only at market close each trading day.

## **Item 13: Reviews of Accounts**

### **A. Frequency and Nature of Periodic Reviews and Who Makes Those Reviews**

All managed client investment accounts are reviewed by Lain Asset Management & Planning on an ongoing basis. It is the objective of the firm that statements be evaluated no less than quarterly

regarding portfolio composition and/or variance from a specified target allocation. All transaction activity across all managed accounts is reviewed daily.

Account reviews are conducted by the firm owner, Stephen P. Lain.

### **B. Factors That Will Trigger a Non-Periodic Review of Client Accounts**

Certain transactional events such as cash flows into or out of investment accounts, or changes in client objectives will trigger immediate review of target allocation and variances relative to the target allocation. For client accounts utilizing our trend analysis method, a cross-over of index price for any asset category relative to its specified moving average trend line may result in a change of target allocation and if so, will trigger a review of positions and their weights within the affected portfolio relative to the new or adjusted target allocation.

### **C. Content and Frequency of Regular Reports Provided to Clients**

Lain Asset Management & Planning sends written reports to each client following the close of each calendar quarter. These reports generally include a cover letter presenting the performance of various market indices for comparative purposes, and a commentary. Additional reports in the quarterly mailing include Portfolio Holdings reports listing share quantities, values and asset categories of client's security positions, a Portfolio Performance Summary report presenting dollar and percentage investment gain or loss, and an Investment Advisory Invoice showing the calculation of Lain Asset Management & Planning's fee for the quarter.

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

### **A. Economic Benefits Provided by Third Parties for Advice Rendered to Clients (Includes Sales Awards or Other Prizes)**

Lain Asset Management & Planning may receive an economic benefit from Broker-dealers having custody of our client accounts in the form of support products, technology and services as described in Item 12A.1. of this brochure under the section, *Brokerage Practices*. These products, technologies, and services facilitate and enhance the services we offer to our clients. The availability of these products and services is **not** conditioned upon us giving specific investment advice, such as buying particular securities for our clients.

## **B. Compensation to Non –Advisory Personnel for Client Referrals**

Lain Asset Management & Planning does not compensate any person or entity who is not a supervised person for client referrals.

### **Item 15: Custody**

Under government regulations we are deemed to have custody of client's assets whenever clients authorize us to instruct a broker-dealer to deduct our advisory fees directly from the client's account. In substance, the client's broker-dealer or bank maintains actual custody of their assets. Clients receive account statements directly from their broker-dealer typically monthly, but no less than quarterly. Clients should carefully review those statements upon receipt. We recommend that clients compare the account statements received from their broker-dealer against the quarterly reports provided by our firm.

### **Item 16: Investment Discretion**

Lain Asset Management & Planning accepts discretionary authority to manage securities accounts on behalf of clients. Such authority becomes effective upon execution of an Investment Management Services Agreement with Lain Asset Management & Planning. As noted in Item 4C. of this brochure, "Client Tailored Services and Client Imposed Restrictions", clients may impose restrictions on the purchase of certain types of securities in their accounts. Clients who prefer to direct the purchase of specific security positions within an account that is managed on a discretionary basis by Lain Asset Management & Planning, however, are strongly encouraged to establish a separate non-discretionary account in which they may make or direct trades of their own choosing.

### **Item 17: Voting Client Securities (Proxy Voting)**

Upon opening an account with a broker-dealer, clients may choose to appoint Lain Asset Management & Planning to vote proxy ballots on their behalf. Pursuant to SEC rule 206(4)-6, Lain Asset Management & Planning maintains a Proxy Voting Policy that strives to insure that all corporate proxies are voted in the best economic interests of its clients. As a fiduciary, Lain Asset Management & Planning owes each of its clients a duty of care and loyalty with respect to all services undertaken on the client's behalf, including proxy voting.

The decision of how to vote follows the same criteria used in managing client accounts – to vote for proposals in such a manner that, in Lain Asset Management & Planning's opinion, will

increase shareholder value. In the event that a conflict of interest were to arise with respect any company issue under proposal, Lain Asset Management & Planning will notify the affected clients of such conflict and will then ask those clients to direct the firm as to how they would that that specific issue voted. If more than one client is affected, if those affected clients' instructions are not unanimous, and if the proxy vote ballot is aggregated across all client shares, then Lain Asset Management & Planning will abstain from voting on that specific proposal.

Clients may contact our office to obtain information about how their proxies were voted. We will maintain a copy of proxy vote records for a minimum of five years.

A copy of Lain Asset Management & Planning's Proxy Voting policy is available by mail or email upon client request.

## **Item 18: Financial Information**

### **A. Balance Sheet**

Financial information in the form of a balance sheet is required for any SEC registered advisory firm that receives or solicits prepayment of more than \$1,200 in fees per client six months or more in advance. Lain Asset Management & Planning does not solicit or accept prepayment in any amount six months or more in advance. Accordingly, a balance sheet is not presented.

### **B. Financial Conditions Reasonably Likely to Impair Ability to Meet Contractual Commitments to Clients**

Lain Asset Management & Planning is not aware of any financial condition that is reasonably likely to impair our ability to meet contractual commitments to clients.

### **C. Bankruptcy Petitions in Previous Ten Years**

Lain Asset Management & Planning has never been the subject of a bankruptcy petition.