



ADV Part II – Firm Brochure

March 19, 2012

Louis Barajas  
Louis Barajas & Associates

10330 Pioneer Blvd., Suite 250 Santa Fe Springs CA 90670

Telephone: 562-347-0070

Fax : 562-347-0079

To E-mail Louis: [Louis@louisbarajas.com](mailto:Louis@louisbarajas.com)

Website: [www.lbwpfirm.com](http://www.lbwpfirm.com)

This brochure provides information about the qualifications and business practices of Louis Barajas & Associates. If you have any questions about the contents of this brochure, please contact us at 562-347-0070 and/or at [louis@louisbarajas.com](mailto:louis@louisbarajas.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.

Additional information about Louis Barajas & Associates is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)

Material changes to ADV Part II dated March 19, 2012.

1. Services and fees:

- a. We offer advisory services based on hourly basis.
- b. Louis Barajas & Associates charges clients an hourly fee of \$250.

2. Conditions for Managing accounts:

- a. Louis Barajas & Associates requires a minimum of \$500,000 of assets under management, subject to a minimum \$5,000 annual fee.

Table of Contents

Item 4: Advisory Business	Page 4
Item 5: Fees and Compensation	Page 5
Item 6: Performance based Fees and Side-by Side Management	Page 6
Item 7: Types of Clients	Page 7
Item 8: Methods of Analysis, Investment Strategies and Risk of Loss	Page 8
Item 9: Disciplinary Information	Page 9
Item 10: Other Financial Industry Activities and Affiliates	Page 10
Item 11: Code of Ethics, Participation or Interest in Client Transactions And Personal Trading	Page 11
Item 12: Brokerage Practices	Page 12
Item 13: Review of Accounts	Page 13
Item 14: Client Referrals and Other Compensation	Page 14
Item 15: Custody	Page 15
Item 16: Investment Discretion	Page 16
Item 17: Voting Client Securities	Page 17
Item 18: Financial Information	Page 18
Item 19: Requirements for State-Registered Advisers	Page 19

### Advisory Business

Louis Barajas & Associates (LB&A) has been in business since October 1, 1990. Our firm is owned by Louis Barajas and currently has 6 staff members.

#### Investment Advisory Services:

Louis Barajas & Associates (LB&A) is a registered investment adviser who specializes in Wealth Planning.

LB&A provides financial planning and investment advisory services. LB&A's advisory services are designed for long-term investors seeking to preserve capital and/or obtain capital growth and income. Following an initial consultation to assess the appropriateness of LB&A's services, LB&A examines a client's particular financial circumstances through personal discussions and information gathering. Based on a client's particular goals LB&A develops a client's investment policy statement - the client's investment objectives, investment time horizon, and risk profile are considered when creating the investment policy statement.

LB&A will recommend implementation of the client's investment policy statement through an asset allocation program offered by Loring Ward Advisor Services, Inc. (LWAS), a division of LWI Financial, Inc., a securities broker-dealer and member of SIPC and the Financial Industry Regulatory Authority ("FINRA"). LB&A provides asset allocation recommendations on a non-discretionary basis.

LB&A will complete the necessary documentation and communicate the investment allocation to LWAS. LWAS may be instructed to automatically rebalance the client's asset allocation on a periodic basis. No changes in a client's asset allocation will be made without a client's prior written consent.

LB&A will review client accounts on a quarterly basis or as often as needed and consult with clients regarding their asset allocation and investment performance according to their goals.

LB&A manages \$50,880,000 on a non-discretionary basis (as of March 16, 2012)

LB&A does not manage assets on a discretionary basis.

## Fees and Compensation

### Investment Advisory Fees:

LB&A's fee for advisory services will be charged as a percentage of the client's assets invested in the LWAS programs. LB&A charges clients an annual fee of 1% on all assets under management. There is a minimum \$5,000 annual investment management fee. Fees may be subject to negotiation. LB&A fees are charged in advance at the beginning of each calendar quarter based upon the value of the client's account at the end of the previous quarter. All fees for the first quarter of an investment program are prorated based on the number of calendar days remaining in the quarter. With the client's consent LWAS will debit LB&A's advisory fee directly from the client's investment account and forward the fee to LB&A.

For California Residents: Subsection (j) of Rule 260.238 of the California Code of Regulations requires that all investment advisors disclose to their advisory clients that lower fees for comparable services may be available from other sources.

### Mutual Fund Fees:

All fees paid to LB&A for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds to their shareholders. These fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee.

LWAS offers mutual funds within the Synervest programs that are managed by LWAS. LWAS, therefore, does not directly charge a management fee to participants in their programs, but, rather are compensated through the management of the mutual funds in which participants are invested. These management fees are disclosed in the mutual fund prospectuses. LWAS's Synervest program also includes mutual funds managed by Dimensional Fund Advisors (DFA), an unaffiliated mutual fund advisor. LWAS may be compensated for shareholder services it provides to certain DFA funds.

### Financial Planning Fees:

LB&A may also charge clients a financial planning fee. The minimum first year fee for financial planning is \$5,000. The fee may be negotiable at the discretion of LB&A. One half of the financial planning fee is required up front and the remainder fee will be billed after 6 months of initial payment.

Clients can elect to pay the financial planning fee through their investment portfolio. If client chooses to do this, the investment management fee will be increased to cover for the financial planning services.

A client agreement may be canceled, at any time, by either party for any reason upon receipt of written notice. Upon termination of any account, any prepaid, unearned fees will be promptly refunded and any earned, unpaid fees will be due and payable. The client has the right to terminate an agreement within five business days after entering into the agreement

Performance-Based Fees and Side-By-Side Management

Fees charged are calculated as described above and are not charged on the basis of a share of capital gains or upon capital appreciation of the funds or any portion of the funds of an advisory client (SEC Rule 205(a)(1)).

### Types of Clients

Our firm offers a combination of Investment Advisory Services and Financial Planning Services to many different individuals. We work with individuals, pension and profit sharing plans, trusts and corporations or other business entities. You must have a minimum of \$500,000 to invest in order to work with our firm. Exceptions to the minimum apply only with prior approval of Louis Barajas.

### Methods of Analysis, Investment Strategies and Risk of Loss

LB&A's investment strategies and methods of analysis are based on the concepts of the Noble Prize-winning Modern Portfolio Theory, which identifies the most efficient combination of assets to establish a growth or income portfolio that preserves assets with a risk level appropriate for each individual investor. Once the asset mix has been determined, LB&A recommends Loring Ward Advisor Services, Inc. (LWAS), a division of LWI Financial Inc. to help implement the allocation strategy. While LB&A's goal is to help our clients achieve investment success, we offer no guarantee that our advice will result in profit or protection of loss.



Disciplinary Information

This section does not apply to Louis Barajas & Associates as we have never experienced any type of disciplinary actions against our firm.

### Other Financial Industry Activities and Affiliations

Louis Barajas & Associates (LB&A) retains an independent third-party account administrator (LWI Financial Inc. or “LWIF”) that performs certain services such as account administration, portfolio allocation analysis, asset-class investment strategy, back-office fulfillment, report and statement production, and fee debiting. Such services are paid directly through advisory fees billed to the client or are indirectly paid by LB&A. LWIF is an investment adviser registered with the Securities and Exchange Commission.

LWIF may also sponsor educational seminars for the benefit of LB&A and its clients. Such educational seminars provide LB&A with access to information and ideas regarding practice development, client servicing, investment strategy, relationship management and financial planning. Attendance expenses associated with such educational seminars may be paid or reimbursed, either in whole or in part, by LWIF.

LB&A may recommend, where appropriate, that client invest in shares of the SA Funds – Investment Trust (the “SA Funds”), a family of nine asset class mutual funds advised, managed and administered by LWIF. Fees are not charged directly upon investments in the SA Funds. LWIF receives certain fees and expenses directly from the SA Funds for its services as disclosed in that Fund’s prospectus.

LB&A may execute transactions through a broker-dealer, Loring Ward Securities Inc. (“LWSI”), that is affiliated and under common ownership with LWIF. LWSI is a securities broker-dealer and a member of the Financial Industry Regulatory Authority (“FINRA”) that introduces all transactions to its correspondent clearing firm, Pershing LLC, on a fully-disclosed basis. LB&A or client may incur additional brokerage commissions, ticket charges or other similar expenses that are collected by LWSI, or another broker-dealer and/or custodian of record.

Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

LB&A or individuals associated with LB&A may buy or sell securities identical to those recommended to clients for their personal accounts. In addition, any related person(s) may have an interest or position in a certain security(ies) which may also be recommended to a client.

As these situations represent a conflict of interest, LB&A has established the following restrictions:

- A director, officer, employee or associate of LB&A shall not buy or sell securities for their personal portfolio(s) where their decision is substantially derived, in whole or in part, by reason of his or her employment or affiliation unless the information is also available to the investing public on reasonable inquiry. No such person associated with LB&A shall prefer his or her own interest to that of an advisory client.
- LB&A requires that all individuals must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices.
- Any individual not in observance with the above requirements will be subject to termination.

A copy of the entire Code of Ethics is available upon request.

### Brokerage Practices

LB&A participates in the Schwab Institutional (SI) services program offered to independent investment advisors by Charles Schwab & Company, Inc., a FINRA registered broker/dealer. Clients in need of brokerage and custodial services will have Charles Schwab & Co., Inc. recommended to them. As part of the SI program, LB&A receives benefits that it would not receive if it did not offer investment advice. LB&A has reviewed the services of Charles Schwab and Co., Inc. and recommends the services based on a number of factors. These factors include the professional services offered, fees, and the custodial platform provided to clients. Based on its business model, LB&A will not seek to exercise discretion to negotiate trades among various brokers on behalf of clients. LB&A will, however, periodically attempt to negotiate lower fees for its clients with Charles Schwab & Co., Inc.

LB&A receives benefits from Schwab. These benefits include: receipt of duplicate client confirmations and bundled duplicate statements; access to online accounts; access to a trading desk serving SI participants exclusively; access to block trading which provides the ability to aggregate securities and then allocate the appropriate shares to client accounts; ability to have investment advisory fees deducted directly from client accounts; receipt of compliance publications; and access to mutual funds which generally require significantly higher minimum initial investments or are generally available only to institutional investors. The benefits received through participation in the SI program may or may not depend upon the amount of transactions directed to, or amount of assets held by, Charles Schwab & Company, Inc.

### Review of Accounts

#### Quarterly Rebalance:

LB&A will review all managed accounts every quarter to determine if your model allocation is still “in sync” with the original model. Remember that your model allocation has been custom designed to keep a proper balance between your risk and reward. As such, if your model allocation has moved from the original target percentages by the following due to market fluctuation, your account will be rebalanced to bring the model portfolio back into alignment in order to maintain the proper balance: Fixed income +/-4% (+/-2% per fund), US Market/Large +/-4%, US Value +/-4%, US Small +/-5%, International Large +/-4%, International Small +/-3%, REITS +/-3% and Emerging Markets +/-2%. Your account is rebalanced by selling of shares that are over their percentage and purchasing shares that are under their percentage.

If your model remains in sync (within percentages listed above) with the original model that was put into place, your account will not be rebalanced.

#### Quarterly Reports and Quarterly Rebalancing Reports:

Quarterly reports and Quarterly Rebalancing Reports are provided by our back-office Administrator, Loring Ward Advisor Services (for more information, see Other Financial Industry Activities and Affiliations-Loring Ward Advisor Services). These quarterly reports summarize your account performance, balances, holdings, and fees. In addition, you may also review these reports online by setting up access to the Loring Ward website.

### Client Referrals and Other Compensation

LB&A welcomes and encourages client referrals. However, there is no direct or indirect compensation made to you if you refer someone to our firm. In appreciation, our firm may respond with a thank you note and/or a small token of our gratitude, not to exceed \$25.00 in the form of a small gift.

### Custody

#### Charles Schwab:

The custodian our firm uses is Charles Schwab & Co, Inc. (Schwab). We have evaluated Schwab and believe it will provide you with a blend of price, services, and professionalism that will assist us in meeting our fiduciary obligations to you.

Charles Schwab will provide you with a monthly statement and trade confirmations for all of your accounts. These reports allow you to review the activity in your account(s). Since we also provide you with quarterly performance statements, we urge you to compare our statements with the statements that Schwab provides to you.

Investment Discretion

This section does not apply to LB&A as we do not accept any investment discretion.



Voting Client Securities

Our firm's policy and practice is to not accept the authority to or vote proxies on behalf of you. You retain the responsibility for receiving and voting proxies for any and all securities maintain in you portfolios.

Financial Information

This section does not apply to LB&A as we do not require or solicit prepayment of more than six months in advance.

### Requirements for State-Registered Advisers



#### Executive Officers:

Louis Barajas, MBA,CFP®,EA

Year of Birth: 1961

#### Education:

- University of California, Los Angeles, Bachelor of Arts, Sociology
- Claremont Graduate University, M.B.A Degree
- Denver College for Financial Planning, Certified Financial Planner™

Louis founded the firm in 1990.

Louis Barajas is also president of Financial Greatness Inc. Financial Greatness Inc. is a knowledge product company that creates books, audio and video tapes, and workshops to inspire people to achieve their personal financial and small business goals.

Louis Barajas spends approximately 35% of his time in this business activity.