

# **Liberty Wealth Management, LLC**

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**3/26/2012**

This Brochure provides information about the qualifications and business practices of Liberty Wealth Management, LLC. If you have any questions about the contents of this Brochure, please contact us at (949) 724-8848 or via email at [rlatin@libertycapitalmgt.com](mailto:rlatin@libertycapitalmgt.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any state securities authority.

Liberty Wealth Management, LLC. is a Registered Investment Adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information that you may use to determine whether to hire or retain them. Additional information about Liberty Wealth Management, LLC. is also available on the SEC's web site at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Material Changes

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There were no material changes to the business in 2011.

On July 28, 2010, the United State Securities and Exchange Commission published “Amendments to Form ADV” which amends the disclosure document describing our business practices and qualifications that we provide to our clients per SEC Rules. This Brochure, dated 3/15/2012, is a new document that has been prepared according to the SEC’s new requirements and rules. This Brochure is materially different in structure and requires certain new information that our previous brochure did not provide.

In the future, this section of the brochure will discuss only the specific material changes that were made to the Brochure and will provide you with a summary of all material changes that have occurred since the last filing of this Brochure with the SEC. This section will also identify the date of our last annual brochure update.

In the past we have offered or delivered information about our qualifications and business practices to our clients on at least an annual basis. Pursuant to new SEC 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 which is December 31st. We will provide other ongoing disclosure information about material changes as necessary. We will also provide you with a new Brochure, as necessary, based on changes or new information. Currently, our Brochure may be requested at any time, without charge, by contacting Ronald Latin at (949) 724-8848.

Additional information about Liberty Wealth Management, LLC. is also available via the SEC’s web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by using a unique identifying number, known as a CRD number. The CRD number for Liberty Wealth Management, LLC. is 147860. The SEC’s web site also provides information about any persons affiliated with Liberty Wealth Management, LLC. who are registered, or are required to be registered, as investment adviser representatives of Liberty Wealth Management, LLC.

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## Advisory Business Introduction

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Liberty Wealth Management, LLC. (LWM) is a Registered Investment Adviser (“Adviser”) which offers investment advice, securities, insurance, and other financial services to clients. We are registered through the United States Securities and Exchange Commission (“SEC”) and are regulated by the State of California Regulator and the SEC.

We provide investment advice through investment adviser representatives (“advisor”) associated with us. These individuals are appropriately licensed, qualified, and authorized to provide advisory services on behalf of us. In addition, all advisors are required to complete the FINRA Series 7 examination for General Securities Representatives. The FINRA Series 6 for Investment Company Variable Contract Representatives will be permitted on a limited basis and these individuals must also obtain an FINRA Series 65, Uniform Investment Advisor license, to be able to provide investment advice. All advisors should have adequate education and focused studies in financial planning. Our advisors must also have industry experience and meet the standards for all continuing education requirements.

LWM and its principal, Ron Latin, seek to provide the highest quality financial planning and wealth management advice to high net worth individuals and families, trusts, estates, corporate pension and profit-sharing plans, charitable organizations, and small businesses. We believe in helping clients build wealth, conserve it against the ravages of taxes and inflation, and distribute it to fulfill their dreams and goals for their families and organizations that share their values. We are committed to placing clients’ interests first, and believe this to be the cornerstone of the wealth management process.

## Services

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We provide various asset management and financial planning services, with an emphasis on portfolio and risk management and tax, estate and retirement planning. Portfolios are managed and customized using a client’s personal objectives, expectations, and risk tolerance. We use tested strategies designed to withstand volatility and deliver superior results over long term periods of investing.

As of 12/31/2011, we provide asset management services for 72 accounts, managing total assets of \$35,037,827.

This amount is managed on a nondiscretionary basis which means that we must obtain your prior written or oral authorization before we can transact anything in your account. More specifically, you have not given us the authority to determine the following without your consent:

- Securities to be bought or sold for your account
- Amount of securities to be bought or sold for your account
- Broker- dealer to be used for a purchase or sale of securities for your account
- Commission rates to be paid to a broker or dealer for your securities transaction

While we may not have trading discretion on your account (i.e., placing trades in your account without your approval), trading may be required to meet initial allocation targets, after substantial cash deposits that require investment allocation, and/or after a request for a withdrawal that requires liquidation of a position. Additionally, your account may be rebalanced or reallocated periodically in order to reestablish the targeted percentages of your initial asset allocation. This rebalancing or reallocation will occur on the schedule we have determined together. You will be responsible for any and all tax consequences resulting from any rebalancing or reallocation of the account. We are not tax professionals and do not give tax advice. However, we will work with your tax professionals to assist you with tax planning. You will have the opportunity to meet with us periodically to review the assets in your account.

## **1. Financial Planning**

We perform general financial planning, estate planning, educational planning, pension consulting, retirement planning, and insurance planning. Fee based financial planning is a comprehensive relationship which incorporates many different aspects of your financial status into an overall plan that meets your goals and objectives. The financial planning relationship is a give and take relationship based on trust, communication, and mutual understanding. You must agree to provide us the information and documentation we request regarding your income, investments, taxes, insurance, estate plan, etc. You must also agree to discuss your investment objectives, needs and goals with us and to keep us informed of any changes.

We will conduct meetings with you to prepare a financial plan. Your advisors such as attorneys and accountants can be present if necessary. During these meetings we will analyze your overall financial situation and your specific investment goals and objectives. We will review your retirement needs, estate planning needs, income tax planning, life and disability insurance needs, investment needs, and college education planning. With this information we will create a document typically referred to as financial plan which includes the information provided by you and renders advice, counsel, and recommendations based on the information provided. This document serves as a roadmap to guide your wealth management program. You may elect to have a full plan completed or individual modules. The document for the service level you have selected will be delivered to you upon completion.

If you engage us to perform these services, you will receive a written agreement detailing the services, fees, terms and conditions of the relationship. You will also receive this Brochure. We have agreements in place with Royal Alliance Associates, Inc. (Royal) and other financial institutions, including Loring Ward Advisor Services, Inc. (LW) and SEI Financial Services Advisor (SEI) where we may recommend these firms for implementing our advice. You are under no obligation to implement recommendations through us or any of these firms. You may implement our recommendations through any financial organization of your choice.

We do not verify any information obtained from you, your attorney, accountant or other professionals however, we will consult with your professional advisors, with your permission, to assure an integrated approach to your financial plan. . We do obtain information from a wide variety of publicly available sources to assist us in the preparation of your plan. However, we do not have any inside private

information about any investments that are recommended. All recommendations developed by us are based upon our professional judgment. We cannot guarantee the results of any of our recommendations. You must decide what advice to follow.

## **2. Asset Management**

Asset management is the professional management of securities (stocks, bonds and other securities) and assets (e.g., real estate) in order to meet your specified investment goals. With an Asset Management Account, you engage us to assist you in developing a personalized asset allocation program and custom-tailored portfolio designed to meet your investment objectives. The recommended portfolio may include various securities such as mutual funds, exchange traded funds, debt instruments, foreign securities, municipal securities, individual equity securities, and option contracts. We have agreements with several third-party money managers that we can use to customize your portfolio. We also offer advice on other products such as variable life sub-accounts and variable annuities sub-accounts.

We will meet with you to discuss your financial circumstances, investment goals and objectives, and to determine your risk tolerance. We will recommend an appropriate asset allocation or investment strategy. Our recommendation and ongoing management is based upon your investment goals and objectives, risk tolerance, and the investment portfolio you have selected. We will monitor the account, trade as necessary, and communicate regularly with you. Your circumstances shall be monitored in quarterly and annual account reviews. These reviews will be conducted in person, by telephone conference, and/or via a written inquiry/questionnaire. We will work with you on an ongoing basis to evaluate your asset allocation as well as rebalance your portfolio to keep it in line with your goals as necessary. We will be reasonably available to help you with questions about your account.

Certain assumptions may be made with respect to interest and inflation rates and the use of past trends and performance of the market and economy in determining your asset allocation. However, past performance is not an indication of future performance.

You can expect us to do the following:

- Review your present financial situation
- Monitor and track assets under management
- Provide portfolio statements, periodic rate of return reports, asset allocation statement, rebalanced statements as needed
- Advise on asset selection
- Determine market divisions through asset allocation models
- Provide research and information on performance and fund management changes
- Build a risk management profile for you
- Assist you in setting and monitoring goals and objectives
- Provide personal consultations upon your request or as needed

You must notify us promptly when your financial situation, goals, objectives, or needs change.

You shall have the ability to impose reasonable restrictions on the management of your account, including the ability to instruct us not to purchase certain mutual funds, stocks or other securities. These restrictions may be a specific company security, industry sector, asset class, or any other restriction you request.

Under certain conditions, securities from outside accounts may be transferred into your advisory account. However, we may recommend that you sell any security if we believe that it is not suitable for the current recommended investment strategy. You are responsible for any taxable events in these instances.

Your account can be managed in a tax aware manner; however, we do not provide tax advice or tax management services. You should always consult with your tax advisor for specific tax advice. Past performance is not an indication of future performance.

If you decide to implement our recommendations, we will help you open a custodial account(s). We recommend using one of Royal Alliance's custodians, LW or SEI as the custodian of your accounts. We base this recommendation upon their level of service and cost structure. You will enter into a separate custodial agreement with the custodian which gives them permission to allow us to make investment decisions regarding your account with your consent. The custodian is authorized and directed to effect transactions, deliver securities, make payments and do what we instruct. You are notified of any purchases or sales through trade confirmations and monthly statements that are provided by the Custodian. You will at all times maintain full and complete ownership rights to all assets held in your account, including the right to withdraw securities or cash, proxy voting and receiving transaction confirmations.

You will receive, at least quarterly, a statement from your custodian containing a description of all the activity in your account, your current positions, cost basis of securities, and current market value. The statement may be in either printed or electronic form based upon your preferences.

### **Royal Alliance**

We must execute your transactions through a broker-dealer. Our advisors are registered representatives of Royal Alliance Associates, Inc. (Royal) and may not refer their clients to other broker-dealers. Therefore, we generally use Royal to execute your transactions. The custodian that Royal uses for all accounts is either Pershing or National Financial Services.

## **3. Third Party Money Managers**

We may determine that opening an account with a professional third party money manager is in your best interests. We have contracts with several third party money managers through Royal. We primarily use SEI Financial Services Company (SEI) and Loring Ward (LW) to help us manage your accounts.

These programs allow clients to obtain portfolio management services that typically require higher minimum account sizes outside of the program. The money managers selected under these programs will have discretion to determine the securities they buy and sell within the account, subject to reasonable restrictions imposed by you. Due to the nature of these programs, each of the independent



money managers is obligated to provide you with a separate disclosure document. You should carefully review this document for important and specific program details, including pricing.

Under these programs, we may:

- Assist in the identification of investment objectives
- Recommend specific investment style and asset allocation strategies
- Assist in the selection of appropriate money managers and review performance and progress
- Recommend reallocation among managers or styles within the program
- Recommend the hiring and firing of money managers utilized by you

You should read the ADV Part 2 disclosure document of the money manager for complete details on the charges and fees you will incur.

**a. SEI Financial Services Advisor (SEI Accounts)**

SEI Investments Management Corporation ("SEI") is an investment advisor to various types of institutional or sophisticated investors, including but not limited to, corporate and union sponsored pension plans, defined contribution plans (including 401(k) plans), endowments, charitable foundations, hospital organizations, banks, trust departments, trusts, corporations and high net worth individuals. SIMC also serves as the investment advisor to a number of pooled investment vehicles, including investment companies registered under the Investment Company Act of 1940, hedge funds, collective investment trusts and offshore investment funds.

We offer third party managed accounts through SEI. We can assist you in establishing a custodial clearing account with SEI or an affiliate of SEI. We can direct the purchase of no-load mutual funds affiliated with SEI in the SEI account. SEI actively manages their portfolio accounts and makes the investment selections for the account. We make sure your funds are invested per your investment objectives and risk tolerance in the appropriate funds. SEI accounts do not have a minimum balance requirement.

SEI provides quarterly reports of performance and account holdings, historical performance and transaction data and a quarterly rebalancing service designed to keep portfolios consistent with the your desired allocation.

Each Agreement between SIMC and the Client contains a termination provision. In general, SIMC and Clients may terminate the Agreement at any time upon at least 30 days prior written notice without penalty. Certain sub-advisory agreements in which SIMC may enter into with bank clients generally contain a 90-day notice provision for agreement termination.

Upon termination of all SIMC agreements, SIMC will calculate and deduct pro-rated fees due by the Client based on the number of days the Client's account was open during the quarter.

**b. Loring Ward**

Loring Ward (LW) of San Jose, California, is an unaffiliated investment adviser that is registered with the U.S. Securities and Exchange Commission (SEC). LW provides us with an asset allocation and investment

account management platform and certain administrative services. We will collect pertinent information from you using an investment profile questionnaire. The information obtained will be used to establish appropriate goals and objectives. We will assist you in selecting the appropriate LW program to meet your needs. These accounts are managed by LW in accordance with your individual needs, risk tolerance, objectives, and investment restrictions in an asset allocation model. The asset allocation program designates specified percentages of assets within several asset classes with the intent of creating a diversified investment portfolio. The asset allocation presented by LW may contain shares of SA Funds, a mutual fund advised by LW. We do not have discretion to trade the account but LW does have discretionary authority over these accounts.

You will be required to sign an Account Agreement and will receive a copy of the LW disclosure document prior to or at the time an account is established. The LW disclosure document will provide a complete description of LW, its asset management programs, and all related fees and charges. You should read it carefully and ask us any questions you may have.

LW will provide quarterly reports of performance and account holdings, historical performance and transaction information. LW also provides rebalancing services to keep your portfolio consistent with your desired asset allocation within 5% of the allocation in each asset class. LW does reserve the right not to rebalance if they have reason not to do so. LW also provides for collection of the advisory fee and subsequent payment of the fee to us. . Loring Ward receives no fees from the Advisor or their clients for these services, however, Loring Ward receives investment Advisory and administration fees, and shareholder servicing fees as an Advisor of the SA Funds.

LW also sponsors "due diligence" and educational seminars for investment advisers. These educational sessions provide our advisors with access to information and ideas regarding account management, advanced investment planning, technological changes and account acquisition methods and strategies from the sponsor or other participants at such events. Attendance expenses associated with such due diligence and training seminars may be paid, either in whole or in part, by the sponsoring firm(s).

We use the following LW services for our clients:

- Synervest
- Synervest Advantage

### **Synervest Accounts**

The Synervest Asset Management program is offered to clients seeking an asset allocation plan to be implemented primarily with no-load mutual funds known as the SA Funds. Through this program, we will act as a referring party to LW. We will prepare an asset allocation program along with you based on your individual needs, risk tolerance, and investment objectives. You will have the opportunity to review and approve the asset allocation program, which LW will then implement. LW will obtain pre-authorization to trade the approved mutual funds and any individual securities that may be held in the Account, consistent with the asset allocation you approved including any restrictions you requested. We will monitor the Account and consult with you on the status and performance of your Accounts.

### **Synervest Advantage Accounts**

Synervest Advantage is an asset allocation program and investor reporting service that we use to manage your Accounts on a non-discretionary basis. We will work with LW to generate a personalized investment policy statement based on information you provide which will include an investment strategy and a simulation of estimated investment results. We will then make recommendations that reflect your individual needs and objectives. The asset allocation plan prepared by us (and approved by you) is primarily implemented with no-load mutual funds and may include a combination of individual stocks, commercial paper, municipal securities, U.S. government securities and certificates of deposit. All investments will be limited to those that LW currently accepts. Through this program we may recommend SA Funds – Investment Trust mutual funds in which LW acts as the investment advisor, administrator, and shareholder servicing agent. You will maintain sole discretion to accept or implement any recommendation made by us. This asset allocation program allows you to include securities that are not in LW's asset allocation recommendation.

You will pay an administrative fee to LW for administrative services they provide in these accounts if the assets in your account are not SA funds. This fee is detailed in the fees and compensation section of this brochure.

You may cancel the agreement within 5 business days of signing the agreement by giving your advisor written notice. After that either party may cancel the agreement by giving a 30 day written notice sent by certified or registered mail. We will prorate any fees paid for the work that has or has not been completed and will issue a refund to you or give you a final bill which is due immediately. However, Loring Ward will not refund any administrative fees they have charged.

### **4. Other Services**

We may recommend and sell life, disability, health, and long-term care insurance. We will receive the usual and customary commissions associated with these sales from the insurance company.

In our capacity as registered representatives of Royal, we may sell securities products to you and will be paid the usual and customary commissions on these sales.

We are also available to provide you with a second opinion of your existing portfolio.

We also hold investment and financial planning seminars occasionally to provide educational information regarding investments and the services we provide.

## **Fees and Compensation**

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We provide asset management and financial planning services for a fee. Services similar to those offered by us may be available elsewhere for more or less than the amounts we charge. However, we believe our advisory fee is reasonable considering the fees charged by other investment advisers offering similar services/programs.

Our fees do not include brokerage commissions, transaction fees, and other related costs and expenses. You may incur certain charges imposed by custodians, third party investment companies and other third parties. These include fees charged by managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds, money market funds and exchange traded funds also charge internal management fees, which are disclosed in the fund's prospectus. These fees may include, but are not limited to, a management fee, upfront sales charges, and other fund expenses. We may receive compensation for these fees through our broker-dealer Royal. All of these fees are in addition to the management fee you pay us. You should review all fees charged to fully understand the total amount of fees you will pay. Services similar to those offered by us may be available elsewhere for more or less than the amounts we charge.

If you have a margin account, you will pay margin fees that will be referenced on confirmation tickets. We do not receive any portion of these transaction charges.

You could invest in a mutual fund directly, without our services. In that case, you would not receive the services provided by us which are designed, among other things, to assist you in determining which mutual fund or funds are most appropriate to your financial condition and objectives.

Our Advisory Agreement or Financial Planning Agreement defines what fees are charged to you and their frequency. Financial planning fees are a fixed rate based upon your gross income or net worth. Our asset management fees are billed in arrears/on the back end on a quarterly basis and are based on the amount of investable assets in your account. Our fees do not include brokerage commissions, transaction fees, and other related costs and expenses. You may incur certain charges imposed by custodians, brokers, third party investment companies and other third parties. These include fees charged by managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds, money market funds and exchange traded funds also charge internal management fees, which are disclosed in the fund's prospectus. These fees may include, but are not limited to, a management fee, upfront sales charges, and other fund expenses. All such fees are in addition to our management fee. You should review all fees charged to fully understand the total amount of fees you will pay.

Either party may terminate the initial agreement at any time by providing written notice to the other party within five (5) business days of signing the agreement. You will incur charges for advisory or consulting services rendered up to the point of termination and such fees will be due and payable by you within five business days of being billed. Refunds will be given on a pro-rata basis within five business days of cancellation. Accounts opened or terminated during a calendar quarter will be charged a prorated fee. Once an account is established, either party may terminate the relationship with a 30 day written notice. Upon termination of any account, any prepaid fees that are in excess of the management services performed, will be promptly refunded to you. Any fees that are due, but have not been paid, will be billed to you and are due immediately.

## 1. Financial Planning/Consulting

Using your personal and financial data, and your financial goals and objectives, we will provide comprehensive financial planning services and work with you to create a financial plan according to your financial needs. We will provide analysis and recommendations for retirement needs, estate planning needs, income tax planning, life and disability insurance needs, investment needs, and college education planning. You can have us create a full financial plan or we can evaluate your investment strategy to determine if it is appropriate for you. You can also select any of the individual modules for review and analysis in lieu of a comprehensive financial plan.

Based upon your needs, we may also provide consultations throughout the year to advise and counsel you about other financial issues. We can help you with transition planning, major transaction analysis, employee benefits elections, coordinated with cash flow needs, retirement needs, estate planning needs, income tax planning, life and disability insurance needs, investment needs, and college education planning.

The following fee schedule applies for financial planning services:

Gross Income	Net Worth	Fee
\$0- 100,000	\$100,000-200,000	\$1,000
\$100,001-150,000	\$200,001-400,000	\$1,500
\$150,001-200,000	\$400,001-750,000	\$2,000
\$200,001-300,000	\$750,001-1,000,000	\$3,000
Above \$300,000	Above \$1,000,000	Negotiable

Financial planning fees are a fixed rate based upon your gross income or net worth, whichever is greater. However, all fees are negotiable. Net worth does not include primary residence, personal property, or automobiles. The above fees are the minimum for financial plans and an hourly rate for financial planning of \$200.00 per hour applies in addition to the above referenced fees. However, fees are negotiable.

A deposit of 1/2 of the fee charged is due when the financial planning agreement is signed. The remaining 1/2 of the fee is due when the financial plan is delivered to you. We cannot and will not, require you to pre-pay more than \$500 in fees or require you to pay more than 6 months of fees in advance of services being rendered. The financial planning agreement will terminate once you receive the final written plan or once you receive consultation for the plan.

If you need a consultation on specific investment or other financial planning issues without needing a financial plan, we charge an hourly rate of \$200.00. Consultation services without a financial plan require no minimum net worth or gross income.

The Financial Planning Agreement will show the fee you will pay. In the event that you cancel the financial consultation agreement, you will be responsible for the actual hours spent preparing the financial plan, up to the cancellation date, at the agreed upon hourly rate.

You are free to obtain legal, accounting, and brokerage services from any professional source to implement our recommendations. We will cooperate with any attorney, accountant, or broker you choose to implement any recommendations.

## **2. Asset Management Fee Schedule**

There may be a minimum balance required to open your account, depending upon who manages your account. Our asset management fee is based upon the amount of money you invest, however, there is no fee charged for cash, fixed annuities and money market accounts. You will pay fees quarterly, in arrears/on the back end. Payments are due and will be assessed on the last day of each quarter, based on the ending balance of the account under management for the preceding quarter and be calculated as follows:

Percentage	Portfolio Size (AUM)
1.50% on amounts between	\$0-\$500,000
1.00% on amounts between	\$500,001 - \$1,000,000
0.75% on amounts between	\$1,000,001 - \$2,000,000
0.50% on amounts between	\$2,000,001 - \$5,000,000
Negotiable on	\$5,000,001 or more

The fees shown above are annual fees. You will be billed one quarter of this amount on a quarterly basis. Under certain circumstances, advisory fees and account minimums may be negotiable based upon prior relationships as well as related account holdings. A flat fee may be negotiated as long as it does not exceed the maximum fees set forth above. If a flat fee is negotiated, that fee will be listed in your Advisory Agreement. No increase in the annual fee shall be effective without prior written notification to you.

Your account may also be charged for certain additional assets managed by us but not held by the Custodian (i.e. variable annuities, mutual funds, 401(k)s). Advisory fees begin on the onset of the advisory agreement. We will jointly determine the account structure and fees to be assessed.

Certain programs offered by us involve investment in mutual funds. Load and no load mutual funds may pay annual distribution charges, sometimes referred to as "12(b) (1) fees". These 12(b) (1) fees come from fund assets, and thus indirectly your assets. The 12(b) (1) fee, deferred sales charges and other fee arrangements will be disclosed upon your request and are typically described in the applicable fund's prospectus. These 12(b) (1) fees may be paid to Royal Alliance and be partially re-allowed to us and our associated persons. These fees present an incentive for us and our associated persons to purchase funds with 12(b)(1) fees or higher 12(b)(1) fees as opposed to funds with lower or no fees.

In cases where accounts are structured to where we would receive a commission, either the Advisory fees will be offset against commissions received, or no Advisory fee will be charged on those assets for one year. Accounts may also be structured where you will not pay any commissions on invested assets, but Advisory fees begin immediately. No increase in the annual fee shall be effective without prior written notification to you. The fees we charge can be deducted directly from your account at the custodian. We will instruct the Custodian to deduct the fees from your account at the end of the calendar quarter. This fee will show up as a deduction on your following month's account statement from the Custodian.

### 3. Third Party Money Managers

The fees for the third party money managers we use are described below. These may be in addition to the advisory fee we charge. Please refer to your Advisory Agreement for more complete details on the fees you will pay. There is a \$100,000 minimum for establishing SEI, Synervest, and Synervest Advantage accounts.

#### a. SEI Financial Services Advisor (SEI Accounts)

We may assist you in establishing a custodial clearing account with SEI or an affiliate of SEI. We may, with your permission, direct the purchase of no-load mutual funds or separate accounts in your account. SEI collects asset management fees due to us. This fee is deducted quarterly from your SEI accounts. You will pay this fee quarterly in arrear/on the back end, based on the total market value of your account(s) on the last business day of the preceding calendar quarter. The fee is prorated for the actual number of days the assets are under management. You will not pay a fee for days in which your assets are not under our management. The fee schedule is shown below:

Percentage	Portfolio Size (AUM)
1.00% on amounts between	Amounts less than \$1,000,000
0.75% on amounts between	\$1,000,001 - \$2,000,000
0.50% on amounts between	\$2,000,001 - \$5,000,000
Negotiable on	\$5,000,001 or more

If your SEI account has less than \$50,000, you may also be subject to additional quarterly custody charges by SEI.

Royal Alliance provides certain assistance to SEI or its affiliates and receives an administrative/service fee which collected by SEI. This fee is deducted quarterly from SEI accounts. The fee schedule is shown below:

Percentage	Portfolio Size (AUM)
0.15%	First \$200,000
0.15%	Next \$200,000

0.06%	Next \$600,000
0.03%	Over \$1,000,000

**b. Loring Ward**

We may assist you in establishing asset-class portfolios serviced by Loring Ward (LW). You will sign an advisory agreement with LW that outlines all fees and their method of payment and frequency. You will also receive a copy of LW's ADV Part 2. In addition, you will sign an advisory agreement with us that outlines the fees for services. You will also receive a copy of our ADV Part 2.

You will pay us the fee outlined in the Asset Management Fee Schedule section of this brochure and shown on your advisory agreement form. If you select the Synervest Account, you will be responsible for paying LW investment advisory, administration fees, and shareholder servicing fees in order for them to manage the SA Funds. LW's fees are calculated and billed in advance at the beginning of each calendar quarter based on the account value at the end of the preceding quarter. These fees are in addition to the fees charged by us and the schedule is shown below.

Annualized Percentage	Quarterly Percentage	Portfolio Size
1.50%	0.3750%	First \$500,000
1.00%	0.2500%	\$500,001 to \$1,000,000
0.75%	0.1875%	\$1,000,000 to \$2,000,000
0.50%	0.1250%	\$2,000,001 to \$5,000,000
Negotiable	Negotiable	Above \$5,000,000

All fees paid to us for Advisory services are separate from the fees and expenses charged to shareholders of mutual funds; a complete explanation of which is contained in each mutual fund's prospectus.

Accounts may hold money market funds or similar investments that have management or administrative fees that are paid to LW directly. LW does not reduce their stated advisory fee to offset these fee payments.

Your transactions are executed through one of LW's relationships with custodians or broker-dealers including Charles Schwab & Co, Inc., Pershing LLC and Fidelity Brokerage Services, LLC. These custodians and broker-dealers charge brokerage commissions and/or transaction fees for executing transactions. Neither LW nor we receive additional compensation from these transactions.

LW also receives an administration fee on all Non-SA Fund assets held in Synervest Advantage accounts. If you do not have SA Funds in your account and you later purchase them, the administration fees previously charged will not be refunded. This fee is in addition to any other fees charged by us and Royal Alliance. To calculate the administrative fee, LW takes the gross account values, subtracts any



investments in SA funds and then multiplies this balance by the percentage shown in the chart below. Fees are charged quarterly based on the following schedule:

Annualized Percentage	Quarterly Percentage	Portfolio Size
0.90%	0.2250%	\$0-\$250,000
0.85%	0.2125%	\$250,001-\$500,000
0.55%	0.1375%	\$500,001- \$1,000,000
0.50%	0.1250%	\$1,000,001-\$2,000,000
0.45%	0.1125%	\$2,000,001+

## Performance Based Fee and Side by Side Management

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We do not charge any performance-based fees. These are fees based on a share of capital gains on or capital appreciation of the assets of a client.

## Types of Client(s)

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We provide portfolio management services to individuals, high net worth individuals, trusts, estates, pension and profit-sharing plans, charitable organizations, corporations, and small businesses.

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

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We use the fundamental method of investment analysis for the selection of mutual funds. The process filters the potential number of mutual fund managers for their respective investment style.

### 1. Fundamental Analysis

Fundamental analysis serves to answer questions, such as:

- What is the size of the fund?
- Is the money manager or management team consistent in their investment style?
- Is the manager's performance consistent when compared to his peers?
- What is that manager's tenure with the fund?
- Are the internal costs competitive relative to other manager's in that style?

One of the primary objectives of fundamental analysis is to provide current analysis of funds we recommend, whether for selection or de-selection. We use a combination of qualitative and

quantitative factors to try and find funds that will perform well in their investment style. We look at both investment performance (relative to the peer group and the market) and modern portfolio statistics (like beta and standard deviation) to analyze the level of risk a manager takes to achieve those returns. When we are examining a fund, we will look at the fund's annual turnover, sector weightings and many other quantitative factors.

The end goal of performing fundamental analysis is to produce short list of funds, with the aim of figuring out what sort of position to take with those funds.

In order to perform this fundamental analysis, we use many resources, such as:

- Financial newspapers and magazines (e.g. Wall Street Journal, Forbes, etc.)
- Annual reports, prospectuses, filings with the Securities and Exchange Commission
- Research materials prepared by others
- Company press releases

The investment strategies we use to implement any investment advice given to you include, but are not limited to:

- Long term purchases -securities held at least a year
- Short term purchases - securities sold within a year
- Trading -securities sold within 30 days
- Margin transactions

Once we discover undervalued funds, funds that are investing in undervalued stocks; we look at the company offering these funds to determine stability and volatility of the funds.

## **2. Third Party Manager Analysis**

### **a. SEI**

SEI's asset allocation approach originated with a series of research studies, including a landmark study conducted by Gary Brinson, Randolph Hood and SEI's Gil Beebower that identified asset allocation as the key component in portfolio construction. The research demonstrates that, in the words of Roger G. Ibbotson and Paul D. Kaplan, market movement of the asset classes in which you are invested dictates 90% of the movement of your portfolio and about 100% of the return. Given the importance of asset allocation in meeting client objectives, SEI focuses on building well-diversified asset allocation portfolios that are linked to common investor goals and attitudes about risk. The portfolios serve as the basis for the creation of a variety of investment vehicles.

Asset allocation portfolio weights are determined through a mix of quantitative and qualitative analysis. Quantitatively, we assess the return and risk characteristics of a variety of portfolios/strategies using a combination of forward-looking scenarios as well as historical (back-tested) results. Qualitatively, results are interpreted by experienced capital markets analysts to go beyond the limitations of quantitative methods.

**b. Loring Ward**

LW's asset allocation programs and advice concerning securities are based on publicly available research and reports regarding individual securities, securities issuers, investment strategies and performance of various asset classes. LW also uses a financial simulation program, which calculates the effects of various historical rates of return from different asset classes to assist in the preparation of asset allocation plans.

Recommendations are generally designed for long-term investment strategies. However, Adviser will adjust its recommendations based upon the needs and objectives of the client.

**Risks**

We cannot guarantee our analysis methods will yield a return. In fact, a loss of principle is always a risk. Investing in securities involves a risk of loss that you should be prepared to handle. You need to understand that investment decisions made for your account by us are subject to various market, currency, economics, political and business risks. The investment decisions we make for you will not always be profitable nor can we guarantee any level of performance. For a more comprehensive description of all the risks associated with our strategies, methodology, and products please refer to the glossary under Risks.

**Disciplinary Information**

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Registered Investment Advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of us or the integrity of our management. We have no information to disclose here about the firm or any of our investment advisors. We adhere to high ethical standards for all advisors and associates. We strive to do what's in your best interests.

**Other Financial Industry Activities and Affiliations**

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Ron Latin is the Managing Member and Chief Compliance Officer for Liberty Wealth Management, LLC. He holds life, disability, and variable life insurance licenses in the state of California, license #0477830. In his role as an insurance agent/broker, he may offer commissionable (non-variable) insurance products to you for which he may receive compensation from insurance companies. He may recommend and sell life, health, and long-term care insurance and will receive the usual and customary commissions. He spends approximately 10% of his time with these products.

He is also a registered representative of Royal Alliance and a Certified Financial Planner (CFP®) professional. In his capacity as a registered representative of Royal, he may sell securities products and receive the usual and customary commissions on such sales.

These sales of insurance and securities for a commission may be a conflict of interest since there is an incentive to sell these products for additional compensation. However, our fiduciary responsibility to you and our Code of Ethics prohibits not doing what is in your best interest.

He is also a member of the National Association of Insurance and Financial Advisors as well as the South Orange County Estate Planning Council.

## Code of Ethics

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### 1. General Information

We have adopted a Code of Ethics for all supervised persons of the firm describing its high standards of business conduct, and fiduciary duty to you, our client. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition of rumor mongering, restrictions on the acceptance of significant gifts, the reporting of certain gifts and business entertainment items, and personal securities trading procedures. All supervised persons at Liberty must acknowledge the terms of the Code of Ethics annually, or as amended.

We may recommend securities to you that we have purchased for our own accounts. We may trade securities in our account that we have recommended to you as long as we place our orders after your orders. This policy is meant to prevent us from benefiting as a result of transactions placed on behalf of advisory accounts.

We have established the following restrictions in order to ensure our fiduciary responsibilities to you are met:

- We shall not buy or sell securities for our personal portfolio(s) where this decision is substantially derived, in whole or in part, from our role as an Investment Advisory Representative of Liberty Wealth Management, LLC., unless the information is also available to the investing public on reasonable inquiry. In no case, shall we put our own interests ahead of yours.
- We emphasize your unrestricted right to decline to implement any advice rendered.

However, some securities trade in sufficiently broad markets to permit transactions by clients to be completed without an appreciable impact on the markets of the securities. Under certain circumstances, exceptions may be made to the policies stated above. Records of these trades, including the reasons for the exceptions, will be maintained with our records as required.

In addition, open-end mutual funds and/or investment sub-accounts which may comprise a variable insurance product are purchased or redeemed at a fixed net asset value. Therefore, purchases of mutual funds and/or variable insurance products by an advisor are not likely to have an impact on the prices of the fund in which you invest. These types of transactions are not prohibited by our policies and procedures.

Certain affiliated accounts may trade in the same securities with your accounts on an aggregated basis when consistent with our obligation of best execution. When trades are aggregated, all parties will share the costs in proportion to their investment. We will retain records of the trade order (specifying each participating account) and its allocation. Completed orders will be allocated as specified in the initial trade order. Partially filled orders will be allocated on a pro rata basis. Any exceptions will be explained on the Order.

You may request a copy of the firm's Code of Ethics by contacting Ron Latin.

## **2. Responsibility**

It is the responsibility of all supervisory personnel to ensure that we conduct business with the highest level of ethical standards and keep our fiduciary duties to you. We must put your interests first and reasonably refrain from having outside interests that conflict with your interests.

## **3. Privacy Statement**

We are committed to safeguarding your confidential information and hold all personal information provided to it in the strictest confidence. These records include all personal information that we collect from you or receive from other firms in connection with any of the financial services they provide. We also require other firms with whom we deal with to restrict the use of your information. Our Privacy Policy is available upon request.

## **4. Prohibited Acts**

The following acts are prohibited:

- Employing any device, scheme or artifice to defraud
- Making any untrue statement of a material fact
- Omitting to state a material fact necessary in order to make a statement, in light of the circumstances under which it is made, not misleading
- Engaging in any fraudulent or deceitful act, practice or course of business
- Engaging in any manipulative practices

## **5. Conflicts of Interest**

We have a duty to disclose potential and actual conflicts of interest. We have a duty to report potential and actual conflicts of interest to the Company. Gifts (other than de minimis gifts, which are usually defined as having a value under \$100.00) should not be accepted from persons or entities doing business with us.

In the capacity as a Royal Alliance registered representative, our advisor(s) may direct you to execute securities transactions through Royal Alliance and the advisor will receive compensation for this. Therefore, a conflict of interest exists between our interests and yours. Similarly, our advisor(s) may recommend certain investment and insurance products in which we or a related entity such as Royal Alliance may have some financial interest. In addition, some mutual funds pay compensation in the form of 12(b) (1) fees or other arrangement to broker/dealers. For example, Loring Ward is paid 12(b) (1) fees directly if clients choose to invest in SA Funds which are in Synervest, and Synervest Advantage

accounts. Due to these compensation arrangements, a conflict of interest exists in connection with the recommendation of broker/dealers, particular investment or insurance products, and mutual fund investments for a client's account. You are not obligated to effect transactions as recommended by your advisor/us.

Ron Latin employs the same strategy for his personal investment account as he does for his clients. However, he does not place his orders in a way to benefit from the purchase or sale of a security.

We act in a fiduciary capacity. If a conflict of interest arises between us and you, we shall make every effort to resolve the conflict in your favor. Conflicts of interest may also arise in the allocation of investment opportunities among the accounts that we advise. We will seek to allocate investment opportunities according to what we believe is appropriate for each account. We strive to do what is equitable and in the best interest of all the accounts we advise.

## **6. Use of Disclaimers**

We shall not attempt to limit liability for willful misconduct or gross negligence through the use of disclaimers.

## **7. Suitability**

We shall only recommend those investments that we believe are suitable for you based upon your particular situation and circumstances. In addition, you must notify us of any significant changes in your situation or circumstances so that we can respond appropriately.

# **Brokerage Practices**

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## **1. Soft Dollars**

We understand that best execution and its relation to soft dollars is important to supervise and to regulate. We appreciate our fiduciary duty to clients and the importance of safeguarding your best interest. As a fiduciary, we have the duty to seek the best terms reasonably available under the circumstances.

Soft dollars are used by us to pay for correcting trading errors, obtaining research, or in any other way.

### **Research**

We use publically available research and reports regarding individual securities, issuers, investment strategies and performance of asset classes to select the investments we will offer. These are financial newspapers and magazines, research materials prepared by others, annual reports, prospectuses, filings with the SEC, and company press releases.

## **2. Additional Compensation**

We may receive additional compensation for sales of insurance products such as long term care, life, disability, and health insurance.

Through Royal Alliance's corporate Registered Investment Advisor firm (RIA), an associated person of Liberty Advisory Services, LLC. may act as an investment advisor representative of Royal Alliance's corporate RIA and refer clients to approved third party money managers such as Loring Ward (LW).

In their capacity as registered representatives, associated persons could receive 12(b) (1) fees if they sell a client mutual funds.

We may receive seminar expense reimbursement from product sponsors which may be based on the sales of products to clients.

### **3. Brokerage for Client Referrals**

We do not recommend broker-dealers based on whether we receive client referrals from a broker-dealer or third party. We receive no referrals.

### **4. Directed Brokerage**

Our advisors are registered representatives of Royal and may not use any other broker-dealer to place trades without their prior approval. We require you use to National Financial Services, Schwab or Pershing as the custodial firm and for execution of your transactions. They are the only custodians allowed by Royal. Royal's strong partnership with Pershing, provides highly competitive rates for you and gives us access to their technology solution to help efficiently manage our business. National Financial Services helps us to provide competitive pricing for our products and services offered through Royal. The Charles Schwab Corporation has been a leader in financial services for more than three decades and through advocacy and innovation, the company has worked to make investing more affordable, more accessible and more understandable to all. These custodians help Royal to keep their transaction and servicing fees competitive for you.

Not all advisory firms require you to direct brokerage to a specific broker/dealer. We have an obligation to seek best execution for you. In seeking best execution, the determinative factor is not the lowest possible commission cost but whether the transaction represents the best qualitative execution, taking into consideration the full range of a Broker-Dealer's services including the value of research provided, execution capability, commission rates, and responsiveness. Therefore, we will seek competitive commission rates, but we may not obtain the lowest possible commission rates for account transactions.

By directing brokerage to Pershing, Schwab or NFS, you may pay higher fees or transaction costs than those obtainable by other broker-dealers. In most cases, we believe you are paying a discounted and reasonable rate. You may pay higher or lower fees if you select another broker-dealer. Generally, we will not negotiate lower rates below the rates established by the executing broker-dealer for this type of directed brokerage account, unless we believe that such rate is unfair or unreasonable for the size and type of transaction. We believe that Royal pays industry standard commissions on transactions they handle for us. These commissions are reasonable and customary.

Transactions for each client account generally will be effected independently, unless we decide to purchase or sell the same securities for several clients at approximately the same time. We may (but

are not obligated to) combine or “batch” such orders to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among our clients differences in prices and commission or other transaction costs. Under this procedure, transactions will be price-averaged and allocated among our clients in proportion to the purchase and sale orders placed for each client account on any given day.

Transactions placed in an asset management account by a third party manager will be executed through their broker-dealer or custodian. In determining best execution for these transactions, the third party manager is looking at whether the transaction represents the best qualitative execution, taking into consideration the full range of a Broker-Dealer’s services including the value of research provided, execution capability, commission rates, and responsiveness. While they look for competitive commission rates, they may not obtain the lowest possible commission rates for account transactions.

## **Review of Accounts**

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### **1. Duty to Supervise**

We are responsible for ensuring adequate supervision over the activities of all persons who act on our behalf. Specific duties include:

- Establish procedures that could be reasonably expected to prevent and detect violations of law by our Advisory personnel
- Analyze operations and create a system of controls to ensure compliance with applicable securities laws
- Ensure that all Advisory personnel fully understand the Company's policies and procedures
- Establish a review system designed to provide reasonable assurance that the Company's policies and procedures are effective and being followed

### **2. Reviews**

Reviews are done by Ron Latin or by the associate who advises you. They are done quarterly or as agreed to by you. Reviews may also be conducted to make any changes to an existing plan or investment strategy based on material financial and personal information as well as financial goals and objectives when your circumstances change.

You may request more frequent reviews and may set thresholds for triggering events that would cause a review to take place. Generally, we will monitor for changes and shifts in the economy, changes to the management and structure of a mutual fund or company in which client assets are invested, and market shifts and corrections. You should notify us promptly of any changes to your financial goals, objectives or financial situation as such changes may require us to review your portfolio and make recommendations for changes.

You will be provided with account statements reflecting the transactions occurring in the account on at least a quarterly basis. These statements will be written or electronic depending upon what you



selected when you opened the account. You will be provided with paper confirmations for each securities transaction executed in the account. You must notify your advisor/Ron Latin of any discrepancies in the account or any concerns you have about the account. These reports will list client's account holdings, transactions, and fees paid to us.

## **Client Referrals and Other Compensation**

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Through Royal Alliance's corporate RIA, we have entered into written agreements to pay referral fees to approved third party money managers such as Loring Ward (LW). We may compensate these entities for referring Liberty Wealth Management, LLC's advisory services per their solicitors' agreement. If this applies to your account, you will be given copies of Royal Alliance's form ADV, Part I2 as well as LW form ADV Part 2. You will also be given full written disclosure describing the terms and fee arrangements between us and the solicitor. The fee Liberty Wealth Management, LLC pays the solicitor is not charged to you. You only pay the usual fee for the services rendered.

## **Custody**

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We do not have custody of any accounts. We use Royal Alliance as broker-dealer for all your accounts and they use various custodians such as Schwab, Pershing, NFS and SEI. These custodians were chosen based upon their reputation and the quality of the trade execution. We do not direct trades to other custodians or broker-dealers.

You should receive at least quarterly statements from the broker-dealer or custodian that holds and maintains your investment assets. We urge you to carefully review such statements and compare this official custodial record to the account statements that we may provide to you. Our statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities. If you notice any discrepancies, please contact Ron Latin.

We do not debit the client fees directly from your advisory account. Only the custodian has the authority to directly charge and debit the advisory to your account, which is then forwarded to us. The Custodian will provide you immediate transaction confirmations and monthly statements, either by mail or electronically per your request. Monthly statements list the total value of the account at the start and end of the month and itemize all transactions and security positions. For taxable accounts, the Custodian will provide you consolidated year-end summary statements including IRS forms 1099 and other tax-related forms, as applicable. We are not allowed to make alterations or amendments to the custodian's statement. This preserves the integrity of the Custodian's statement and provides you with an independent appraisal of the account.

## Investment Discretion

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We do not have discretionary authority on your account(s). We usually only have the ability to rebalance and reallocate your accounts on a quarterly basis, with your permission and cannot decide the following without your consent:

- Securities to be bought or sold for your account
- Amount of securities to be bought or sold for your account
- Broker- dealer to be used for a purchase or sale of securities for your account
- Commission rates to be paid to a broker or dealer for your securities transaction

You will be responsible for communicating this information, including directions relating to changes in your investment objectives to our associates. Any transactions will be carried out only upon receipt of this information. The Advisor shall be fully protected in relying upon any such direction, notice, or instruction until it has been duly advised in writing of changes therein.

Custodians may have discretion over your account. You will be educated about this and sign the Advisory Agreement which details this in full as applicable.

## Voting Client Securities

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As a matter of firm policy and practice, we do not have any authority to and do not vote proxies on behalf of advisory clients. You retain the responsibility for receiving and voting proxies for any and all securities maintained in client portfolios. We may provide advice to you regarding your voting of proxies. We are authorized to instruct the Custodian to forward copies of all proxies and shareholder communications relating to the account assets to you.

## Financial Information

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We do not have financial commitments that would impair our ability to meet any contractual and fiduciary commitments to you, our client. We have also not been the subject of a bankruptcy proceeding.

## Requirements for State Registered Advisers

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### Ron Latin

#### Position

Chief Compliance Officer

#### Date of Birth

1950

#### Education

B.A. in History	1972
Chapman University	Orange, CA

#### Designations

CFP®	1986
College of Financial Planning	Denver, CO

#### Minimum Designation Requirements

##### Certified Financial Planner (CFP)

The CERTIFIED FINANCIAL PLANNER™, CFP® and federally registered CFP (with flame design) marks (collectively, the “CFP® marks”) are professional certification marks granted in the United States by Certified Financial Planner Board of Standards, Inc. (“CFP Board”).

The CFP® certification is a voluntary certification; no federal or state law or regulation requires financial planners to hold CFP® certification. It is recognized in the United States and a number of other countries for its (1) high standard of professional education; (2) stringent code of conduct and standards of practice; and (3) ethical requirements that govern professional engagements with clients. Currently, more than 62,000 individuals have obtained CFP® certification in the United States.

To attain the right to use the CFP® marks, an individual must satisfactorily fulfill the following requirements:

- **Prerequisites/Experience:** A bachelor’s degree (or higher) from an accredited college or university, and three years of full-time personal financial planning experience
- **Educational Requirements:** Candidate must complete a CFP-board registered program, or hold one of the following:
  - CPA
  - ChFC

- Chartered Life Underwriter (CLU)
- CFA
- Ph.D. in business or economics
- Doctor of Business Administration
- Attorney's License
- **Examination Type:** CFP Certification Examination
- **Continuing Education/Experience Requirements:** 30 hours every two years

CFP® professionals who fail to comply with the above standards and requirements may be subject to CFP Board's enforcement process, which could result in suspension or permanent revocation of their CFP® certification.

### **Business History**

2008-Present	Managing Member and CCO, Liberty Wealth Management, LLC.
1997-Present	Principal, Liberty Capital Management, Inc.
1994- Present	Registered Rep. Royal Alliance Associates, Inc.
1992- 1997	Associate, Worldwide Investment Network, Inc.
1992- 1994	Registered Rep., Financial Network Investment, Corp.
1987-1992	Registered Rep., Dreher & Associates

### **Other Business Activity**

Ron Latin is a registered representative of Royal Alliance and a Certified Financial Planner (CFP®) professional. He completes continuing professional education in order to keep his designation intact and stay current on developing information in financial planning and investment management.

Mr. Latin is a long time member of the National Association of Insurance and Financial Advisors. He is a member of the South Orange County Estate Planning Council. He is active in community service, serving as an assistant scoutmaster with a local Boy Scout troop.

He holds life, disability, and variable life insurance licenses in the state of California, license #0477830. In his role as an insurance agent/broker, he may offer commissionable (non-variable) insurance products to you for which he may receive compensation from insurance companies. He may recommend and sell life, health, and long-term care insurance and will receive the usual and customary commissions. He spends approximately 10% of his time with these products.

### **Specialty**

Ron is committed to placing and supporting your interests, to high standards of professional integrity, and maintaining confidentiality. He seeks to provide the highest quality financial planning and wealth management advice to his valued clients. Ron's mission is to help clients develop and execute plans that will build and preserve wealth, protect it against the ravages of taxes and inflation, and create a legacy for the client, their family, and organizations that share their values

Ron is committed to the precept that by placing his clients' interests first, he will add considerable value to the wealth management process and earn the client's trust and respect. Investment strategies are designed to deliver superior results over the long term using time-tested principles and a well-defined strategy that is intended to withstand the unpredictable nature of the investment markets

Ron Latin specializes in developing financial plans, coordinating major financial transactions, estimating and monitoring long-term financial goals, and money management for individuals. Each aspect of the investment management and financial planning process is tailored to each client's individual needs. He seeks to provide the highest quality financial planning and wealth management advice to his valued clients.

He and his wife, Cindy, have been married for 34 years, live in Laguna Niguel, California and have a grown daughter and two sons. Ron enjoys sailing, golf, and backpacking.

# Glossary of Key Terms and Investment Terms

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**Adviser** – Liberty Wealth Management, LLC

**advisor** – Your individual representative at Liberty Wealth Management, LLC.

**Asset Allocation** – The process of dividing investments among different kinds of assets, such as stocks, bonds, real estate and cash, to optimize the risk/reward tradeoff based on an individual's or institutions specific situation and goals. A key concept in financial planning and money management.

**Asset Allocation Models** – Basic models of asset allocation utilized by a financial institution. These models vary amongst institutions and include the percentage of an investment portfolio that is invested in each of the three major asset classes which are cash and their equivalents, fixed income investments such as bonds and, equity Investments such as common stock.

**Asset-class investment portfolios** – An asset class is a grouping of similar investments whose prices tend to move together. Asset classes can be defined on a very general level, such as stocks or on a more specific level, such as American silver producing companies. The concept of asset classes is important because one of the goals when building an investment portfolio is to use different asset classes which are not correlated with each other.

## Designations

*The CFP®, CERTIFIED FINANCIAL PLANNER™* and certification marks are financial planning credentials awarded by Certified Financial Planner Board of Standards Inc. (CFP Board) to individuals who meet education, examination, and experience and ethics requirements. CFP® certificate holders are required to have 30 continuing education hours every two years. [www.cfp.net](http://www.cfp.net)

**Diversification** – a portfolio strategy designed to reduce exposure to risk by combining a variety of investments, such as stocks, bonds, and real estate, which are unlikely to all move in the same direction. The goal of diversification is to reduce the risk in a portfolio. Volatility is limited by the fact that not all asset classes or industries or individual companies move up and down in value at the same time or at the same rate. Diversification reduces both the upside and downside potential and allows for more consistent performance under a wide range of economic conditions.

**Exchange-Traded Funds** — A type of an investment company (either an open-end company or UIT) whose objective is to achieve the same return as a particular market index. ETFs differ from traditional open-end companies and UITs, because, pursuant to SEC exemptive orders, shares issued by ETFs trade on a secondary market and are only redeemable from the fund itself in very large blocks (blocks of 50,000 shares for example).

**Expense Ratio** — the fund's total annual operating expenses (including management fees, distribution (12b-1) fees, and other expenses) expressed as a percentage of average net assets.

**Fees**— a list of all fees associated with different products we offer are listed below:

1. **12b-1 Fees** — Fees paid by the fund out of fund assets to cover the costs of marketing and selling fund shares and sometimes to cover the costs of providing shareholder services. "Distribution fees" include fees to compensate brokers and others who sell fund shares and to pay for advertising, the printing and mailing of prospectuses to new investors, and the printing and mailing of sales literature. "Shareholder Service Fees" are fees paid to persons to respond to investor inquiries and provide investors with information about their investments.
2. **Account Fee**— A fee that some funds separately impose on investors for the maintenance of their accounts. For example, accounts below a specified dollar amount may have to pay an account fee.
3. **Distribution Fees** — Fees paid out of fund assets to cover expenses for marketing and selling fund shares, including advertising costs, compensation for brokers and others who sell fund shares, and payments for printing and mailing prospectuses to new investors and sales literature prospective investors. Sometimes referred to as "12b-1 fees."
4. **Management Fee** — fee paid out of fund assets to the fund's investment adviser or its affiliates for managing the fund's portfolio, any other management fee payable to the fund's investment adviser or its affiliates, and any administrative fee payable to the investment adviser that are not included in the "Other Expenses" category. A fund's management fee appears as a category under "Annual Fund Operating Expenses" in the Fee Table.
5. **Operating Expenses** — the costs a fund incurs in connection with running the fund, including management fees, distribution (12b-1) fees, and other expenses.
6. **Purchase Fee** — a shareholder fee that some funds charge when investors purchase mutual fund shares. Not the same as (and may be in addition to) a front-end load.
7. **Redemption Fee** — a shareholder fee that some funds charge when investors redeem (or sell) mutual fund shares. Redemption fees (which must be paid to the fund) are not the same as (and may be in addition to) a back-end load (which is typically paid to a broker). The SEC generally limits redemption fees to 2%.
8. **Sales Charge (or "Load")** — the amount that investors pay when they purchase (front-end load) or redeem (back-end load) shares in a mutual fund, similar to a commission. The SEC's rules do not limit the size of sales load a fund may charge, but FINRA rules state that mutual fund sales loads cannot exceed 8.5% and must be even lower depending on other fees and charges assessed.
9. **Shareholder Service Fees** — fees paid to persons to respond to investor inquiries and provide investors with information about their investments. See also "12b-1 fees."

**Index Fund** — describes a type of mutual fund or Unit Investment Trust (UIT) whose investment objective typically is to achieve the same return as a particular market index, such as the S&P 500 Composite Stock Price Index, the Russell 2000 Index, or the Wilshire 5000 Total Market Index.

**Insurance Agent** — an insurance company's representative. The agent's primary alliance is with the insurance carrier to sell their products, not the insurance buyer.

**Insurance Broker** – An insurance broker is typically a company/business. They “shop around” for competitive pricing on life insurance products for their customers based on their needs. A broker typically has no contractual agreements with insurance carriers. They rely on common or direct business transactions with insurance carriers.

**Investment Adviser** — generally, a person or entity who receives compensation for giving individually tailored advice to a specific person on investing in stocks, bonds, or mutual funds. Some investment advisers also manage portfolios of securities, including mutual funds.

**Investment Company** — a company (corporation, business trust, partnership, or limited liability company) that issues securities and is primarily engaged in the business of investing in securities. The three basic types of investment companies are mutual funds, closed-end funds, and unit investment trusts.

**Investment Discretion** – This means you have given us authority to determine what securities or other assets to purchase or sell on behalf of the account without your prior consent.

**Investment Goals** – objective or target, usually driven by specific future financial needs. Some common goals for an individual are: saving for a comfortable retirement, saving to send children to college, managing finances to enable a home purchase, minimizing taxes, and maximizing return on investments given a certain risk tolerance, and estate or trust planning.

**Investment Objectives** – The financial goal or goals of an investor. An investor may wish to maximize current income, maximize capital gains, or set a middle course of current income with some appreciation of capital. Defining investment objectives helps to determine the investments an individual should select.

**Load** — see "Fees - Sales Charge."

**Margin Account** – A type of account in which an investor borrows assets, typically from the broker to purchase securities. Typically, the investor must put down 50% of the value of a purchase. As with any loan, interest is paid on the loan and the securities are used as collateral in case of default.

**Margin** — borrowing money (usually using securities you already own as collateral) that is used to purchase securities

**Margin Securities** – Security bought or sold in a margin account. These securities can be registered securities, those sold in over the counter markets, securities that qualify for trading in the National Market System, and any mutual fund or unit investment trust registered under the Investment Company Act of 1940.

**Mutual Fund** — the common name for an open-end investment company. Like other types of investment companies, mutual funds pool money from many investors and invest the money in stocks, bonds, short-term money-market instruments, or other securities. Mutual funds issue redeemable shares that investors purchase directly from the fund (or through a broker for the fund) instead of purchasing from investors on a secondary market.



**NAV (Net Asset Value)** — the value of the fund's assets minus its liabilities. SEC rules require funds to calculate the NAV at least once daily. To calculate the NAV per share, simply subtract the fund's liabilities from its assets and then divide the result by the number of shares outstanding.

**No-load Fund** — a fund that does not charge any type of sales load. But not every type of shareholder fee is a "sales load," and a no-load fund may charge fees that are not sales loads. No-load funds also charge operating expenses.

**Open-End Company** — the legal name for a mutual fund. An open-end company is a type of Investment Company

**Option Contracts**—the right, but not the obligation, to buy (for a call option) or sell (for a put option) a specific amount of a given stock, commodity, currency, index, or debt, at a specified price (the strike price) during a specified period of time. For stock options, the amount is usually 100 shares. Each option contract has a buyer, called the holder, and a seller, known as the writer. If the option contract is exercised, the writer is responsible for fulfilling the terms of the contract by delivering the shares to the appropriate party. In the case of a security that cannot be delivered such as an index, the contract is settled in cash. For the holder, the potential loss is limited to the price paid to acquire the option. When an option is not exercised, it expires. No shares change hands and the money spent to purchase the option is lost. For the buyer, the upside is unlimited. Option contracts, like stocks, are therefore said to have an asymmetrical payoff pattern. For the writer, the potential loss is unlimited unless the contract is covered, meaning that the writer already owns the security underlying the option. Option contracts are most frequently used as either leverage or protection. As leverage, options allow the holder to control equity in a limited capacity for a fraction of what the shares would cost. The difference can be invested elsewhere until the option is exercised. As protection, options can guard against price fluctuations in the near term because they provide the right to acquire the underlying stock at a fixed price for a limited time. Risk is limited to the option premium (except when writing options for a security that is not already owned). However, the costs of trading options (including both commissions and the bid/ask spread) is higher on a percentage basis than trading the underlying stock. In addition, options are very complex and require a great deal of observation and maintenance

**Portfolio** — an individual's or entity's combined holdings of stocks, bonds, or other securities and assets.

**Profile** — summarizes key information about a mutual fund's costs, investment objectives, risks, and performance. Although every mutual fund has a prospectus, not every mutual fund has a profile.

**Prospectus** — describes the mutual fund to prospective investors. Every mutual fund has a prospectus. The prospectus contains information about the mutual fund's costs, investment objectives, risks, and performance. You can get a prospectus from the mutual fund company (through its website or by phone or mail). Your financial professional or broker can also provide you with a copy.

**Risks** — a list of all risks associated with the strategies, products and methodology we offer are listed below:

## 1. Fundamental Analysis Risk

Fundamental analysis, when used in isolation, has a number of risks:

- There are an infinite number of factors that can affect the performance of a mutual fund over time. These can include economic, political and social factors, in addition to the various internal costs and management changes.
- When using this method with mutual funds, the funds are composed of many companies and not all of them will be undervalued
- The data used may be out of date.
- It is difficult to give appropriate weightings to the factors.
- It assumes that the data sources are reliable.
- It ignores the influence of random events such as oil spills, product defects being exposed, and acts of God and so on.
- It assumes that there is no monopolistic power over markets.
- Even when fundamental analysis reveals a fund with high growth prospects, it does not tell us anything about the future direction the manager may take the fund. In other words, we may have discovered a manager who has exhibited above average performance over a period of time only to find that performance cannot be repeated as the fund grows in size or without increasing the risk profile of the fund.

## 2. Mutual Funds Risk

Mutual funds can offer the advantages of diversification and professional management. But, as with other investment choices, investing in mutual funds involves risk and fees and taxes will diminish a fund's returns.

But mutual funds also have features that some clients might view as disadvantages, such as:

- **Costs despite Negative Returns** — Clients must pay sales charges, annual fees, and other expenses) regardless of how the fund performs. And, depending on the timing of their investment, clients may also have to pay taxes on any capital gains distribution they receive — even if the fund went on to perform poorly after they bought shares.
- **Lack of Control** — Investors typically cannot ascertain the exact make-up of a fund's portfolio at any given time, nor can they directly influence which securities the fund manager buys and sells or the timing of those trades.
- **Price Uncertainty** — with an individual stock, you can obtain real-time (or close to real-time) pricing information with relative ease by checking financial websites or by calling your advisor. You can also monitor how a stock's price changes from hour to hour. But with a mutual fund, the price you purchase or redeem shares for will typically depend on the fund's NAV, which the fund might not calculate until many hours after you've placed your order. In general, mutual funds must calculate their NAV at least once every business day, typically after the major U.S. exchanges close.

The following is a list of some general risks associated with investing in mutual funds.

- Country Risk - The possibility that political events (a war, national elections), financial problems (rising inflation, government default), or natural disasters (an earthquake, a poor harvest) will weaken a country's economy and cause investments in that country to decline.
- Currency Risk -The possibility that returns could be reduced for Americans investing in foreign securities because of a rise in the value of the U.S. dollar against foreign currencies. Also called exchange-rate risk.
- Income Risk - The possibility that a fixed-income fund's dividends will decline as a result of falling overall interest rates.
- Industry Risk - The possibility that a group of stocks in a single industry will decline in price due to developments in that industry.
- Inflation Risk - The possibility that increases in the cost of living will reduce or eliminate a fund's real inflation-adjusted returns.
- Manager Risk -The possibility that an actively managed mutual fund's investment adviser will fail to execute the fund's investment strategy effectively resulting in the failure of stated objectives.
- Market Risk -The possibility that stock fund or bond fund prices overall will decline over short or even extended periods. Stock and bond markets tend to move in cycles, with periods when prices rise and other periods when prices fall.
- Principal Risk -The possibility that an investment will go down in value, or "lose money," from the original or invested amount.

### 3. Bond Fund Risk

Bond funds generally have higher risks than money market funds, largely because they typically pursue strategies aimed at producing higher yields of the risks associated with bond funds include:

- Call Risk - The possibility that falling interest rates will cause a bond issuer to redeem—or call—its high-yielding bond before the bond's maturity date.
- Credit Risk — the possibility that companies or other issuers whose bonds are owned by the fund may fail to pay their debts (including the debt owed to holders of their bonds). Credit risk is less of a factor for bond funds that invest in insured bonds or U.S. Treasury bonds. By contrast, those that invest in the bonds of companies with poor credit ratings generally will be subject to higher risk.
- Interest Rate Risk — the risk that the market value of the bonds will go down when interest rates go up. Because of this, you can lose money in any bond fund, including those that invest only in insured bonds or Treasury bonds.
- Prepayment Risk — the chance that a bond will be paid off early. For example, if interest rates fall, a bond issuer may decide to pay off (or "retire") its debt and issue new bonds that pay a lower rate. When this happens, the fund may not be able to reinvest the proceeds in an investment with as high a return or yield.

### 4. Stock Fund Risk

Although a stock fund's value can rise and fall quickly over the short term, historically stocks have performed better over the long term than other types of investments — including corporate bonds, government bonds, and treasury securities.

Overall "market risk" poses the greatest potential danger for investors in stocks funds. Stock prices can fluctuate for a broad range of reasons, such as the overall strength of the economy or demand for particular products or services.

Not all stock funds are the same. For example:

- Growth funds focus on stocks that may not pay a regular dividend but have the potential for large capital gains.
- Income funds invest in stocks that pay regular dividends.
- Index funds aim to achieve the same return as a particular market index, such as the S&P 500 Composite Stock Price Index, by investing in all — or perhaps a representative sample — of the companies included in an index.
- Sector funds may specialize in a particular industry segment, such as technology or consumer products stocks.

#### 5. Alternative Investment Risk

Investing in alternative investments is speculative, not suitable for all clients, and intended for experienced and sophisticated investors who are willing to bear the high economic risks of the investment, which can include:

- Loss of all or a substantial portion of the investment due to leveraging, short-selling or other speculative investment practices
- Lack of liquidity in that there may be no secondary market for the fund and none expected to develop
- Volatility of returns
- Restrictions on transferring interests in the fund
- Absence of information regarding valuations and pricing
- Delays in tax reporting
- Less regulation and higher fees than mutual funds

#### 6. Insurance Product Risk

The rate of return on variable insurance products is not stable, but varies with the stock, bond and money market subaccounts that you choose as investment options. There is no guarantee that you will earn any return on your investment and there is a risk that you will lose money. Before you consider purchasing a variable product, make sure you fully understand all of its terms. Carefully read the prospectus. Some of the major risks include:

- Liquidity and Early Withdrawal Risk – There may be a surrender charges for withdrawals within a specified period, which can be as long as six to eight years. Any withdrawals before a client reaches the age of 59 ½ are generally subject to a 10 percent income tax penalty in addition to any gain being taxed as ordinary income.
- Sales and Surrender Charges –Asset-based sales charges or surrender charges. These charges normally decline and eventually are eliminated the longer you hold your shares. For example, a surrender charge could start at 7 percent in the first year and decline by 1 percent per year until it reaches zero.
- Fees and Expenses – There are a variety of fees and expenses which can reach 2% and more such as:
  - Mortality and expense risk charges
  - Administrative fees
  - Underlying fund expenses
  - Charges for any special features or riders
- Bonus Credits – Some products offer bonus credits that can add a specified percentage to the amount invested ranging from 1 percent to 5 percent for each premium payment. Bonus credits, however, are usually not free. In order to fund them, insurance companies typically impose high mortality and expense charges and lengthy surrender charge periods.
- Guarantees - Insurance companies provide a number of specific guarantees. For example, they may guarantee a death benefit or an annuity payout option that can provide income for life. These guarantees are only as good as the insurance company that gives them.
- Market Risk -The possibility that stock fund or bond fund prices overall will decline over short or even extended periods. Stock and bond markets tend to move in cycles, with periods when prices rise and other periods when prices fall.
- Principal Risk -The possibility that an investment will go down in value, or "lose money," from the original or invested amount.

## 7. Overall Fund Risk

- Clients need to remember that past performance is no guarantee of future results. All funds carry some level of risk. You may lose some or all of the money you invest, including your principal, because the securities held by a fund goes up and down in value. Dividend or interest payments may also fluctuate, or stop completely, as market conditions change.
- Before you invest, be sure to read a fund's prospectus and shareholder reports to learn about its investment strategy and the potential risks. Funds with higher rates of return may take risks that are beyond your comfort level and are inconsistent with your financial goals.
- While past performance does not necessarily predict future returns, it can tell you how volatile (or stable) a fund has been over a period of time. Generally, the more volatile a fund, the higher the investment risk. If you'll need your money to meet a financial goal in the near-term, you probably can't afford the risk of investing in a fund with a volatile history because you will not have enough time to ride out any declines in the stock market.

**Risk Tolerance** – the extent to which an investor is willing to accept more risk in exchange for the possibility of a higher return. An investor with a high risk tolerance is likely to invest in securities, such as stocks in startup companies, and is willing to accept the possibility that the value of his/her portfolio will decline, at least in the short-term. An investor with a low risk tolerance, on the other hand, tends to invest predominantly in stable stocks and/or highly-graded bonds. One's risk tolerance is subjective and may vary according to age, needs, goals, and even personal dispositions

**Third Party Money Manager**— the professional management of various securities (shares, bonds and other securities) and assets (e.g., real estate), to meet specified investment goals for the benefit of the investors. The managers are not the actual advisers working with the investor. Investors may be institutions (insurance companies, pension funds, corporations, individuals etc.

**Total Annual Fund Operating Expense** — the total of a fund's annual fund operating expenses, expressed as a percentage of the fund's average net assets. You'll find the total in the fund's fee table in the prospectus.

**Unit Investment Trust (UIT)** — a type of investment company that typically makes a one-time "public offering" of only a specific, fixed number of units. A UIT will terminate and dissolve on a date established when the UIT is created (although some may terminate more than fifty years after they are created). UITs do not actively trade their investment portfolios.

**You** – the client