

# Disclosure Brochure

March 21, 2012

## **Lanier Asset Management, LLC**

*a Registered Investment Adviser*

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This brochure provides information about the qualifications and business practices of Lanier Asset Management, LLC (hereinafter "LAM"). If you have any questions about the contents of this brochure, please contact Mark Hoffman at (502) 618-3580. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. Additional information about Lanier Asset Management, LLC is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Lanier Asset Management, LLC is an SEC registered investment adviser. Registration does not imply any level of skill or training.

## Item 2. Material Changes

This Item discusses only the material changes that have occurred since LAM's last annual update. LAM does not have any material changes to disclose in this Item.

## Item 3. Table of Contents

### Firm Disclosure Brochure

Item 1. Cover Page .....	i
Item 2. Material Changes .....	ii
Item 3. Table of Contents.....	iii
Item 4. Advisory Business.....	4
Item 5. Fees and Compensation .....	7
Item 6. Performance-Based Fees and Side-by-Side Management .....	10
Item 7. Types of Clients .....	11
Item 8. Methods of Analysis, Investment Strategies and Risk of Loss .....	12
Item 9. Disciplinary Information.....	15
Item 10. Other Financial Industry Activities and Affiliations .....	16
Item 11. Code of Ethics .....	17
Item 12. Brokerage Practices.....	18
Item 13. Review of Accounts.....	21
Item 14. Client Referrals and Other Compensation .....	22
Item 15. Custody .....	23
Item 16. Investment Discretion.....	24
Item 17. Voting Client Securities .....	25
Item 18. Financial Information.....	26

### Supervised Person Brochure Supplements

## Item 4. Advisory Business

Lanier Asset Management, LLP (“LAM”) is an independent registered investment advisory firm registered with the Securities and Exchange Commission. The firm utilizes an open architecture investment structure to combine proprietary and independent investment strategies in an effort to achieve superior absolute and relative returns. Our management team comes from highly diverse backgrounds such as investment management, investment banking and international business consulting.

LAM provides financial planning, consulting, and investment management services. Prior to engaging LAM to provide any of the foregoing investment advisory services, the client is required to enter into one or more written agreements with LAM setting forth the terms and conditions under which LAM renders its services (collectively the “*Agreement*”).

LAM has been in business since August 2009. Junius “Trip” Beaver III, Mark Hoffman and Stephen Mullins are the principal owners of the firm. As of December 30, 2011, LAM manages \$53,165,258 million on a non-discretionary basis.

This Disclosure Brochure describes LAM’s business. Certain sections will also describe the activities of *Supervised Persons*. *Supervised Persons* are any of LAM’s officers, partners, directors (or other persons occupying a similar status or performing similar functions), or employees, or any other person who provides investment advice on LAM’s behalf and is subject to LAM’s supervision or control.

### **Financial Planning and Consulting Services**

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LAM may provide its clients with a broad range of comprehensive financial planning and consulting services (which may include non-investment related matters).

In performing its services, LAM is not required to verify any information received from the client or from the client’s other professionals (e.g., attorney, accountant, etc.) and is expressly authorized to rely on such information. LAM may recommend the services of itself, its *Supervised Persons* in their individual capacities as registered representatives of a broker-dealer, and/or other professionals to implement its recommendations. Clients are advised that a conflict of interest exists if LAM recommends its own services. The client is under no obligation to act upon any of the recommendations made by LAM under a financial planning or consulting engagement or to engage the services of any such recommended professional, including LAM itself. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any of LAM’s recommendations. Clients are advised that it remains their responsibility to promptly notify LAM if there is ever any change in their financial situation or investment objectives for the purpose of reviewing, evaluating, or revising LAM’s previous recommendations and/or services.

## Investment Management Services

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Clients can engage LAM to manage all or a portion of their assets on a non-discretionary basis.

LAM primarily allocates clients' investment management assets among *Independent Managers* (as defined below), mutual funds, exchange-traded funds ("ETFs"), individual debt and equity securities and/or options as well as the securities components of variable annuities and variable life insurance contracts in accordance with the investment objectives of the client. In addition, LAM may recommend that clients who are "accredited investors" as defined under Rule 501 of the Securities Act of 1933, as amended, invest in private placement securities, which may include debt, equity, and/or pooled investment vehicles when consistent with the clients' investment objectives. LAM also provides advice about any type of investment held in clients' portfolios.

LAM also may render non-discretionary investment management services to clients relative to variable life/annuity products that they may own, their individual employer-sponsored retirement plans, and/or 529 plans or other products that may not be held by the client's primary custodian. In so doing, LAM either directs or recommends the allocation of client assets among the various investment options that are available with the product. Client assets are maintained at the specific insurance company or custodian designated by the product.

LAM tailors its advisory services to the individual needs of clients. LAM consults with clients initially and on an ongoing basis to determine risk tolerance, time horizon and other factors that may impact the clients' investment needs. LAM ensures that clients' investments are suitable for their investment needs, goals, objectives and risk tolerance.

Clients are advised to promptly notify LAM if there are changes in their financial situation or investment objectives or if they wish to impose any reasonable restrictions upon LAM's management services. Clients may impose reasonable restrictions or mandates on the management of their account (e.g., require that a portion of their assets be invested in socially responsible funds) if, in LAM's sole discretion, the conditions will not materially impact the performance of a portfolio strategy or prove overly burdensome to its management efforts.

## Use of Independent Managers

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As mentioned above, LAM recommends that certain clients authorize the active discretionary management of a portion of their assets by and/or among certain independent investment managers ("*Independent Managers*"), based upon the stated investment objectives of the client. The terms and conditions under which the client engages the *Independent Managers* are set forth in a separate written agreement between LAM or the client and the designated *Independent Managers*. LAM renders services to the client relative to the discretionary and/or non-discretionary selection or recommendation of *Independent Managers*. LAM also monitors and reviews the account performance and the client's

investment objectives. LAM receives an annual advisory fee which is based upon a percentage of the market value of the assets being managed by the designated *Independent Managers*.

When recommending or selecting an *Independent Manager* for a client, LAM reviews information about the *Independent Manager* such as its disclosure brochure and/or material supplied by the *Independent Manager* or independent third parties for a description of the *Independent Manager's* investment strategies, past performance and risk results to the extent available. Factors that LAM considers in recommending an *Independent Manager* include the client's stated investment objectives, management style, performance, reputation, financial strength, reporting, pricing, and research. The investment management fees charged by the designated *Independent Managers*, together with the fees charged by the corresponding designated broker-dealer/custodian of the client's assets, may be exclusive of, and in addition to, LAM's investment advisory fee set forth above. As discussed above, the client may incur additional fees than those charged by LAM, the designated *Independent Managers*, and corresponding broker-dealer and custodian.

In addition to LAM's written disclosure brochure, the client also receives the written disclosure brochure of the designated *Independent Managers*. Certain *Independent Managers* may impose more restrictive account requirements and varying billing practices than LAM. In such instances, LAM may alter its corresponding account requirements and/or billing practices to accommodate those of the *Independent Managers*.

## Item 5. Fees and Compensation

LAM offers its services on a fee basis, which may include hourly and/or fixed fees, as well as fees based upon assets under management. Additionally, certain of LAM's *Supervised Persons*, in their individual capacities, may offer securities brokerage services and insurance products under a commission arrangement.

### Financial Planning and Consulting Fees

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LAM may charge a fixed fee and/or hourly fee for financial planning and consulting services. These fees are negotiable, but generally range from \$1,000 to \$2,500 on a fixed fee basis, depending upon the level and scope of the services and the professional rendering the financial planning and/or the consulting services. If the client engages LAM for additional investment advisory services, LAM may offset all or a portion of its fees for those services based upon the amount paid for the financial planning and/or consulting services.

Prior to engaging LAM to provide financial planning and/or consulting services, the client is required to enter into a written agreement with LAM setting forth the terms and conditions of the engagement. Generally, LAM requires one-half of the financial planning fee payable upon entering the written agreement. The balance is generally due upon delivery of the financial plan or completion of the agreed upon services.

### Investment Management Fee

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LAM provides investment management services for an annual fee based upon a percentage of the market value of the assets being managed by LAM. LAM's annual fee is exclusive of, and in addition to brokerage commissions, transaction fees, and other related costs and expenses which are incurred by the client. LAM does not, however, receive any portion of these commissions, fees, and costs. LAM's annual fee is prorated and charged monthly, in advance, based upon the market value of the assets being managed by LAM on the last day of the previous month. The annual fee varies between 0.30% and 1.75%, depending upon the market value of the assets under management and the type of investment management services to be rendered.

LAM, in its sole discretion, may negotiate to charge a lesser management fee based upon certain criteria (e.g., anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing client, account retention, *pro bono* activities, etc.).

## **Fees Charged by Financial Institutions**

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As further discussed in response to Item 12 (below), LAM generally recommends that clients utilize the brokerage and clearing services of Pershing, LLC through Pershing Investment Manager Services (“*Pershing*”) for investment management accounts.

LAM may only implement its investment management recommendations after the client has arranged for and furnished LAM with all information and authorization regarding accounts with appropriate financial institutions. Financial institutions include, but are not limited to, *Pershing*, any other broker-dealer recommended by LAM, broker-dealer directed by the client, trust companies, banks etc. (collectively referred to herein as the “*Financial Institutions*”).

Clients may incur certain charges imposed by the *Financial Institutions* and other third parties such as fees charged by *Independent Managers*, custodial fees, charges imposed directly by a mutual fund or ETF in the account, which are disclosed in the fund’s prospectus (e.g., fund management fees and other fund expenses), 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. Additionally, for assets outside of any wrap fee programs, clients may incur brokerage commissions and transaction fees. Such charges, fees and commissions are exclusive of and in addition to LAM’s fee.

LAM’s *Agreement* and the separate agreement with any *Financial Institutions* may authorize LAM or *Independent Managers* to debit the client’s account for the amount of LAM’s fee and to directly remit that management fee to LAM or the *Independent Managers*. Any *Financial Institutions* recommended by LAM have agreed to send a statement to the client, at least quarterly, indicating all amounts disbursed from the account including the amount of management fees paid directly to LAM.

## **Fees for Management During Partial Months of Service**

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For the initial period of investment management services, the fees are calculated on a *pro rata* basis.

The *Agreement* between LAM and the client will continue in effect until terminated by either party pursuant to the terms of the *Agreement*. LAM’s fees are prorated through the date of termination and any remaining balance is charged or refunded to the client, as appropriate.

Clients may make additions to and withdrawals from their account at any time, subject to LAM’s right to terminate an account. Additions may be in cash or securities provided that LAM reserves the right to liquidate any transferred securities or decline to accept particular securities into a client’s account. Clients may withdraw account assets on notice to LAM, subject to the usual and customary securities settlement procedures. However, LAM designs its portfolios as long-term investments and the withdrawal of assets may impair the achievement of a client’s investment objectives. LAM may consult with its clients about the options and ramifications of transferring securities. However, clients are advised that when transferred securities are liquidated, they are subject to transaction fees, fees assessed at the mutual fund level (e.g. contingent deferred sales charge) and/or tax ramifications.



If assets are deposited into or withdrawn from an account after the inception of a quarter, the fee payable with respect to such assets will not be adjusted or prorated for that quarter (based on the number of days remaining in the quarter).

### **Commissions or Sales Charges for Recommendations of Securities**

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Clients can engage certain persons associated with LAM (but not LAM) to render securities brokerage services under a commission arrangement. Clients are under no obligation to engage such persons and may choose brokers or agents not affiliated with LAM. Under this arrangement, clients may implement securities transactions through certain of LAM's *Supervised Persons* in their respective individual capacities as registered representatives of The Comprehensive Group ("TCG"), an SEC registered broker-dealer and member of FINRA. TCG may charge brokerage commissions to effect these securities transactions and thereafter, a portion of these commissions may be paid by TCG to such *Supervised Persons*. Prior to effecting any transactions clients are required to enter into a new account agreement with TCG. The brokerage commissions charged by TCG may be higher or lower than those charged by other broker-dealers. In addition, certain of LAM's *Supervised Persons* may also receive ongoing 12b-1 fees for mutual fund purchases from the mutual fund company during the period that the client maintains the mutual fund investment. LAM does not charge an advisory fee on the same assets for which its *Supervised Persons* receive commissions.

A conflict of interest exists to the extent that LAM recommends the purchase of securities where LAM's *Supervised Persons* receive commissions or other additional compensation as a result of LAM's recommendations. LAM has procedures in place to ensure that any recommendations made by such *Supervised Persons* are in the best interest of clients.

For accounts covered by ERISA (and such others that LAM, in its sole discretion deems appropriate), LAM provides its investment advisory services on a fee-offset basis. In this scenario, LAM may offset its fees by an amount equal to the aggregate commissions and 12b-1 fees earned by LAM's *Supervised Persons* in their individual capacities as registered representatives of TCG.

LAM's *Supervised Persons* currently devote approximately 10% of their time to commission securities brokerage business.

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

LAM does not provide any services for performance-based fees. Performance-based fees are those based on a share of capital gains on or capital appreciation of the assets of a client.

## Item 7. Types of Clients

LAM offers its services primarily to individuals, pension and profit sharing plans, trusts, estates, charitable organizations, corporations and business entities.

### **Minimums Imposed By Independent Managers**

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LAM does not require a minimum portfolio size or minimum annual fee. Certain *Independent Managers* may, however, impose more restrictive account requirements and varying billing practices than LAM. In such instances, LAM may alter its corresponding account requirements and/or billing practices to accommodate those of the *Independent Managers*.

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

### Methods of Analysis

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LAM primarily employs fundamental and technical methods of investment analysis

*Fundamental analysis* involves the fundamental financial condition and competitive position of a company. LAM will analyze the financial condition, capabilities of management, earnings, new products and services, as well as the company's markets and position amongst its competitors in order to determine the recommendations made to clients. The primary risk in using fundamental analysis is that while the overall health and position of a company may be good, market conditions may negatively impact the security.

*Technical analysis* involves the analysis of past market data rather than specific company data in determining the recommendations made to clients. Technical analysis may involve the use of charts to identify market patterns and trends which may be based on investor sentiment rather than the fundamentals of the company. The primary risk in using technical analysis is that spotting historical trends may not help to predict such trends in the future. Even if the trend will eventually reoccur, there is no guarantee that LAM will be able to accurately predict such a reoccurrence.

### Investment Strategies

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LAM's investment strategy is based primarily on wealth preservation and secondarily on growth – seeking participating in market upside while focusing on reducing risk and volatility in our managed portfolios (decreasing the standard deviation and market correlation of returns and minimizing drawdown). We execute our philosophy through the disciplined use of the Lanier Absolute Return Model – which strives to produce positive investment returns across a wide range of market conditions. The Lanier Model seeks to significantly reduce risk by limiting direct exposure to both the equity and the debt markets, utilizing (in place of direct exposure) hedged equity, private equity, managed futures and real assets. The model was developed using the fundamental approach of the top five university endowments, with the primary difference being liquidity. At LAM, our investments are highly liquid – we currently recommend/hold no investments that have a lockup period of more than 90 days, and the vast majority is 100% liquid within 30 days.

### Risks of Loss

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#### *Mutual Funds and Exchange Traded Funds (ETFs)*

An investment in a mutual fund or ETF involves risk, including the loss of principal. Mutual fund and ETF shareholders are necessarily subject to the risks stemming from the individual issuers of the fund's underlying portfolio securities. Such shareholders are also liable for taxes on any fund-level capital gains,

as mutual funds and ETFs are required by law to distribute capital gains in the event they sell securities for a profit that cannot be offset by a corresponding loss.

Shares of mutual funds are generally distributed and redeemed on an ongoing basis by the fund itself or a broker acting on its behalf. The trading price at which a share is transacted is equal to a fund's stated daily per share net asset value ("NAV"), plus any shareholders fees (e.g., sales loads, purchase fees, redemption fees). The per share NAV of a mutual fund is calculated at the end of each business day, although the actual NAV fluctuates with intraday changes to the market value of the fund's holdings.

Shares of ETFs are listed on securities exchanges and transacted at negotiated prices in the secondary market. Generally, ETF shares trade at or near their most recent NAV, which is generally calculated at least once daily for indexed-based ETFs and more frequently for actively managed ETFs. However, certain inefficiencies may cause the shares to trade at a premium or discount to their pro rata NAV. There is also no guarantee that an active secondary market for such shares will develop or continue to exist. Generally, an ETF only redeems shares when aggregated as creation units (usually 50,000 shares or more). Therefore, if a liquid secondary market ceases to exist for shares of a particular ETF, a shareholder may have no way to dispose of such shares.

### *Options*

Options allow investors to buy or sell a security at a contracted "strike" price (not necessarily the current market price) at or within a specific period of time. Clients may pay or collect a premium for buying or selling an option. Investors transact in options to either hedge (limit) losses in an attempt to reduce risk or to speculate on the performance of the underlying securities. Options transactions contain a number of inherent risks, including the partial or total loss of principal in the event that the value of the underlying security or index does not increase/decrease to the level of the respective strike price. Holders of options contracts are also subject to default by the option writer which may be unwilling or unable to perform its contractual obligations.

### *Market Risks*

The profitability of a significant portion of LAM's recommendations may depend to a great extent upon correctly assessing the future course of price movements of stocks and bonds. There can be no assurance that LAM will be able to predict those price movements accurately.

### *Use of Independent Managers*

LAM may recommend the use of *Independent Managers* for certain clients. LAM will continue to do ongoing due diligence of such managers, but such recommendations relies, to a great extent, on the *Independent Managers* ability to successfully implement their investment strategy. In addition, LAM does not have the ability to supervise the *Independent Managers* on a day-to-day basis other than as previously described in response to Item 4, above.

### *Use of Private Collective Investment Vehicles*

LAM may recommend the investment by certain clients in privately placed collective investment vehicles (some of which may be typically called “hedge funds”). The managers of these vehicles will have broad discretion in selecting the investments. There are few limitations on the types of securities or other financial instruments which may be traded and no requirement to diversify. The hedge funds may trade on margin or otherwise leverage positions, thereby potentially increasing the risk to the vehicle. In addition, because the vehicles are not registered as investment companies, there is an absence of regulation. There are numerous other risks in investing in these securities. The client will receive a private placement memorandum and/or other documents explaining such risks.

### *General Risk of Loss*

Investing in securities involves the risk of loss. Clients should be prepared to bear such loss.

### **Item 9. Disciplinary Information**

LAM is required to disclose the facts of any legal or disciplinary events that are material to a client's evaluation of its advisory business or the integrity of management. LAM does not have any required disclosures to this Item.

## Item 10. Other Financial Industry Activities and Affiliations

LAM is required to disclose any relationship or arrangement that is material to its advisory business or to its clients with certain related persons. LAM has described such relationships and arrangements below.

### **Registered Representatives of Broker Dealer**

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As discussed above in Item 5, certain of LAM's *Supervised Persons* are registered representatives of TCG.

### **Fees from Independent Managers**

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As discussed above, LAM recommends that certain clients authorize the active discretionary management of a portion of their assets by and/or among certain *Independent Managers*. In certain circumstances LAM's compensation is included in the advisory fee charged by such *Independent Managers*. There may be a conflict of interest to choose such *Independent Managers*.



## Item 11. Code of Ethics

LAM and persons associated with the firm ("Associated Persons") are permitted to buy or sell securities that are recommended to clients consistent with LAM's policies and procedures.

LAM has adopted a code of ethics that sets forth the standards of conduct expected of its associated persons and requires compliance with applicable securities laws ("*Code of Ethics*"). In accordance with Section 204A of the Investment Advisers Act of 1940 (the "Advisers Act"), its *Code of Ethics* contains written policies reasonably designed to prevent the unlawful use of material non-public information by LAM or any of its associated persons. The *Code of Ethics* also requires that certain of LAM's personnel (called "*Access Persons*") report their personal securities holdings and transactions and obtain pre-approval of certain investments such as initial public offerings and limited offerings.

Unless specifically permitted in LAM's *Code of Ethics*, none of the firm's *Access Persons* may effect for themselves or for their immediate family (i.e., spouse, minor children, and adults living in the same household as the *Access Person*) any transactions in a security which is being actively purchased or sold, or is being considered for purchase or sale, on behalf of any of LAM's clients.

When LAM is purchasing or considering for purchase any security on behalf of a client, no *Access Person* may effect a transaction in that security prior to the completion of the purchase or until a decision has been made not to purchase such security. Similarly, when LAM is selling or considering the sale of any security on behalf of a client, no *Access Person* may effect a transaction in that security prior to the completion of the sale or until a decision has been made not to sell such security. These requirements are not applicable to: (i) direct obligations of the Government of the United States; (ii) money market instruments, bankers' acceptances, bank certificates of deposit, commercial paper, repurchase agreements and other high quality short-term debt instruments, including repurchase agreements; (iii) shares issued by mutual funds or money market funds; and (iv) shares issued by unit investment trusts that are invested exclusively in one or more mutual funds.

Clients and prospective clients may contact LAM to request a copy of its *Code of Ethics*.

## Item 12. Brokerage Practices

As discussed above, in Item 5, LAM generally recommends that clients utilize the brokerage and clearing services of *Pershing*.

Factors which LAM considers in recommending *Pershing* or any other broker-dealer to clients include their respective financial strength, reputation, execution, pricing, research and service. The commissions and/or transaction fees charged by *Pershing* may be higher or lower than those charged by other *Financial Institutions*.

The commissions paid by LAM's clients comply with LAM's duty to obtain "best execution." Clients may pay commissions that are higher than another qualified *Financial Institution* might charge to effect the same transaction where LAM determines that the commissions are reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a *Financial Institution's* services, including among others, the value of research provided, execution capability, commission rates, and responsiveness. LAM seeks competitive rates but may not necessarily obtain the lowest possible commission rates for client transactions.

Transactions may be cleared through other *Financial Institutions* with whom LAM and the *Financial Institutions* have entered into agreements for prime brokerage clearing services. LAM periodically and systematically reviews its policies and procedures regarding its recommendation of *Financial Institutions* in light of its duty to obtain best execution.

The client may direct LAM in writing to use a particular *Financial Institution* to execute some or all transactions for the client. In that case, the client will negotiate terms and arrangements for the account with that *Financial Institution*, and LAM will not seek better execution services or prices from other *Financial Institutions* or be able to "batch" client transactions for execution through other *Financial Institutions* with orders for other accounts managed by LAM (as described below). As a result, the client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case. Subject to its duty of best execution, LAM may decline a client's request to direct brokerage if, in LAM's sole discretion, such directed brokerage arrangements would result in additional operational difficulties.

Transactions for each client generally will be effected independently, unless LAM decides to purchase or sell the same securities for several clients at approximately the same time. LAM may (but is not obligated to) combine or "batch" such orders to obtain best execution, to negotiate more favorable commission rates, or to allocate equitably among LAM's clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will generally be averaged as to price and allocated among LAM's clients pro rata to the purchase and sale orders placed for each client on any given day. To the extent that LAM determines to aggregate client orders for the purchase or sale of securities, including securities in which

LAM's *Supervised Persons* may invest, LAM generally does so in accordance with applicable rules promulgated under the Advisers Act and no-action guidance provided by the staff of the U.S. Securities and Exchange Commission. LAM does not receive any additional compensation or remuneration as a result of the aggregation. In the event that LAM determines that a prorated allocation is not appropriate under the particular circumstances, the allocation will be made based upon other relevant factors, which may include: (i) when only a small percentage of the order is executed, shares may be allocated to the account with the smallest order or the smallest position or to an account that is out of line with respect to security or sector weightings relative to other portfolios, with similar mandates; (ii) allocations may be given to one account when one account has limitations in its investment guidelines which prohibit it from purchasing other securities which are expected to produce similar investment results and can be purchased by other accounts; (iii) if an account reaches an investment guideline limit and cannot participate in an allocation, shares may be reallocated to other accounts (this may be due to unforeseen changes in an account's assets after an order is placed); (iv) with respect to sale allocations, allocations may be given to accounts low in cash; (v) in cases when a pro rata allocation of a potential execution would result in a *de minimis* allocation in one or more accounts, LAM may exclude the account(s) from the allocation; the transactions may be executed on a pro rata basis among the remaining accounts; or (vi) in cases where a small proportion of an order is executed in all accounts, shares may be allocated to one or more accounts on a random basis.

Consistent with obtaining best execution, brokerage transactions may be directed to certain broker-dealers in return for investment research products and/or services which assist LAM in its investment decision-making process. Such research generally will be used to service all of LAM's clients, but brokerage commissions paid by one client may be used to pay for research that is not used in managing that client's portfolio. The receipt of investment research products and/or services as well as the allocation of the benefit of such investment research products and/or services poses a conflict of interest because LAM does not have to produce or pay for the products or services.

### **Commissions or Sales Charges for Recommendations of Securities**

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As discussed above, certain *Supervised Persons* in their respective individual capacities, are registered representatives of TCG. These *Supervised Persons* are subject to FINRA Rule 3040 which restricts registered representatives from conducting securities transactions away from their broker-dealer unless TCG provides written consent. Therefore, clients are advised that certain *Supervised Persons* may be restricted to conducting securities transactions through TCG unless they first secure written consent from TCG to execute securities transactions through a different broker-dealer. Absent such written consent or separation from TCG, these *Supervised Persons* are prohibited from executing securities transactions through any broker-dealer other than TCG under TCG's internal supervisory policies. LAM is cognizant of its duty to obtain best execution and has implemented policies and procedures reasonably designed in such pursuit.

## Software and Support Provided by Financial Institutions

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LAM may receive from *Pershing*, without cost to LAM, computer software and related systems support, which allow LAM to better monitor client accounts maintained at *Pershing*. LAM may receive the software and related support without cost because LAM renders investment management services to clients that maintain assets at *Pershing*. The software and related systems support may benefit LAM, but not its clients directly. In fulfilling its duties to its clients, LAM endeavors at all times to put the interests of its clients first. Clients should be aware, however, that LAM's receipt of economic benefits from a broker-dealer creates a conflict of interest since these benefits may influence LAM's choice of broker-dealer over another broker-dealer that does not furnish similar software, systems support, or services.

Additionally, LAM may receive the following benefits from *Pershing* through its Pershing Advisor Solutions division: receipt of duplicate client confirmations and bundled duplicate statements; access to a trading desk that exclusively services its Pershing Advisor Solutions participants; access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts; and access to an electronic communication network for client order entry and account information.

### Item 13. Review of Accounts

For those clients to whom LAM provides investment management services, LAM monitors those portfolios as part of an ongoing process while regular account reviews are conducted on at least a quarterly basis. For those clients to whom LAM provides financial planning and/or consulting services, reviews are conducted on an “as needed” basis. Such reviews are conducted by one of LAM’s investment adviser representatives. All investment advisory clients are encouraged to discuss their needs, goals, and objectives with LAM and to keep LAM informed of any changes thereto. LAM contacts ongoing investment advisory clients at least annually to review its previous services and/or recommendations and to discuss the impact resulting from any changes in the client’s financial situation and/or investment objectives.

Unless otherwise agreed upon, clients are provided with transaction confirmation notices and regular summary account statements directly from the broker-dealer or custodian for the client accounts. Those clients to whom LAM provides investment advisory services will also receive a report from LAM that will typically be delivered on a quarterly basis during a personal meeting with the client, and may include relevant account and/or market-related information such as an inventory of account holdings and account performance. Clients should compare the account statements they receive from their custodian with those they receive from LAM.

Those clients to whom LAM provides financial planning services will receive reports from LAM summarizing its analysis and conclusions as requested by the client or otherwise agreed to in writing by LAM.

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

LAM is required to disclose any relationship or arrangement where it receives an economic benefit from a third party (non-client) for providing advisory services. In addition, LAM is required to disclose any direct or indirect compensation that it provides for client referrals. LAM does not have any required disclosures to this Item.

LAM may receive economic benefits from non-clients for providing advice or other advisory services to clients. This type of relationship poses a conflict of interest and any such relationship is disclosed in response to Item 12, above.

### Item 15. Custody

LAM's *Agreement* and/or the separate agreement with any *Financial Institution* may authorize LAM through such *Financial Institution* to debit the client's account for the amount of LAM's fee and to directly remit that management fee to LAM in accordance with applicable custody rules.

The *Financial Institutions* recommended by LAM have agreed to send a statement to the client, at least quarterly, indicating all amounts disbursed from the account including the amount of management fees paid directly to LAM. In addition, as discussed in Item 13, LAM also sends periodic supplemental reports to clients. Clients should carefully review the statements sent directly by the *Financial Institutions* and compare them to those received from LAM.

### **Item 16. Investment Discretion**

LAM is required to disclose if it accepts discretionary authority to manage securities accounts on behalf of clients. LAM is considered to exercise investment discretion over a client's account if it can effect transactions for the client without first having to seek the client's consent. LAM does not exercise discretion on behalf of clients.



### Item 17. Voting Client Securities

LAM is required to disclose if it accepts authority to vote client securities. LAM does not vote client securities on behalf of its clients. Clients receive proxies directly from the *Financial Institutions*.

### **Item 18. Financial Information**

LAM does not require or solicit the prepayment of more than \$1,200 in fees six months or more in advance of providing services to clients.

## **Lanier Asset Management, LLC**

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Prepared by:



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