

**Part 2A of Form ADV: *Firm Brochure***

**Linden Global Strategies LLC**

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This brochure provides information about the qualifications and business practices of Linden Global Strategies LLC (hereinafter "LGS"). If you have any questions about the contents of this brochure, please contact us at 212-542-5053 or josephine.linden@lgsllc.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. Registration with the SEC or other state securities authorities as a registered investment advisor does not imply a certain kind of skill or training.

Additional information about LGS also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. Our firm's CRD number is 159667.

## **Item 2    Material Changes**

The information contained in this section relates only to material changes that have occurred since the last update. We define a material change as any change that an average client would consider important to know prior to making an investment decision. The following are short summaries of the material changes that have occurred since our annual update on April 17, 2012 with regard to our services or business operations.

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

To obtain our firm brochure and brochure supplements (information regarding each of our financial advisors), our Code of Ethics, or our Privacy Policy, please e-mail us at josephine.linden@lgsllc.com, telephone us at 212-542-5053 or mail your request to the address below.

### **Linden Global Strategies LLC**

**Main Office Address: 712 Fifth Avenue 39th Floor**

**New York, NY 10019**

**Main Phone: 212-542-5053**

Item 14 – Client Referrals and Other Compensation - LGS entered into a Referral Agreement on February 20, 2013 with one individual (“A”). Except for this Referral Agreement, there is no other business or contractual relationship between LGS and A. A’s role under the Referral Agreement has been to introduce one high net worth individual and his affiliated trusts and entities (collectively, the “Referred Client”) to LGS and to assist LGS in establishing and maintaining a relationship with the Referred Client. A will be compensated by LGS for his services and the amount of such compensation will be 20% of all investment advisory fees received by LGS from the Referred Client, from time to time.

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## **Item 4    Advisory Business**

LGS is a SEC-registered investment adviser with its principal place of business located in New York. Linden Global Strategies LLC was incorporated in 2011.

Listed below are the firm's principal owners (i.e. those individuals and/or entities controlling 25% or more of this company).

- Josephine Linden, Managing Member

LGS offers the following advisory services to our clients:

### **INDIVIDUAL PORTFOLIO MANAGEMENT**

Our firm provides personal, confidential advice to high net worth clients as well as foundations and endowments regarding the investment of client funds based on the individual needs of the client. To the extent we manage assets on a discretionary basis, our firm provides continuous advice regarding those assets. Through personal discussions in which goals and objectives, based on a client's particular circumstances are established, we develop a client's personal investment policy, create an asset allocation strategy and manage a portfolio based on that policy and strategy. During our data-gathering process, we determine the client's individual objectives, time horizons, risk tolerance, and liquidity needs.

We manage these advisory accounts on a discretionary or non-discretionary basis. Account supervision is guided by the client's stated objectives (i.e., maximum capital appreciation, growth, income, or growth and income), as well as tax considerations.

Clients may impose reasonable restrictions on investing in certain securities, types of securities, or industry sectors.

Our investment recommendations are not limited to any specific product or service and will generally include advice regarding the following securities:

- Exchange-listed securities
- Securities traded over-the-counter
- Foreign issuers
- Corporate debt securities (other than commercial paper)
- Commercial paper
- Certificates of deposit
- Municipal securities
- Mutual fund shares
- United States governmental securities
- Commodities
- Options
- Hedge funds and private equities

Because some types of investments involve certain additional degrees of risk, they will only be implemented/recommended when consistent with the client's stated investment objectives, tolerance for risk, liquidity and suitability.

### **SELECTION AND MONITORING OF UNAFFILIATED INVESTMENT MANAGERS**

We will also provide advice regarding investments with unaffiliated managers to identify which manager's portfolio management style is appropriate for individual clients. Through personal discussions in which goals and objectives, based on a client's particular circumstances, are established, we develop a client's personal investment policy, create an asset allocation strategy, and manage a client's investments with unaffiliated managers based on that policy and strategy. Factors considered in making this determination regarding unaffiliated managers include account size, risk tolerance, the opinion of each client and the investment philosophy of the selected manager. Clients should refer to the selected manager's firm brochure or other disclosure document for a full description of these factors. Our firm monitors the performance of the selected managers for clients.

### **ASSETS UNDER MANAGEMENT**

As of 12/31/2012, LGS manages approximately \$3,620,668,000 in assets, of which approximately \$3,464,818,000 in assets are managed on a non-discretionary basis and \$155,850,000 in assets are managed on a discretionary basis.

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

LGS negotiates an appropriate fee structure on a case-by-case basis, based on the size, complexity and investment objectives of the client's account. Fee arrangements may include a combination of a management fee and an incentive fee, or may be solely limited to a management fee or an incentive-based fee. The terms and conditions of the fee structure are mutually agreed upon prior to entering into an advisory agreement.

### **INDIVIDUAL PORTFOLIO MANAGEMENT FEES**

LGS typically charges a fee for account management that is calculated and paid as a percentage of the assets under management. The management fee is calculated at an annual rate and typically varies between 35 basis points and 125 basis points of the assets under management depending on the nature and size of the client's assets. For example, fees with respect to a client's investment grade fixed income securities may equal 35 basis points of the asset's market value, while fees with respect to other assets may equal 125 basis points of such value. Fees are calculated on a quarterly basis, in arrears based on the value of the account at the end of each month during the billing period. The account management fee is prorated for periods less than a full billing cycle and adjusted to cover any additional contributions made during that period. While the management fees charged by LGS are typically calculated and paid as a percentage of the assets under management, in certain limited circumstances, such fees may be based on an annual fixed amount, paid in quarterly installments. With a client's written consent, LGS management fees are generally directly debited from the client's assets by the custodian and paid to LGS; however, in certain cases when requested by clients, clients may be billed directly for such fees.

## ACCOUNT INCENTIVE FEES

Certain Managed Accounts pay LGS performance-based compensation ("Incentive Fees"). The Incentive Fee is calculated based on a percentage of the net gains of the account(s) on a frequency mutually agreed upon with the client.

LGS's Incentive Fee is typically 5-10% of the net gains above the account's previous "high water mark". To the extent that the amount of account appreciation is less than the high water mark, there is a loss carry-forward allocation that must be recouped before LGS is entitled to a performance-based fee.

In measuring the Managed Account client's assets for the calculation of the Incentive Fee, LGS includes: the realized capital gains and losses and the unrealized capital appreciation and depreciation of the securities over this period. As such, we may receive increased compensation with regard to unrealized appreciation in the client's account.

Clients who elect to terminate their contracts will be charged a performance based fee based on the performance of the account for the measuring period going back from the termination date and pro-rated from the date on which the performance based fee was last assessed.

Clients are invoiced in arrears at the end of each calendar quarter based upon the value (market value or fair market value in the absence of market value, plus any credit balance or minus any debit balance) of the client's account at the end of the previous quarter.

## SELECTION AND MONITORING OF UNAFFILIATED INVESTMENT MANAGERS

LGS's fees for managing client investments with unaffiliated investment managers are the same as those charged for managing individual client portfolios. However, LGS's fees are separate and distinct from the unaffiliated investment manager's fees. Clients are responsible for the fees and expenses charged by independent investment managers for their services. Such fees are set out in the disclosure document of each manager.

Our annual fees for managing client investments with unaffiliated managers are charged as a percentage of such investments and typically range from 100 basis points to 125 basis points. Fees are calculated on a quarterly basis, typically in arrears based on the value of the account at the end of each month during the billing period. The fee is prorated for periods less than a full billing cycle and adjusted to cover any additional contributions made during that period. With a client's written consent, LGS management fees are generally directly debited from the client's assets by the custodian and paid to LGS; however, in certain cases when requested by clients, clients may be billed directly for such fees.

## GENERAL DISCLOSURES

***Negotiability of Advisory Fees:*** Although LGS has established the aforementioned fee schedule(s), we retain the discretion to negotiate alternative fees and alternative fee structures on a client-by-client basis. Client facts, circumstances and needs are considered in determining the fee structure. These include the complexity of the client, assets to be placed

under management, anticipated future additional assets; related accounts; portfolio style, account composition, reports, among other factors. The specific annual fee schedule is identified in the contract between the adviser and each client.

We may group certain related client accounts for the purposes of achieving the minimum account size requirements and determining the annualized fee.

***Termination of the Advisory Relationship:*** A client agreement may be canceled at any time, by either party, for any reason upon receipt of 30 days written notice. As LGS does not accept prepayment of fees, the refunding of fees is not applicable.

***Mutual Fund Fees:*** All fees paid to LGS for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds and/or ETFs to their shareholders. These fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee. If the fund also imposes sales charges, a client may pay an initial or deferred sales charge. A client could invest in a mutual fund directly, without our services. In that case, the client would not receive the services provided by our firm which are designed, among other things, to assist the client in determining which mutual fund or funds are most appropriate to each client's financial condition and objectives. Accordingly, the client should review both the fees charged by the funds and our fees to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

***Additional Fees and Expenses:*** In addition to our advisory fees, clients are also responsible for the fees and expenses charged by custodians, consultants, attorneys or other third-party service providers engaged by or on behalf of clients. Clients are also responsible for the fees and expenses imposed by broker dealers, including, but not limited to, any transaction charges imposed by a broker dealer with which we or an independent investment manager effects transactions for the client's account(s). Please refer to the "Brokerage Practices" section (Item 12) of this Form ADV for additional information.

***Advisory Fees in General:*** Clients should note that similar advisory services may (or may not) be available from other registered (or unregistered) investment advisers for similar or lower fees.

***Prepayment of Fees:*** Under no circumstances do we require or solicit payment of fees in excess of \$1200 more than six months in advance of services rendered.

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

As we disclosed in Item 5 of this Brochure, our firm accepts an Incentive Fee from some clients. Such a performance-based fee is calculated based on a share of capital gains on or capital appreciation of the assets of the client. The regulations under the Investment Advisors Act requires that, to qualify for a performance-based fee arrangement, a client must either demonstrate a net worth of at least \$1,500,000 or must have at least \$750,000 under management immediately after entering into a management agreement with us. Our thresholds for qualification may exceed this requirement. (See Item 7 below)

Clients should be aware that a performance-based fee arrangement creates conflicts of interest. For example, such arrangement may create an incentive for us to recommend

investments which may be riskier or more speculative than those which would be recommended under a different fee arrangement.

Furthermore, as we also have clients who do not pay performance-based fees, we have an incentive to favor accounts that do pay such fees by allocating profitable investments to such clients because compensation we receive from these clients is more directly tied to the performance of their accounts.

The client must understand the performance-based fee method of compensation and its risks prior to entering into a management contract with us which involves such fees.

PERFORMANCE-BASED FEES WILL ONLY BE CHARGED IN ACCORDANCE WITH THE PROVISIONS OF REG. 205-3 OF THE INVESTMENT ADVISERS ACT OF 1940 AND/OR APPLICABLE STATE REGULATIONS. THE FEES WILL NOT BE OFFERED TO ANY CLIENT RESIDING IN A STATE IN WHICH SUCH FEES ARE PROHIBITED.

## **Item 7    Types of Clients**

LGS provides advisory services to the following types of clients:

- High net worth individuals and families
- Endowments and foundations

A minimum of \$100 Million of assets under management is typically required for our management services. This account size may be negotiable under certain circumstances. LGS may group certain related client accounts for the purposes of achieving the minimum account size and determining the annualized fee.

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

***Methods of Analysis and Investment Strategies.*** Our approach begins with a thorough understanding of the client's financial situation, including sophistication, tax positions, liquidity needs and investment goals. From that understanding we develop the client's personal investment policy and create an asset allocation strategy that appropriately reflects the client's investment objectives. The asset allocation strategy focuses on diversification of asset class, investment strategy, liquidity, geography and risk tolerance. After the preliminary implementation of the asset allocation strategy, we continue to monitor the client's assets taking into the client's unique circumstances such as changes in liquidity, geography, time horizons, and risk tolerance, and changes in general economic factors, such as market movements and tax legislation.

LGS's analysis with respect to client allocation is based on three components: (i) traditional financial theories such as fundamental analysis, technical analysis and cyclical analysis; (ii) the extensive professional and academic experience of our principals; and (iii) LGS's active engagement with leaders in the investment management field. In addition, LGS believes that its selection of third-party investment managers is a crucial component of investment returns and risk management.

Fundamental analysis attempts to measure the intrinsic value of a security by looking at economic and financial factors. Fundamental analysis does not attempt to anticipate market movements. This presents a potential risk, as the price of a security can move up or down



along with the overall market, regardless of the economic and financial factors considered in evaluating the securities.

Technical analysis attempts to analyze past market movements and apply that analysis to the present in an attempt to recognize recurring patterns of investor behavior and potentially predict future movement. Technical analysis does not consider the underlying financial condition of a company. This presents a risk in that an improperly managed or financially unsound company may underperform, regardless of market movement.

Cyclical analysis is a type of technical analysis where we measure the movements of a particular stock against the overall market in an attempt to predict the price movement of the security.

**Third-Party Manager Analysis.** Our due diligence includes quantitative and qualitative research, along with operational risk management. We examine the experience, expertise, investment philosophies, and past performance of independent third-party investment managers in an attempt to determine if that manager has demonstrated an ability to invest over a period of time and in different economic conditions. We look for managers with a history of strong performance but recognize that past performance is not necessarily an indicator of future performance. An important perspective of our due diligence includes examination of an investment manager's infrastructure, operational controls, audited statements, risk management policies and consistent discipline and adherence to its stated philosophy.

We attempt to measure the investment discipline of investment managers by looking at economic and financial factors (including the overall economy, industry conditions, and the financial condition and management of the manager itself). We monitor the manager's underlying holdings, strategies, concentrations and leverage as part of our overall periodic risk assessment.

A risk of investing with a third-party manager who has been successful in the past is that he/she may not be able to replicate that success in the future. In addition, as we do not control the underlying investments in a third-party manager's portfolio, there is also a risk that a manager may deviate from the stated investment mandate or strategy of the portfolio, making it a less suitable investment for our clients. Moreover, as we do not control the manager's daily business and compliance operations, we may be unaware of the lack of internal controls necessary to prevent business, regulatory or reputational deficiencies.

**Risks for all forms of analysis and strategies.** Our securities analysis methods rely on the assumption that the sources of information on which we are relying are providing accurate and unbiased data. While we are alert to indications that data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information.

**Risk of Loss.** Securities investments are not guaranteed. Despite LGS's due diligence and reviews of our fundamental, technical and cyclical analysis and selection of investment managers, we remind our clients that investing involves a risk of loss and can be subject to a variety of material risks that must be carefully reviewed prior to execution of specific investments. Examples of such risks include but are not limited to: Fluctuations in interest rates, market volatility, inflation, currency changes, business risks associated with a particular industry, liquidity risk and reinvestment risk.

## **Item 9 Disciplinary Information**

We are required to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management.

Our firm and our management personnel have no reportable disciplinary events to disclose.

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

Our firm and our management personnel are not engaged in other financial industry activities and have no other financial industry affiliations that involve remuneration or fees.

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

Our firm has adopted a Code of Ethics which sets forth high ethical standards of business conduct that we require of our employees, including compliance with applicable federal securities laws.

A copy of our Code of Ethics is available to our advisory clients and prospective clients. You may request a copy by email sent to [josephine.linden@lgsllc.com](mailto:josephine.linden@lgsllc.com), or by calling us at 212-542-5053. LGS and our personnel owe a duty of loyalty, fairness and good faith towards our clients, and have an obligation to adhere not only to the specific provisions of the Code of Ethics but to the general principles that guide the Code.

LGS's Code of Ethics includes the firm's policy prohibiting the use of material non-public information. While we do not believe that we have any particular access to non-public information, all employees are reminded that such information may not be used in a personal or professional capacity.

Our Code of Ethics is designed to assure that the personal securities transactions, activities and interests of our employees will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts.

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

As these situations represent actual or potential conflicts of interest to our clients, we have established the following policies and procedures for implementing our firm's Code of Ethics, to ensure our firm complies with its regulatory obligations and provides our clients and potential clients with full and fair disclosure of such conflicts of interest:

1. No principal or employee of our firm may put his or her own interest above the interest of an advisory client.
2. No principal or employee of our firm may buy or sell securities for their personal portfolio(s) where their decision is a result of information received as a result of his or her employment unless the information is also available to the investing public.

3. It is the expressed policy of our firm that no person employed by us may purchase or sell any security prior to a transaction(s) being implemented for an advisory account. This prevents such employees from benefiting from transactions placed on behalf of advisory accounts.
4. Our firm requires prior approval for any IPO or private placement investments made by any principal or employee of the firm.
5. We maintain a list of all reportable securities holdings for our firm and each of its principals and employees who has access to advisory recommendations ("access person"). These holdings are reviewed on a regular basis by our firm's Chief Compliance Officer or his/her designee. We have established procedures for the maintenance of all required books and records.
6. All of our principals and employees must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices.
7. We require delivery and acknowledgement of the Code of Ethics by each supervised person of our firm.
8. We have established policies requiring the reporting of Code of Ethics violations to our firm's Chief Compliance Officer.
9. Any individual who violates any of the above restrictions may be subject to termination.

## **Item 12 Brokerage Practices**

For discretionary clients, LGS requires them to provide us with written authority to determine the broker dealer to use and the commission costs that will be charged to these clients for these transactions. Clients must include any limitations on discretionary authority in this written authority statement. Clients may change/amend these limitations as required. Such amendments must be provided to us in writing.

LGS does not have any soft-dollar arrangements and does not receive any soft-dollar benefits.

Depending on the circumstances and the client, LGS may block client trades or implement client transactions separately for each account. In cases where client trades are not blocked certain trades may be executed before others, at a different price and/or commission rate. Additionally, in such cases, our clients may not receive available volume discounts.

LGS will endeavor to select those brokers or dealers which will provide the best services at the lowest commission rates possible. The reasonableness of commissions is based on the broker's stability, reputation, ability to provide professional services, competitive commission rates and prices, research, trading platform, and other services which will help LGS in providing investment management services to clients. We may recommend (or use) a broker who provides useful research and securities transaction services even though a lower commission may be charged by a broker who offers no research services and minimal securities transaction assistance. Research services may be useful in servicing all our clients, and not all of such research may be useful for the account for which the particular transaction was effected.

LGS will block trades where possible and when advantageous to clients. This blocking of trades permits the trading of aggregate blocks of securities composed of assets from multiple client accounts, so long as transaction costs are shared equally and on a pro-rated basis between all accounts included in any such block.

Block trading may allow us to execute equity trades in a timelier, more equitable manner, at an average share price. LGS will typically aggregate trades among clients whose accounts can be traded at a given broker. LGS's block trading policy and procedures are as follows:

- 1) Transactions for any client account may not be aggregated for execution if the practice is prohibited by or inconsistent with the client's management agreement with LGS or our firm's order allocation policy.
- 2) The purchase or sale of the particular security involved is appropriate for the client and consistent with the client's investment objectives and with any investment guidelines or restrictions applicable to the client's account.
- 3) LGS must reasonably believe that the order aggregation will enable us to seek best execution for each client participating in the aggregated order. This requires a good faith judgment at the time the order is placed for the execution. It does not mean that the determination made in advance of the transaction must always prove to have been correct in the light of a "20-20 hindsight" perspective. Best execution includes the duty to seek the best quality of execution, as well as the best net price.
- 4) Prior to entry of an aggregated order, a written order ticket must be completed which identifies each client account participating in the order and the proposed allocation of the order, upon completion, to those clients.
- 5) If the order cannot be executed in full at the same price or time, the securities actually purchased or sold by the close of each business day must be allocated pro rata among the participating client accounts in accordance with the initial order ticket or other written statement of allocation. However, adjustments to this pro rata allocation may be made to participating client accounts in accordance with the initial order ticket or other written statement of allocation. Furthermore, adjustments to this pro rata allocation may be made to avoid having odd amounts of shares held in any client account, or to avoid excessive ticket charges in smaller accounts.
- 6) Generally, each client who participates in the aggregated order must do so at the average price for all separate transactions made to fill the order, and must share in the commissions on a pro rata basis in proportion to the client's participation. Under the client's agreement with the custodian/broker, transaction costs may be based on the number of shares traded for each client.
- 7) If the order will be allocated in a manner other than that stated in the initial statement of allocation, a written explanation of the change must be provided to and approved by the Chief Compliance Officer no later than the morning following the execution of the aggregate trade.
- 8) LGS's client account records separately reflect, for each account in which the aggregated transaction occurred, the securities which are held by, and bought and sold for, that account.
- 9) Funds and securities for aggregated orders are clearly identified on LGS's records and to the broker-dealers or other intermediaries handling the transactions, by the appropriate account numbers for each participating client.

10) No client or account will be favored over another.

## **Item 13 Review of Accounts**

### **INDIVIDUAL PORTFOLIO MANAGEMENT**

**REVIEWS:** While the underlying securities within individual accounts are continually monitored, these accounts are reviewed at least bi-annually with the client or as contracted by the client. Accounts are reviewed in the context of each client's stated investment objectives and guidelines. More frequent reviews may be triggered by material changes in variables such as the client's individual circumstances, or the market, political or economic environment.

These accounts are reviewed by: Josephine Linden (Managing Member) or a Senior Associate.

**REPORTS:** In addition to the monthly statements and confirmations of transactions that clients receive from their broker-dealer, we provide quarterly performance reports summarizing account performance, balances and holdings.

### **THIRD-PARTY INVESTMENT MANAGERS**

**REVIEWS:** The performance of client investments with each third-party investment manager is monitored by LGS. Furthermore, investments with managers are formally reviewed bi-annually.

These accounts are reviewed by: Josephine Linden (Managing Member) or a Senior Associate.

**REPORTS:** In addition to the monthly statements and confirmations of transactions that these clients receive from their respective broker-dealer, unaffiliated investment manager(s) may provide the client with performance reports. Clients who have investments with a third-party investment manager should refer to the manager's disclosure document for information regarding the nature and frequency of reviews and reports provided by that independent manager. Unless otherwise contracted for, we do not typically provide additional reports regarding investments with third-party managers.

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

While it is LGS's general policy not to engage solicitors or to pay anyone for referring potential clients to our firm, limited circumstances have arisen where the making of a payment has been appropriate for a referral of a potential client.

LGS entered into a Referral Agreement on February 20, 2013 with one individual ("A"). Except for this Referral Agreement, there is no other business or contractual relationship between LGS and A. A's role under the Referral Agreement has been to introduce one high net worth individual and his affiliated trusts and entities (collectively, the "Referred Client") to LGS and to assist LGS in establishing and maintaining a relationship with the Referred Client. A will be compensated by LGS for his services and the amount of such compensation will be 20% of all investment advisory fees received by LGS from the Referred Client, from time to time.

The Referred Client will not be charged any amount – for the cost of obtaining the Referred Client's account for LGS or A's referral of the Referred Client to LGS – which is in addition to the investment management fee set out in the Investment Management Agreement between the Referred Client and LGS. Similarly, although there are differences in the amount, level and structure of investment management fees charged by LGS to its various clients, such differences are not attributable to the existence of the Referral Agreement.

It is LGS's policy not to accept any form of compensation, including cash, sales awards or other prizes, from a non-client in conjunction with the advisory services we provide to our clients or when a potential or existing client is referred to them.

## **Item 15 Custody**

Our firm does not have actual or constructive custody of client accounts. With a client's consent, management fees and certain expenses incurred by us on behalf of a client are typically deducted from the client's account. Each client's assets and accounts are held at an independent custodian and a client receives account statements directly from the custodian. Clients are encouraged to compare custodial statements with their LGS statements in order to ensure that all account transactions, including deductions to pay management fees, remain proper and to contact us with any questions.

## **Item 16 Investment Discretion**

Clients may hire us to provide discretionary asset management services, in which case we place trades in a client's account without contacting the client prior to each trade to obtain the client's permission.

Our discretionary authority, when given, grants us broad authority to manage a client's securities accounts on behalf of the client, including without limitation the ability to do the following without contacting the client:

- determine the security to buy or sell
- determine the amount of the security to buy or sell, and
- buy or sell the security for the client

Clients give us discretionary authority when they sign a management agreement containing a discretion granting provision with our firm, and may limit this authority in such agreement. Clients may also change/amend such limitations by once again providing us with prior written instructions.

## **Item 17 Voting Client Securities**

As a matter of firm policy, we do not vote proxies on behalf of clients. Therefore, although our firm may provide investment advisory services relative to client investment assets, clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other

type events pertaining to the client's investment assets. Clients are responsible for instructing each custodian of the assets, to forward to the client copies of all proxies and shareholder communications relating to the client's investment assets.

We may provide clients with consulting assistance regarding proxy issues if they contact us with questions at our principal place of business.

## **Item 18 Financial Information**

As an advisory firm that maintains discretionary authority for some client accounts, we are also required to disclose any financial condition that is reasonable likely to impair our ability to meet our contractual obligations. LGS has no additional financial circumstances to report.

Under no circumstances do we require or solicit payment of fees in excess of \$1200 per client more than six months in advance of services rendered. Indeed, no prepayments of any amount are required or solicited. Therefore, we are not required to include a financial statement.

LGS has not been the subject of a bankruptcy petition at any time.