

**THE LEBENTHAL WEALTH ADVISORS WRAP FEE PROGRAM**



*A Registered Investment Adviser*

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This brochure provides information about the qualifications and business practices of Lebenthal Wealth Advisors, LLC (hereinafter “LWA” or the “Firm”). If you have any questions about the contents of this brochure, please contact the Firm at this telephone number listed above. 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. Additional information about the Firm is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The Firm is a registered investment adviser. Registration does not imply any level of skill or training.

## Item 2. Material Changes

In this Item, LWA is required to discuss any material changes that have been made to the brochure since the last annual amendment. This brochure has been prepared in connection with the initial launch of the Lebenthal Wealth Advisors Wrap Fee Program, and therefore there are no material changes to disclose in relation to this Item.

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## **Item 4. Services, Fees and Compensation**

The Lebenthal Wealth Advisors Wrap Fee Program (the “Program”) is an investment advisory program sponsored by LWA, a registered investment adviser principally owned by Lebenthal Holdings, LLC. LWA has been in business since March 2014, and offers a variety of advisory services, which may include financial planning, consulting, investment management and wealth management services. As this document has been prepared in connection with LWA’s initial launch, the Firm does not have any assets under management to report as of the date of this filing. While this brochure generally describes the business of LWA as it relates to the Program, certain sections also discuss the activities of its Supervised Persons, which refer to the Firm’s officers, partners, directors (or other persons occupying a similar status or performing similar functions), employees, or any other persons who provide investment advice on LWA’s behalf and are subject to the Firm’s supervision or control.

### **Description of the Wrap Program**

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The Program is offered as a wrap fee program, which provides clients with the ability to trade in certain investment products without incurring separate brokerage commissions or transaction charges. Prior to receiving services through the Program, clients are required to enter into a written agreement with LWA setting forth the relevant terms and conditions of the advisory relationship (the “Program Agreement”). Clients must also open a new securities brokerage account and complete a new account agreement with a custodian or broker-dealer LWA approves under the Program (collectively “Financial Institutions”). Clients may also be required to enter into additional agreements based on the particular advisory program (“Advisory Program”)(as described below) selected.

At the onset of the relationship, clients generally complete an investment questionnaire or other form of investor profile describing their individual investment objectives, liquidity and cash flow needs, time horizon and risk tolerance, as well as any other factors pertinent to their specific financial situations. After an analysis of the relevant information, LWA assists its clients in developing an appropriate strategy for managing their assets and selecting an appropriate Advisory Program. The Advisory Programs are offered on both a discretionary and non-discretionary basis.

## Advisory Programs

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### *The Envestnet Programs*

**Envestnet Asset Management Programs:** LWA has entered into an agreement with Envestnet Asset Management, Inc. (“Envestnet”), an unaffiliated SEC registered investment adviser, to offer programs as co-advisers to clients. In these programs, Envestnet provides ongoing investment management services on a discretionary basis that may include the ability to, among other things, adjust asset allocations, change securities in an account, and rebalance the account. Envestnet also provides advice related to program design and support, including the structure and design of asset allocation portfolios and underlying investment research on Separately Managed Accounts (“SMAs”), which are portfolios of individually owned securities managed by an asset manager and that are often referred to as “sub-managers.”

**Managed Account Solution Program:** The Managed Account Solution Program is an asset allocation program which offers both SMA portfolios and mutual funds. Sub-managers are selected by Envestnet from a universe of managers who specialize in a particular investment style. As part of the Managed Account Solution Program, the client may select the PMC Enhanced Portfolio Strategies - Low Volatility or Structured Growth. These are actively traded portfolios designed to provide the characteristics of alternative investments in the form of a portfolio of registered mutual funds and other investment vehicles. The portfolio’s attributes include little or no correlation with public equities and fixed income markets, low volatility relative to equities, a potentially favorable return/risk profile, and the ability to enhance overall portfolio diversification. The portfolio is constructed using a diversified group of funds spanning many different style categories, such as, bear market, world bond, domestic equities and emerging markets.

**Mutual Fund Wrap:** Envestnet will also make available to LWA through the Envestnet platform mutual fund products that can be acquired by clients (mutual fund products held in the account of a Program client are herein referred to as “Mutual Fund Program Assets”).

**UMA:** Envestnet will provide to LWA a selection of investment models. Envestnet will also provide LWA with portfolio maintenance tools and portfolio trade order processing services to be used in connection with providing investment management services to Program clients (the “UMA Services”). LWA will create customized UMA portfolios for Program clients by selecting the appropriate asset allocation and investment strategies/vehicles for each portfolio. The template asset allocations are intended for different investor profiles with different investment objectives, risk tolerance and time horizons.

### **Advisor-Directed Model:**

Under this program, LWA has the ability to create customized investment model portfolios for clients through Envestnet. In this situation, LWA, and not Envestnet, is responsible for the selection of the specific investment choices made on behalf of the client.

## *The RBC Program*

Under this Program, LWA will provide non-discretionary investment management services to clients. RBC may provide LWA with a predetermined investment strategy, or assist LWA with selecting an investment strategy consistent with the client's investment objectives. LWA may assist with the review and evaluation of a client's investment objectives, and then work with RBC to generate an investment proposal containing asset allocation and investment recommendations consistent with the client's investment objectives.

## **Fees for Participation in the Program**

The program fee ("Program Fee") is negotiable, but clients generally pay a single annualized fee between 0.80% and 2.50% of the assets being managed through the Program. The Program Fee is prorated and charged quarterly, in advance, based upon the market value of the assets on the last day of the previous billing period. The Program Fee generally includes LWA's advisory fee, brokerage commissions and transaction costs, and may also include the fees charged by the separate investment managers ("Independent Managers") chosen under a particular Advisory Program.

If assets are deposited into or withdrawn from an account after the inception of a billing period, the Program Fee payable with respect to such assets is adjusted to reflect the interim change in portfolio value. For the initial period of an engagement, the fee is calculated on a *pro rata* basis. In the event the Program Agreement is terminated, the fee for the final billing period is prorated through the effective date of the termination, and the outstanding or unearned portion of the fee is charged or refunded to the client, as appropriate.

## **Fee Comparison**

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As referenced above, a portion of the fees paid to LWA is used to cover the securities brokerage commissions and transactional costs attributed to the management of its clients' portfolios. Services provided through the Program may cost clients more or less than purchasing these services separately. The number of transactions made in clients' accounts, as well as the commissions charged for each transaction, determines the relative cost of the Program versus paying for execution on a per transaction basis and paying a separate fee for advisory services. The Program Fees may also be higher or lower than fees charged by other sponsors of comparable investment advisory programs.

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## **Fee Discretion**

LWA, in its sole discretion, may negotiate to charge a lesser fee based upon certain criteria, such as anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing client relationship, account retention and pro bono activities.

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## **Direct Fee Debit**

Clients generally provide LWA and Independent Managers with the authority to directly debit their accounts for payment of the Program Fees. The Financial Institutions that act as the qualified custodian for client accounts, from which the Firm retains the authority to directly deduct fees, have agreed to send statements to clients not less than quarterly detailing account transactions, including any amounts paid to LWA.

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## **Account Additions and Withdrawals**

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

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## **Other Charges**

Clients may incur certain charges imposed by third parties in addition to the Program Fee. These additional charges may include, but are not limited to, charges imposed directly by a mutual fund or exchange-traded fund ("ETF") in the account, as disclosed in the fund's prospectus (e.g., fund management fees and other fund expenses), deferred sales charges, odd-lot differentials, transfer taxes, custody fees, wire transfer and electronic fund fees, and other applicable fees and taxes on brokerage accounts and securities transactions.

## **Compensation for Recommending the Program**

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LWA has no internal arrangements in place whereby persons recommending the Program are entitled to receive additional compensation as a result of clients' participation. A person recommending the Program will not earn more compensation than he or she would otherwise receive if a client elected another investment management format.

## **Item 5. Account Requirements and Types of Clients**

### **Minimum Account Size**

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The following account minimums apply:

- Separately Managed Accounts = \$100,000
- Mutual Fund and ETF Wrap Accounts = \$100,000
- Unified Managed Accounts = \$250,000
- Advisor-Managed Portfolios = \$100,000
- Advisor Consulted Non-Discretionary = \$50,000

The Firm, in its sole discretion, may accept clients with smaller accounts based upon certain criteria, such as anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, legacy client relationships, account retention and pro bono activities. LWA may also aggregate the portfolios of family members and/or households in order to meet the minimum account size.

### **Types of Clients**

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LWA generally offers services to high net worth individuals, pension, profit sharing and other employee benefit plans, trusts, estates, charitable organizations and institutions such as foundations and endowments, corporations and business entities.

## **Item 6. Portfolio Manager Selection and Evaluation**

### **Portfolio Management**

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Client accounts are generally managed by Independent Managers available through the Advisory Programs. To the extent possible, the Firm evaluates a variety of information about Independent Managers, which may include the Independent Managers' public disclosure documents, materials supplied by the Independent Managers themselves and other third-party analyses it believes are reputable. The Firm seeks to assess the Independent Managers' investment strategies, past performance and risk results in relation to its clients' individual portfolio allocations and risk exposure. LWA may also take into consideration an Independent Manager's management style, returns, reputation, financial strength, reporting, pricing and research capabilities, among other factors. The Firm does this with assistance from its strategic relationship partners such as Envestnet and RBC, and generally relies on the information and reports provided by these firms to evaluate Independent Manager relationships. In certain of the programs, Envestnet monitors and provides quarterly reports to LWA regarding Independent Managers.

LWA will consider the above factors as part of their determination to replace or recommend the replacement of a particular Independent Manager. Depending on the program selected, LWA may not always have the ability to change or replace a particular Independent Manager.

### **Side-By-Side Management**

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LWA does not provide any services for a performance-based fee (*i.e.*, a fee based on a share of capital gains or capital appreciation of a client's assets).

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

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The methods of analysis and strategies listed below are utilized by investment adviser representatives of LWA.

#### Asset Allocation:

In developing investment strategies, LWA considers factors such as economic conditions, earnings, industry outlook, politics (as it relates to investments), historical data, price-earnings ratios, dividends, interest rates and risk premiums.



## Investment Management:

In the evaluation of Independent Managers, LWA uses both quantitative and qualitative research from publicly available information, third party providers and also from internally generated proprietary evaluation methodologies. The method of analysis used depends on the strategy and philosophy of the client and style of the Independent Manager.

## Sources of Information:

LWA uses, among other things, the general news media and publications. In addition, the Firm uses both proprietary and purchased databases as well as material and investment research prepared by various investment managers.

## Investment Strategies:

LWA generally recommends long-term investment strategies requiring a minimum of a three to five year time horizon. Overall, however, the strategies used often depend on the selected Independent Manager's investment style as well as the client's stated investment parameters.

## **Risk of Loss**

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### *Market Risks*

Investing involves risk, including the potential loss of principal, and all investors should be guided accordingly. The profitability of a significant portion of LWA's recommendations and/or investment decisions may depend to a great extent upon correctly assessing the future course of price movements of stocks, bonds and other asset classes. There can be no assurance that the Firm will be able to predict those price movements accurately or capitalize on any such assumptions.

### *Mutual Funds and 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 generally required 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. The trading prices of a mutual fund's shares may differ significantly from the NAV during periods of market volatility, which may, among other factors, lead to the mutual fund's shares trading at a premium or discount to actual NAV.

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 potentially 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 20,000 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.

### *Use of Independent Managers*

As stated above, LWA may select certain Independent Managers to manage clients' assets. In these situations, the Firm continues to conduct ongoing due diligence of such managers, but such recommendations rely to a great extent on the Independent Managers' ability to successfully implement their investment strategies. In addition, LWA generally does not have the ability to supervise the Independent Managers on a day-to-day basis.

Independent Managers may use various investment vehicles and strategies which involve additional risks not set forth herein. These additional risks may be disclosed in the Disclosure Brochures of the various Independent Managers.

### **Voting of Client Securities**

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LWA generally does not accept the authority to vote clients' securities (i.e., proxies). Clients receive proxies directly from the Financial Institutions where their assets are custodied and may contact the Firm using the information on the cover of this brochure with questions about such solicitations.

## **Item 7. Client Information Provided to Portfolio Managers**

LWA will generally assist the Advisory Program provider with collecting information regarding the client's investment objectives, including any stated restrictions on the management of the account. Depending on the Program selected, LWA will update this information with the provider, as necessary, based on any material changes in the client's financial situation.

## **Item 8. Client Contact with Portfolio Managers**

Depending on the type of Advisory Program selected, certain Independent Managers may not be immediately available for discussion with clients. The Firm recommends that the client contact LWA to coordinate communications with an Independent Manager. Upon receipt of a client request to communicate with an Independent Manager, LWA will use its best efforts to accommodate the request.

## **Item 9. Additional Information**

### **Disciplinary Information**

LWA has not been involved in any legal or disciplinary events that are material to a client's evaluation of its advisory business or the integrity of management.

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

LWA is required to disclose any relationship or arrangement that is material to its advisory business or to its clients with certain related persons. The Firm has described such relationships below:

### **Affiliated Broker Dealer and Insurance Agency**

LWA is affiliated with Lebenthal & Co., which is a separate entity and broker-dealer in which LWA's parent Lebenthal Holdings LLC has an ownership interest. In addition, certain Supervised Persons of LWA are also registered representatives and insurance agents of Lebenthal & Co. and in such capacity, may effect securities brokerage and insurance transactions on a commission basis including transactions for LWA's investment advisory clients. These Supervised Persons may receive additional compensation in the form of insurance commissions and/or 12b-1 fees on mutual funds held in a client's account. A conflict of interest exists to the extent that LWA recommends the purchase of securities where LWA's Supervised Persons receive commissions or other additional compensation.

The Firm has procedures in place to ensure that any recommendations made by such Supervised Persons are in the best interest of clients. For certain accounts covered by the Employee Retirement Income Security Act of 1974 (“ERISA”) and such others that LWA, in its sole discretion, deems appropriate, LWA may provide its investment advisory services on a fee-offset basis. In this scenario, LWA may offset its fees by an amount equal to the aggregate commissions and 12b-1 fees earned by the Firm’s Supervised Persons in their individual capacities as registered representatives of Lebenthal & Co.

Clients are under no obligation to engage such persons and may choose brokers or agents not affiliated with LWA.

## **Related Investment Adviser**

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LWA is under common control with its affiliated SEC registered investment adviser, Lebenthal Asset Management, LLC (“LAM”). Certain Supervised Persons of LWA also serve in the same or similar capacity for LAM.

## **Related Accounting Firm**

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LWA, which does not offer accounting services to clients, is however, under common control with an entity named Lebenthal Family Office (“LFO”) which does provide accounting services to clients. In the event a client requires accounting services, the Firm may recommend a certified public accountant or it may recommend the services of Lebenthal Family Office (“LFO”). These services are rendered independent of LWA and pursuant to a separate agreement between the client and the Firm. The Firm does not receive any portion of the fees paid by the client to LFO and does not receive a referral fee in connection with the accounting services that LFO renders to its clients. There exists a conflict of interest to the extent that the Firm recommends the services of LFO, where LFO receives compensation as a result.

## **Code of Ethics**

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The Firm has adopted a code of ethics in compliance with applicable securities laws (“Code of Ethics”) that sets forth the standards of conduct expected of its Supervised Persons. The Firm’s Code of Ethics contains written policies reasonably designed to prevent certain unlawful practices such as the use of material non-public information by the Firm or any of its Supervised Persons, and the trading by the same of securities ahead of clients in order to take advantage of pending orders.

The Code of Ethics also requires certain of LWA's personnel to report their personal securities holdings and transactions, and obtain pre-approval of certain investments (e.g., initial public offerings, limited offerings). However, the Firm's Supervised Persons are permitted to buy or sell securities that it also recommends to clients if done in a fair and equitable manner that is consistent with the Firm's policies and procedures. This Code of Ethics has been established recognizing that some securities trade in sufficiently broad markets to permit transactions by certain personnel to be completed without any appreciable impact on the markets of such securities. Therefore, under limited circumstances, exceptions may be made to the policies stated below.

When the Firm is engaging in or considering a transaction in any security on behalf of a client, no Supervised Person with access to this information may knowingly effect for themselves or for their immediate family (i.e., spouse, minor children and adults living in the same household) a transaction in that security unless:

- the transaction has been completed;
- the transaction for the Supervised Person is completed as part of a batch trade with clients; or
- a decision has been made not to engage in the transaction for the client.

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 LWA to request a copy of its Code of Ethics.

### Account Reviews

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LWA monitors client portfolios on a continuous and ongoing basis while regular account reviews are conducted on at least a quarterly basis. Such reviews are conducted by the Firm's investment adviser representatives. All investment advisory clients are encouraged to discuss their needs, goals and objectives with LWA, and to keep the Firm informed of any changes thereto. The Firm 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.

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## Account Statements and Reports

Clients are provided with transaction confirmation notices and regular summary account statements directly from the Financial Institutions where their assets are custodied. From time-to-time or as otherwise requested, clients may also receive written or electronic reports from LWA and/or an outside service provider which contain certain account and/or market-related information, such as an inventory of account holdings or account performance. Clients should compare the account statements they receive from their custodian with any reports they receive from LWA or an outside service provide.

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## Client Referrals

The Firm does not currently provide compensation to any third-party solicitors for client referrals.

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## Receipt of Economic Benefit

While the Firm is generally agnostic with regard the broker-dealer or custodian chosen by the client, LWA may recommend that clients utilize the custody, brokerage and/or clearing services of various Financial Institutions including, but not limited to Lebenthal & Co. as a broker-dealer.

Factors which LWA considers in recommending Financial Institutions to clients include their respective financial strength, reputation, execution, pricing, research and services. Certain Financial Institutions may enable the Firm to obtain many mutual funds without transaction charges and other securities at nominal transaction charges. The commissions and/or transaction fees charged by Financial Institutions recommended by LWA may be higher or lower than those charged by other firms.

The commissions paid by LWA's clients to Financial Institutions comply with the Firm'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 LWA 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. LWA seeks competitive rates, but may not necessarily obtain the lowest possible commission rates for client transactions.

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 LWA in its investment decision-making process. Such research generally will be used to service all of the Firm'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 LWA does not have to produce or pay for the products or services. The Firm periodically and systematically reviews its policies and procedures regarding its recommendation of Financial Institutions in light of its duty to obtain best execution.

## **Software and Support Provided by Financial Institutions**

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LWA may receive without cost from certain Financial Institutions computer software and related systems support, which allow LWA to better monitor client accounts maintained at a particular Financial Institution. LWA may receive the software and related support without cost because the Firm renders investment management services to clients that maintain assets at that Financial Institutions. The software and support is not provided in connection with securities transactions of clients (i.e., not "soft dollars"). The software and related systems support may benefit LWA, but not its clients directly. In fulfilling its duties to its clients, LWA endeavors at all times to put the interests of its clients first. Clients should be aware, however, that LWA's receipt of economic benefits from a broker/dealer creates a conflict of interest since these benefits may influence the Firm's choice of broker/dealer over another that does not furnish similar software, systems support or services.

Specifically, LWA may receive the following benefits from certain Financial Institutions:

- Receipt of duplicate client confirmations and bundled duplicate statements;
- Access to a trading desk that exclusively services its institutional traders;
- 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.

## **Financial Information**

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LWA is not required to disclose any financial information due to the following:

The Firm does not require or solicit the prepayment of more than \$1,200 in fees six months or more in advance of services rendered; the Firm does not have a financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients; and the Firm has not been the subject of a bankruptcy petition at any time during the past ten years.