



**Liberty Partners Capital Management, LLC**

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**December 31, 2014**  
**Form ADV Part 2A Brochure**

Liberty Partners Capital Management, LLC is an investment adviser registered with the Securities and Exchange Commission. Registration with the SEC or any state securities authority does not imply a certain level of skill or training.

This brochure provides information about the qualifications and business practices of Liberty Partners Capital Management, LLC. If you have any questions about the contents of this brochure, please contact us at: 307-635-1827 or by email at: [LPCM@libertypfs.com](mailto:LPCM@libertypfs.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission, or by any state securities authority.

Additional information about Liberty Partners Capital Management, LLC is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Our IARD Number is 131117.

## Material Changes - Item 2

As of August 31<sup>th</sup> 2014 Trust Company of America is our recommended custodian of choice for client assets. As of September 15<sup>th</sup> 2014 LPCM will no longer use Charles Schwab as a custodian for client assets.

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#### **Advisory Business - Item 4**

##### **Firm Ownership and General Description**

Liberty Partners Capital Management, LLC, ("LPCM") was founded in 2004. LPCM is a wholly owned subsidiary of Liberty Partners Holdings, LLC, (LPH) a Wyoming Limited Liability Company (LLC). Jeffery Fanning is the majority owner/member of Liberty Partners Holdings, LLC. LPH also owns Liberty Partners Financial Services, LLC (LPFS), a SEC Registered Broker Dealer.

##### **Advisory Services**

LPCM enables investment advisor representatives ("representatives") to utilize different avenues to provide personalized investment advisory services to their clients. These services include financial planning and asset management services, which includes referrals to third party managers. The following is a brief description of our primary services.

##### ***Financial Planning Services***

We offer individualized financial planning services to help our clients establish and achieve their long-term financial goals after taking into account, among other things, tax situation, risk tolerance, investment experience, investment objectives, and liquidity needs. The role of a financial planner is to find ways to help our clients understand their overall financial situation and help them set financial objectives. Other professionals (e.g., lawyers, accountants, insurance agents, etc.) may be engaged directly as directed by the client. After evaluating a client's financial situation, a representative will develop a financial plan that is provided in the form of comprehensive and modular (segmented) financial plans. Comprehensive planning services focus on a client's overall financial situation. Modular planning services and consultations focus on specific areas of client concern, like retirement planning, estate planning, college planning, or asset allocation advice, for example. These issue specific planning services may not take all important financial issues into consideration.

After a financial plan is developed, we will meet with you based on a pre-determined frequency (e.g., quarterly or annually) to analyze and evaluate your current financial condition. We typically assist you with implementing these financial plans through a separate investment advisory agreement, however you may choose to implement the financial plan with another investment advisor or broker-dealer.

##### **Asset Management Services**

We offer personalized discretionary portfolio and wealth management services providing clients with continuous and ongoing supervision over their accounts. This means a LPCM representative will continuously monitor your account and make trades on a discretionary or non-discretionary basis in that account when necessary. This may include recommending investment strategies offered through our third party money manager platforms ("TAMPs") or individual security recommendations, or combination thereof (which can include traditional index funds, actively managed mutual funds, exchange traded funds, bonds, and variable products).

##### ***Use of Third Party Managers and Solicitation Arrangements***

As part of our asset management services, LPCM enables representatives to utilize the services of third party money managers available through our TAMPs relationships (e.g., TCA, Royal Bank of Canada, Genworth, among others) to assist the clients in managing their investments. Your representative can assist you with selecting and monitoring unaffiliated third party money managers offering asset management and other investment advisory services. Representatives are limited to recommending third party money managers that have had reasonable due diligence completed and have been approved by LPCM.

In some instances, your representative is responsible for the initial and ongoing review and also responsible for maintaining your current information. Your representative assists you with identifying your risk tolerance and investment objectives. He or she will then recommend money managers geared toward your stated investment objectives and risk tolerance. You will enter into an agreement directly with the third party money manager. LPCM and your representative are available to answer questions you may have regarding your account and act as the communication conduit between you and the third party money manager. Your representative will review the account(s) with you at least annually to determine if the money manager is continuing to meet your investment objectives. Money managers may take discretionary authority to determine the securities to be purchased and sold for you. LPCM and your representative do not have any discretionary trading authority with respect to your account with the money manager(s) and are not responsible for investment selection or trade implementation in your accounts.

The third party manager, will provide you with a copy of their Form ADV and Solicitation Disclosure Statement at or prior to the time of recommendation/solicitation.

#### **Retirement Plan Consulting**

LPCM will assist plan fiduciaries to establish the investment policies and objectives for the plan and set forth the asset classes and investment categories to be offered under the plan, as well as the criteria and standards for selecting and monitoring the investments. LPCM will also prepare periodic reports to assist plan fiduciaries in monitoring the performance and overall fees and expenses against the guidelines set forth in the plan's investment policy statement. Representatives of LPCM will be available to plan participants to for administrative assistance, such as, distribution of plan materials and education of plan investment offerings. LPCM does not advise on ERISA accounts.

#### **Tailored Relationships**

LPCM services are provided on your specific needs. You are given the ability to impose written restrictions on your accounts, including specific investment restrictions. For this reason, it is important that you understand that we (or our representatives) may give advice or take actions for other clients that differ from the advice given to you.

LPCM offers investment advice, investment management and financial planning for a monthly fee, quarterly fee or hourly fee. In some cases, LPCM may be paid compensation, or receive some economic benefit (including commissions, equipment or non-research services) from a non-client in connection with giving advice to clients.

#### **Assets Under Management**

As of December 31, 2014, LPCM manages approximately \$54399041.00 in assets. Approximately \$45356042.00 is managed on a discretionary basis, and \$9042999.00 is managed on a non-discretionary basis.

#### **Termination of Agreement**

A Client may terminate any of the aforementioned agreements at any time by notifying LPCM in writing and paying the rate for the time spent on the investment advisory engagement prior to notification of termination. If the client made an advance payment, LPCM will refund any unearned portion of the advance payment within 30 business days..

LPCM may terminate any of the aforementioned agreements at any time by notifying the client in writing. If the client made an advance payment, LPCM will refund any unearned portion of the advance payment within 30 business days..

## Fees and Compensation - Item 5

### **Description**

This section provides description of each service's (e.g., financial planning, third party manager, and asset management service) fees and compensation arrangements with LPCM.

### **Financial Planning Services**

Financial plans are priced according to the degree of complexity associated with the client's situation.

*Fees are always negotiable but generally range from \$150 to 300 per hour.*

### **Asset Management Services**

Asset management service fees are billed monthly, quarterly in advance or annually *in arrears* based on the asset value, computed by the custodian on the last day of the billing period. Meaning, we may invoice you before or after the billing period has begun or ended. Fees are usually deducted from a designated client account to facilitate billing or the client will be invoiced directly (e.g., LPCM will not have authority to debit fees directly). The client must consent in advance to direct debiting of their investment account and any billing arrangement must be approved by the client in writing.

While negotiable, the below is LPCM's standard fee schedule.

- up to 3% on accounts up to \$250,000\*
- up to 2.5% on accounts over \$250,000 and up to \$1,000,000 and
- up to 2% on accounts above \$1,000,000.

**\*Fees above 2% are considered high by certain States and you may find these services available at lower rates**

### **Solicitor Arrangements**

When referring clients to third party money managers, LPCM receives a portion of the fees generated from the referral. You do not directly pay us or your representative for this service. The management fees, methods of calculation and manner in which fee is billed/collected varies for each money manager. The fees, methods of calculation and manner in which fees are billed/collected are described in the money manager's disclosure brochure. Fees typically range from 1.0%-2.5% and the portion of this fee that is paid to us varies pursuant to the agreement between us and the money manager and is disclosed in the Solicitation Disclosure Statement signed by you.

Various money managers may negotiate the fees charged for management services with you (which are disclosed in the agreement for services executed between you and the money manager), our portion of the fee received may be negotiable as well, depending on the agreement between LPCM and the third party money manager. You should be aware that although this fee is not paid by you to us directly, the money manager takes this fee into consideration when determining the amount of fee they charge you. All fees are calculated and charged by the money manager and the money manager is responsible for paying our portion of the fee to us.

Third party money managers generally have account minimum requirements that will vary from manager to manager. A complete description of the money manager's services, fee schedules and account minimums will be disclosed in the money manager's disclosure brochure or wrap fee brochure that is provided to you at the time you sign an agreement for services and the account is established. Client reports will depend upon the money manager.

Fees subject to solicitor arrangements are not charged any additional asset management service fees.

### **Retirement Plan Consulting Fees**

Retirement Plan Consulting fees vary from plan to plan and can be based on the asset size or monthly flat fee,

which is typically \$500 to \$1,000 per month with no minimum or maximum.

#### **Other Fees and Compensation**

Custodians may charge transaction fees on purchases or sales of certain mutual funds and exchange-traded funds.

Managed accounts may be held at RBC, TCA or other custodian prescribed by certain 3<sup>rd</sup> party money managers. These custodians may charge transaction fees for the purchase and sale of certain securities. LPCM does not receive any portion of these transaction fees, except as otherwise disclosed below.

LPCM, in its sole discretion, may waive its minimum fee and/or charge a lesser investment advisory fee based upon certain criteria (e.g., historical relationship, type of assets, anticipated future earning capacity, anticipated future additional assets, dollar amounts of assets to be managed, related accounts, account composition, negotiations with clients, etc.).

Most, if not all of our representatives are also registered representatives of Liberty Partners Financial Services, ("LPFS"), an affiliated broker-dealer. If you elect to have our representatives implement the advice provided as part of the financial planning services, this may be done by them in their separate capacities as registered representatives. This situation represents a conflict of interest because our representatives could receive fees for the financial planning advice and could also receive commissions for implementing the recommendations in their separate capacity as registered representatives. It also provides incentive to recommend investment products based on the compensation received, rather than your needs. You are not obligated to implement the advice provided by our representatives or to implement the transactions through our affiliate broker-dealer. You are free to select any broker-dealer or registered representative to implement the recommendations provided by our representatives.

In addition, some of our representatives may be licensed insurance agents. If you elect to purchase insurance products through our representatives in this separate capacity, they will earn commissions. This is a conflict of interest because they could receive fees for the advice and also receive commissions for implementing insurance transactions. You are not obligated to implement the advice provided by our representatives or to implement transactions through our representatives in their separate capacity as insurance agents.

Also as discussed previously, we have established relationships with other, non-affiliated investment advisors through which we will act as a solicitor and refer you to the other investment advisors' management programs. When acting in this solicitor capacity, we receive a portion of the fee paid to the other investment advisors by our Clients.

You will incur other charges imposed by third parties besides us in connection with investments made through the account, including but not limited to mutual fund management fees, shareholder servicing and 12b-1 fees, sub-accounting fees, variable annuity fees and surrender charges, short term redemption fees, qualified retirement plan fees and account maintenance fees. A description of these fees and expenses are available in each investment company security's prospectus.

LPCM's affiliate, LPFS, in its capacity as a broker-dealer, and our representatives, in their capacities as registered representatives of LPFS, may receive a portion of the 12(b)-1 fees. You should be aware that 12(b)-1 fees come from mutual fund assets, and thus, indirectly from your assets and reduce overall fund performance. Such funds may be included in your account when it is believed that the overall performance of the fund after taking into account such payments merits inclusion. Receiving these fees could represent an incentive for registered representatives to recommend funds with 12(b)-1 fees or high 12(b)-1 fees over funds with no fees or lower fees, therefore creating a potential conflict of interest.

The client should review both the fees charged by the funds and the fees charged by LPCM to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

**Past due Accounts and Termination of Agreement**

LPCM reserves the right to stop work on any account that is more than 30 days overdue. In addition, LPCM reserves the right to terminate any financial planning engagement where a client has willfully concealed or has refused to provide pertinent information about financial situations when necessary and appropriate, in Liberty LPCM's judgment, to providing proper financial advice. Any unused portion of fees collected in advance will be refunded within 30 days.



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

LPCM does not use a performance-based fee structure because of the potential conflict of interest. Performance based fees are based on a share of capital gains on or capital appreciation of the client's assets.

#### Types of Clients - Item 7

##### **Description**

LPCM provides portfolio management services to individuals, high net worth individuals, pension and profit-sharing plans, charitable organizations, and corporations.

##### **Account Minimums**

The minimum account size is \$25,000 of assets under management per household.

LPCM has the discretion to waive the account minimum. Accounts of less than \$25,000 may be set up when the client and the advisor anticipate the client will add additional funds to the accounts bringing the total to \$25,000 within a reasonable time. Other exceptions will apply to employees of LPCM and their relatives, or relatives of existing clients.

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

We offer personalized discretionary and non-discretionary portfolio and wealth management services to our clients. As such, each representative may utilize varying methods of analysis that vary from client account and investment strategy.

##### **Methods of Analysis**

Security analysis methods may include charting, fundamental analysis, technical analysis, and cyclical analysis. The main sources of information include financial newspapers and magazines, inspections of corporate activities, research materials prepared by others, corporate rating services, timing services, annual reports, prospectuses, filings with the SEC, and company press releases.

LPCM may use other research services and vendors, such as, Morningstar, Advisor Intelligence, and RBC Capital Markets research reports.

##### **Investment Strategies**

The primary investment strategy used on client accounts is strategic asset allocation utilizing a core and satellite approach. This means that we use passively-managed index and exchange-traded funds as the core investments, and then add actively-managed funds where there are greater opportunities to make a difference. Portfolios are globally diversified to control the risk associated with traditional markets. In some cases, based on a client's needs, we may use a 3<sup>rd</sup> party money manager to direct investments. We may place assets directly with a custodian prescribed by this 3<sup>rd</sup> party manger, or use a 3<sup>rd</sup> party manger that is available on the RBC or TCA platform.

In some cases, an investment strategy may involve the active trading of equity securities, option contracts or individual bonds. These strategies incur higher transaction costs which should be considered by the client before authorizing such a strategy. This active trading strategy may also cause considerable tax consequences for the client. You should consult your tax adviser before authorizing an active trading strategy.

The investment strategy for a specific client is based upon the objectives stated by the client during consultations. The client may change these objectives at any time. Each client executes an Investment Policy Statement or proposal that documents their objectives and their desired investment strategy.

Other strategies, as discussed above, may include long-term purchases, short-term purchases, trading, short sales, margin transactions, and option writing (including covered options, uncovered options or spreading strategies).

#### ***Strategic Portfolio Management Services (“SPM”)***

We may utilize other registered investment adviser for sub-advisory services also referred to as “Strategist”. Investment instructions are generally communicated from us in the form of asset allocation strategies (“Strategies”). You receive SPM services under the terms of an advisor agreement between LPCM and the SPM. We refer to a strategy’s creator as a “Strategist”. In some cases LPCM will be the Strategist, creating the Strategy for your account. Alternatively, LPCM may elect to employ a Strategy from a third-party Strategist, also a registered investment advisor, for your account.

Strategies are comprised of a model portfolio (“Model”) or a weighted combination of multiple Models, as determined by the Strategist. A Model represents the investment recommendations of a “Manager”, in the form of a list of securities to hold and the relative weight of each. LPCM may be one of the Managers providing one or more of the Models for your account’s Strategy. Additionally, the Models of third-party asset Managers, themselves registered investment advisors may be included in your Account’s Strategy. Your account’s Strategist is responsible for researching and evaluating Managers, and selecting the specific Models employed in your account’s Strategy. The responsibilities of the third party Strategists and Managers with respect to your account are limited to providing generalized, non-discretionary investment advice.

Your LPCM Financial Advisor is responsible for understanding your individual financial situation, investment goals and objectives, qualification, time horizon, portfolio liquidity and concentration, and tolerance for risk as well as any investment limitations and reasonable restrictions for your account. Based upon this knowledge, your LPCM Financial Advisor selects a suitable Strategy for your account. LPCM will communicate with you to monitor your investment objectives and any changes in your individual circumstances or situation. In turn, your LPCM Financial Advisor will reflect your objectives and circumstances in the form of a suitable Strategy selected for your account. Any questions you may have regarding the Strategy employed for your account, the Manager Models comprising the Strategy, or their suitability for your individual financial situation should be directed to your LPCM Financial Advisor.

In the provision of SPM services, the SPM requires discretionary authority to implement the investment instructions specified by your LPCM Financial Advisor for your account via the purchasing and selling of securities. This authority is in addition to your LPCM Financial Advisor, who maintains at all times full discretionary authority over your accounts. You grant us this discretionary authority through the custodian broker-dealer who holds your account.

#### **Risk of Loss**

All investments in securities include a risk of loss of your principal (invested amount) and any profits that have not been realized (securities not sold to “lock in” the profit). As you know, financial markets fluctuate substantially over time. In addition, as recent global and domestic economic events have indicated, performance of any investment or strategy is not guaranteed. As a result, there is a risk of loss of the assets we manage that is very often out of the control of your Financial Advisors. There cannot be a guarantee any level of performance or that you will not experience a loss of your account assets.

#### **Primary Investment Vehicles and Risks**

- LPCM will not have an active role in the management of unaffiliated third party money managers responsible for the securities recommendations and strategies in your account. Inherent risk of investing

in unaffiliated third party money managers includes: risk of loss, strategy or style drift, increased fees, and overlapping investments. Although we receive information from the unaffiliated third party money managers regarding such portfolios and historical performances, and investment strategies, in most cases we will have little or no means of independently verifying the information supplied to it by such unaffiliated third party money managers and will rely in large part on the limited information provided to us by such managers. The absence of detailed information could result in significant loss to your account.

- Mutual funds and exchange traded funds have exposure to underlying securities that may be exposed to loss of principal due to adverse market conditions. Foreign securities in mutual funds may also expose your portfolio to potential loss due to exchange rate risk.
- Asset allocation, diversification and rebalancing do not assume a positive return or protect against loss.
- Investments in bonds or fixed income are subject to interest rate risk. Bond prices generally fall when interest rates rise. All bonds, excluding US treasuries, have a risk of credit default. Non-domestic bonds and hi-yield bonds generally carry a greater risk due to the nature of the issuers. Non-domestic bonds are subject to economic, political and currency risk and may experience a greater degree of market volatility. Hi-yield bonds are speculative, have a higher risk of default or are already in default, tend to be less liquid and are more difficult to value than higher grade securities. These bonds tend to be more volatile and more susceptible to adverse events and negative sentiments.
- Investments in small and/or mid Cap companies generally carry a great risk and may experience a greater degree of market volatility.
- Investments in global or international securities are subject to economic, political and currency risk and may experience a greater degree of market volatility.
- Long/Short and market neutral investments are unique and complex strategies designed to “neutralize,” or limit, the effect of stock market movement on returns. Because of this, return is often uncorrelated to that of the stock market. Strategies involve long- and short-selling and carry specific risks not found in traditional investments.
- Real estate investments may be subject to a higher degree of market risk because of concentration in a specific industry, sector or geographical sector. Real estate investments may be subject to risks including, but not limited to, declines in the value of real estate, risks related to general and economic conditions, changes in the value of the underlying property owned by the trust and defaults by borrower.

#### Disciplinary Information - Item 9

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of LPCM or the integrity of LPCM’s management. LPCM discloses the following:

October 25, 2012, FINRA alleged that Jeff Fanning (Case# 2007011920702) failed to reasonably supervise a former registered representative of Liberty Partners Financial Services, LLC, LPCM’s affiliate Broker Dealer.

Mr. Fanning settled the matter without admitting or denying the allegations. Mr. Fanning agreed to a \$15,000.00 fine and a 30 day suspension as a principal. The alleged event occurred September 2008.

For further information please go to: [www.finra.org/brokercheck](http://www.finra.org/brokercheck) or contact Compliance

Department at (661) 631-0103

#### Other Financial Industry Activities or Affiliations - Item 10

##### **Affiliations**

As previously disclosed, LPCM is under common ownership with LPFS, a SEC registered broker dealer and

member of FINRA, MSRB and SIPC. LPFS is an introducing broker-dealer that clears transactions on a fully disclosed basis through RBC Clearing. The principals and certain investment advisory representatives of LPCM are also licensed agents for LPFS insurance division, as well as registered representatives of LPFS. Therefore, the purchase or sale of a financial instruments including, but not limited to, stocks, bonds, mutual funds, insurance products and interests in the limited partnerships, or otherwise, executing transactions through LPFS, may result in additional compensation to persons who are rendering financial advice and/or analysis.

While this arrangement may represent a conflict of interest in that it may give LPCM an incentive to utilize LPFS as broker-dealer of client assets, LPCM attempts to mitigate the conflicts by allowing its clients to utilize any broker-dealer that they wish. Also, in order to mitigate this conflict, LPCM, prior to each securities and/or insurance transaction under which the associates of LPCM may receive compensation, clients will receive full disclosure of: 1) capacity in which LPFS or associates are acting in the transaction and whether any compensation is to be earned by the owners or associates and 2) any interest that LPFS or associates have in the transaction which may be adverse to your interest. The commissions charged by LPFS are comparable with those of other broker-dealers in return for like products and services, but may be higher in some instances than those obtainable from other brokers. You should review your LPFS brokerage agreement, commission schedule, and transaction confirmations if you elect to utilize LPFS for brokerage execution in addition to your advisory services.

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

##### **Description of Our Code of Ethics**

LPCM has adopted a Code of Ethics (the "Code") to address investment advisory conduct. The Code focuses primarily on fiduciary duty, personal securities transactions, insider trading, gifts, and conflicts of interest. The Code includes LPCM's policies and procedures developed to protect client's interests in relation to the following topics:

- The duty at all times to place the interests of clients first;
- The requirement that all personal securities transactions be conducted in such a manner as to be consistent with the code of ethics.
- The responsibility to avoid any actual or potential conflict of interest or misuse of an employee's position of trust and responsibility;
- The fiduciary principle that information concerning the identity of security holdings and financial circumstances of clients is confidential; and
- The principle that independence in the investment decision-making process is paramount.

LPCM's Code also requires employees to: 1) pre-clear certain personal securities transactions in IPOs and private offerings, 2) report personal securities transactions on at least a quarterly basis, and 3) provide the LPCM with a detailed summary of certain holdings (both initially upon commencement of employment and annually thereafter) over which such employees have a direct or indirect beneficial interest.

On occasion, the LPCM's employees may buy or sell securities recommended to clients. If the possibility of a conflict or interest occurs, the client's interest will prevail. It is the policy of the LPCM that priority will always be given to the client's orders over the orders of an employee of the Company.

LPCM's compliance department reviews employee trades. Since client trades are primarily in open-end mutual funds, exchange-traded funds, or variable products that are either priced at net asset value daily or a large trading volume exists, LPCM does not expect material conflicts of interest to exist between employee trading and its clients.

LPCM's advisory agreement with you is not transferable without your written authorization.

If you would like to receive a copy of LPCM's Code of Ethics, please contact us by telephone at: 307-635-1827, 866-476-1659 or by email at: [LPCM@libertypfs.com](mailto:LPCM@libertypfs.com).

#### **Brokerage Practices - Item 12**

LPCM has no contractual obligations to direct brokerage commissions to any custodian, but recommends and prefers that Clients establish brokerage accounts with Trust Company of America, (TCA), member FDIC. In this arrangement, TCA maintains custody of Clients' assets and effects trades for Clients' accounts. LPCM's recommendation of TCA is not made pursuant to any agreement or commitment with TCA, but as part of this arrangement, LPCM might receive brokerage and research services and may also benefit or receive additional compensation. This compensation could include non-cash compensation such as access to research, or cash compensation such as 12b-1 fees paid to our affiliate broker dealer and thereby creates a potential conflict of interest. If the client's funds are invested in mutual funds, the account will incur fees charged by the Mutual Fund that are in addition to those charged by LPCM. In addition, there may be separate fees charged by the custodian for its services.

Clients are allowed to direct brokerage if it is reasonable to do so in the opinion of LPCM. When brokerage is direct, LPCM does not negotiate commissions, and as a result, the client may not be receiving best execution on trades where the client has directed brokerage.

Representatives of LPCM may also be registered representatives of LPFS. It is possible that some securities transactions in connection with LPCM advisory services may be executed by LPFS, our affiliate Broker-Dealer. However, the client is under no obligation to transact securities business through LPFS. The commissions charged by LPFS, are comparable with those of other broker-dealers in return for like products and services, but may be higher in some instances than those obtainable from other brokers.

LPCM acknowledges that Investment Advisors have a fiduciary duty to their clients and are paid to act in their clients' best interests, including obtaining "best execution" of securities trades. LPCM recognizes that the current preferred custodian arrangement we have with TCA may limit LPCM's ability to negotiate commission rates. However, in obtaining the best value for its clients, an advisor is permitted to take into consideration both the quality of trade execution and other brokerage services, as well as commission rates. LPCM recommends TCA as its preferred custodian for the following reasons:

LPCM uses the services of Trust Company of America (TCA) as one of the custodians that LPCM may recommend to our clients. In 2013, TCA had over \$13 Billion in Assets under Custody. TCA offers institutional custody, trading and other services for registered investment advisors and their clients. As part of this service TCA provides LPCM with software and services to help manage the assets in client accounts and to assist in monitoring and servicing LPCM clients and their accounts at TCA. TCA also provides services that assist Advisor in managing and developing our business and may arrange for such assistance by third parties. These services may be provided by TCA, or their vendors, at no or reduced costs to LPCM. TCA may also offset the custody fees paid by LPCM and our clients when we select mutual funds that are in the TCA custody advantage program. The mutual funds in this program pay TCA shareholder service fees and/or 12b-1 fees for the custody of the shares and TCA will offset some or all of the custody fees that would have otherwise been charged for those shares. Clients should be aware that while LPCM endeavors at all times to put the interests of its clients first that the receipt of economic benefits by LPCM or its related persons in and of itself creates a potential conflict of interest and may indirectly influence LPCM choice of custody services.

LPCM has determined that although the commission rate charged by may not be the lowest available in the industry, other brokerage firms do not currently provide the range or quality of services that are described above. As a fiduciary, LPCM endeavors to act in its Clients' best interests, and LPCM's recommendation that Clients maintain their assets in accounts at TCA or RBC may be based in part on the benefit to LPCM of the availability of some of the foregoing products and services and not solely on the nature, cost or quality of custody and brokerage services provided by LPFS, which may create a potential conflict of interest. However, LPCM will periodically and systematically monitor and evaluate the execution and performance capability of RBC and TCA and make a good faith determination regarding whether the commission rate paid is reasonable given the value of the brokerage and research services provided.

LPCM generally recommend that clients establish custody accounts that charge an asset-based fee ("ABP Service Fee") rather than transaction-based pricing, as LPCM believes in certain cases that this will be most cost effective for clients over a complete investment cycle. TCA will charge ABP Service Fees generally in lieu of transaction-based commissions for most brokerage services provided by TCA to such accounts. The complete list of those services not covered by the ABP Service Fee is contained in the custodial agreements, which must be completed by the client.

Asset-based pricing is not appropriate for every brokerage account. Before selecting asset-based pricing for an account, you should consider your particular circumstances and any other relevant factors and determine that asset-based pricing is appropriate for that account. Clients should also note the following:

- The appropriateness of the ABP Service Fee for any account may depend on a number of factors including, among other things, the client's investment objectives and financial situation, the investment strategies, and trading patterns, including the frequency of trading and the number and size of the transactions. Clients should note that the number of transactions in the account in a particular period may be so low that the amount paid to TCA may exceed the commissions that would otherwise be charged for transactions effected in that period.
- Because clients pay TCA ABP Service Fee in addition to any commissions and/or other charges paid to broker-dealers other than TCA who execute transactions for the accounts, we may have an incentive to execute most transactions for asset-based pricing accounts through TCA. This incentive could, in some circumstances, conflict with our duties to obtain best execution of transactions for your accounts.
- TCA will not determine that asset-based pricing is appropriate for client accounts, nor will TCA monitor future trading activity in accounts to determine whether asset-based pricing is or remains appropriate.

Asset-based pricing fee schedule ranges from 10.0 bps to 50.0 bps of assets depending on account size with a minimum \$250 Service Fee per billing period.

#### **Research and Other Soft Dollar Benefits**

We may receive "soft dollar" compensation from both RBC and TCA that fall within the "safe harbor" provisions of the SEC. In selecting a broker dealer based on discretionary authority, LPCM will endeavor to select those brokers or dealers that will provide the best services at the lowest cost possible. The reasonableness of commissions or fee's is based on several factors, including the broker's ability to provide professional services, competitive commission rates, volume discounts, execution price negotiations, the broker's reputation, experience and financial stability of the broker or dealer, and the quality of service rendered by the broker or dealer in other transactions.

#### **Order Aggregation and Allocation**

LPCM's policy is to aggregate all eligible client accounts when trading securities that may have price movement throughout the day then allocate an average price to those clients. In this way, no client receives a price advantage

at the expense of another client. However, due to the timing of obtaining transaction approval, it is often not possible to aggregate orders of discretionary account transactions with non-discretionary accounts. That is, LPCM will generally trade discretionary clients' accounts before seeking consent to trade the non-discretionary accounts, which may result in certain accounts receiving less favorable trade executions.

#### Review of Accounts - Item 13

##### **Periodic Reviews**

Reviews of client accounts are performed on at least an annual basis by the investment advisor representative. In some instances these reviews occur quarterly or more often. The frequency of such reviews is determined by client need, investment advisor representative's determination, or by LPCM management's discretion.

A review may be conducted by the Investment Advisor Representative or by LPCM's Director of Advisory Services and/or Chief Compliance Officer while conducting oversight for LPCM's investment advisory activities. Other factors which may trigger a review may include trading activity, cash movements, or account alerts / notices received from the custodian of the accounts. All trading activity in LPCM advisory accounts is reviewed by the Director of Advisory Services and/or Chief Compliance Officer on a daily basis.

This review is an important aspect of LPCM's fiduciary duty to ensure accuracy, completeness, and continued applicability and suitability for each account. The nature of this review might encompass statements, confirmations, performance reports, and billing / fee analysis with such reports being generated internally by LPCM or furnished from various financial services institutions with which the client transacts business. These financial services institutions may include, but are not limited to custodians, brokerages, investment companies, trust companies, other investment advisors, banks, and credit unions. The frequency of such reports may also be determined by the various financial institutions generating the reports, but are typically produced monthly, quarterly, annually, or in the instance of confirmations, as transactions occur.

The Chief Compliance Officer (CCO) or his/her designate will review accounts at least annually. Account reviews are performed more frequently when market conditions dictate, there is a notable increase in the amount of requests by a client that affect transactions in their account(s), a client's request to liquidate positions and/or customer complaints.

Other conditions that may trigger a periodic review are changes in the tax laws, new investment information, and changes in a client's own situation.

##### **Regular Reports**

Account reviewers are subject to review and supervision. They are instructed to consider the client's current security positions and the likelihood that the performance of each security will contribute to the investment objectives of the client.

Clients receive periodic communications on at least an annual basis. The written updates, from LPCM, may include a net worth statement, performance reporting, portfolio statement and a summary of objectives and progress towards meeting those objectives.

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

As disclosed under Item 12 above, LPCM recommends the services of RBC Correspondent Services ("RBC") and Trust Company of America ("TCA") to clients for custody. LPCM receives some economic benefits for its recommendation of RBC and TCA.



These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving LPCM; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client accounts); the ability to have advisory fees deducted directly from client accounts; access to an electronic communications network for client order entry and account information; and discounts on research, technology, and practice management products or services provided to LPCM by third party vendors.

These products or services may assist LPCM in managing and administering client accounts, including accounts not maintained at RBC or TCA. The benefits received by LPCM or its personnel do not depend on the amount of brokerage transactions directed to RBC, TCA or other custodians. As part of its fiduciary duties to clients, LPCM endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by LPCM or its related persons in and of itself creates a potential conflict of interest and may indirectly influence the LPCM's choice.

LPCM and its investment advisor representatives may pay referral fees to finders or solicitors for obtaining new advisory clients. LPCM may receive compensation in the form of an occasional meal, entertainment, or educational training meeting provided by a financial product vendor or affiliate of a vendor so long as the compensation is reasonable and not predicated on the achievement of any specific sales targets. Although such compensation is not tied to the expenses applied to a Client's Account, a conflict of interest exists in the recommendation of Investment Products sponsored by these vendors as LPCM may receive other compensation from the vendors as described above.

#### Custody - Item 15

LPCM in its capacity as a Registered Investment Adviser will not physically take custody of Client assets. LPCM may recommend the Client establish a custodial agreement for the benefit of the Client with LPCM's preferred Custodian (Trust Company of America). However, please be aware that LPCM may be authorized per your investment advisory agreement to deduct client fees from your account, and thus is determined to have custody of assets under SEC Release No. IA-2106.

LPCM clients should receive at least quarterly statements from the qualified custodian that holds and maintains the client's investment assets. This report will detail the client's current investment positions held with the Custodian, the prior quarter's values, contributions and/or distributions made during the quarter and the investment returns for various periods including the most recent quarter. LPCM urges you to carefully review these statements and compare such official custodial records to any reports that LPCM or its investment advisor representatives may provide to you. Our reports may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

#### Investment Discretion - Item 16

##### **Discretionary Authority for Trading**

LPCM accepts written discretionary authority, in certain cases, to manage securities accounts on behalf of clients. In these cases, LPCM has the authority to determine, without obtaining specific client consent, the securities to be bought or sold, and the amount of the securities to be bought or sold. Clients may limit discretionary authority in any way they see fit and these limitations would be noted on the advisory agreement. Please refer to Item 8



#### Strategic Portfolio Management Services for additional information

The client approves the custodian to be used and the commission rates paid to the custodian. LPCM does not receive any portion of the transaction fees or commissions paid by the client to the custodian on certain trades. Discretionary trading authority facilitates placing trades in your accounts on your behalf so that we may promptly implement the investment policy that you have approved in writing.

#### **Limited Power of Attorney**

A limited power of attorney is a trading authorization for this purpose. You sign a limited power of attorney so that we may execute the trades that you have approved.

#### Voting Client Securities - Item 17

##### **Proxy Voting**

As set forth in your investment advisory agreement, LPCM does not undertake authority to vote proxies on securities on your behalf. Clients are expected to vote their own proxies and they will receive proxies and other solicitations directly from their asset custodian. In the event that LPCM inadvertently receives proxies on your behalf, LPCM will promptly forward the proxies to your address of record.

In accordance with its fiduciary duty to clients and Rule 206(4)-6 of the Advisers Act, LPCM has adopted and implemented written policies and procedures governing the voting of client securities to the extent it becomes applicable.

A copy of LPCM's written proxy voting policies and procedures, as well as a record of how LPCM has voted in the past (as applicable), will be maintained and available for review upon written request. Requests can be obtained by emailing [LPCM@libertyfs.com](mailto:LPCM@libertyfs.com).

When assistance on voting proxies is requested, LPCM will provide recommendations to the Client. If a conflict of interest exists, it will be disclosed to the Client.

#### Financial Information - Item 18

LPCM has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.

A balance sheet is not required to be provided because LPCM does not serve as a custodian for client funds or securities, and does not require prepayment of fees of more than \$1200 per client, and six months or more in advance.

## Business Continuity Plan

### **General**

LPCM has a Business Continuity Plan in place that provides detailed steps to mitigate and recover from the loss of office space, communications, services or key people.

### **Disasters**

The Business Continuity Plan covers natural disasters such as snow storms, hurricanes, tornados, and flooding. The Plan covers man-made disasters such as loss of electrical power, loss of water pressure, fire, bomb threat, nuclear emergency, chemical event, biological event, T-1 communications line outage, Internet outage, railway accident and aircraft accident. Electronic files are backed up daily and archived offsite.

### **Alternate Offices**

Alternate offices are identified to support ongoing operations in the event the main office is unavailable. It is our intention to contact all clients within five days of a disaster that dictates moving our office to an alternate location.

### **Loss of Key Personnel**

LPCM does not have a Business Continuation Agreement with another financial advisory firm to support LPCM in the event of John Pineman or Jeff Fanning's serious disability or death. Mr. Pineman and Mr. Fanning work geographically separate from one another and in the event of serious disability or death to either one, the other will take over sole management of the firm.

## Information Security Program

### **Information Security**

LPCM maintains an information security program to reduce the risk that your personal and confidential information may be breached.

### **Privacy Notice**

LPCM is committed to maintaining the confidentiality, integrity and security of the personal information that is entrusted to us.

The categories of nonpublic information that we collect from you may include information about your personal finances, information about your health to the extent that it is needed for the financial planning process, information about transactions between you and third parties, and information from consumer reporting agencies, e.g., credit reports. We use this information to help you meet your personal financial goals.

With your permission, we disclose limited information to attorneys, accountants, and mortgage lenders with whom you have established a relationship. You may opt out from our sharing information with these nonaffiliated third parties by notifying us at any time by telephone, mail, fax, email, or in person. With your permission, we share a limited amount of information about you with your brokerage firm in order to execute securities transactions on your behalf.

We maintain a secure office to ensure that your information is not placed at unreasonable risk. We employ a firewall barrier, secure data encryption techniques and authentication procedures in our computer environment.

We do not provide your personal information to mailing list vendors or solicitors. We require strict confidentiality in our agreements with unaffiliated third parties that require access to your personal information, including

financial service companies, consultants, and auditors. Federal and state securities regulators may review our Company records and your personal records as permitted by law.

Personally identifiable information about you will be maintained while you are a client, and for the required period thereafter that records are required to be maintained by federal and state securities laws. After that time, information may be destroyed.

A copy of our privacy policy notice will be provided to each client prior to, or contemporaneously with, the execution of the Advisory Agreement. Thereafter, the firm will deliver a copy of the current privacy policy notice to its clients on an annual basis. We will notify you in advance if our privacy policy is expected to change.

If you have any questions on this policy, please contact us by telephone at: 307-635-1827 or by email at: [LPCM@libertypfs.com](mailto:LPCM@libertypfs.com).

### Miscellaneous

#### **Class Action Lawsuits**

From time to time, securities held in the accounts of clients will be the subject of class action lawsuits. LPCM has no obligation to determine if securities held by the client are subject to a pending or resolved class action lawsuit. It also has no duty to evaluate a client's eligibility or to submit a claim to participate in the proceeds of a securities class action settlement or verdict. Furthermore, the firm has no obligation or responsibility to initiate litigation to recover damages on behalf of clients who may have been injured as a result of actions, misconduct, or negligence by corporate management of issuers whose securities are held by clients.

Where the firm receives written or electronic notice of a class action lawsuit, settlement, or verdict affecting securities owned by a client, it will forward all notices, proof of claim forms, and other materials, to the client. Electronic mail is acceptable where appropriate, and the client has authorized contact in this manner.

#### **Trade Error Correction Procedures**

On infrequent occasions, an error may be made in a client account. For example, a security may be erroneously purchased for the account instead of sold. In these situations, the firm generally seeks to rectify the error by placing the client account in a similar position as it would have been had there been no error. Unless prohibited by the Custodian and depending on the circumstances, various corrective steps may be taken, including among others canceling the trade or adjusting an allocation. Any losses resulting from error correction will be placed in LPCM's error correction account. Gains are maintained by Trust Company of America.

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