



**FORM ADV PART 2A**  
**DISCLOSURE BROCHURE**

Lucia Wealth Services  
13520 Evening Creek Drive North, Suite 300  
San Diego, CA 92128  
800-644-1150  
[www.luciacap.com](http://www.luciacap.com)

Date of Brochure: March 30, 2015

---

This brochure provides information about the qualifications and business practices of our firm. If you have any questions about the contents of this brochure, please contact our Chief Compliance Officer, Theresa Ochs by phone at 800-644-1150 or by email at [tochs@luciacap.com](mailto:tochs@luciacap.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 our firm is also available on the Internet at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can view our firm's information on this website by searching for RJL Wealth Management, LLC or Lucia Wealth Services. You may search for information by using the firm's name or by using our CRD number. The firm's CRD number is 152396.

\*Registration as an investment advisor does not imply a certain level of skill or training.

## Item 2 – Material Changes

This item provides information regarding specific material changes and a summary of such changes made to the Disclosure Brochure since the last annual update of the brochure which occurred in March 2014.

- RJI Wealth Management, LLC is now operating and doing business under the name Lucia Wealth Services (“LWS”).
- Owners and control persons of LWS are now members of Validus Growth Investors, LLC, a registered investment adviser.
- LWS has entered into a formal agreement with Schwab Advisor Services to offer the WCAM Private Client Program.

## Item 3 – Table of Contents

Item 2 – Material Changes .....	2
Item 3 – Table of Contents .....	2
Item 4 – Advisory Business .....	5
General Description of Primary Advisory Services .....	5
RBC Correspondent Services Resource II Program .....	6
RBC Correspondent Services Advisor Program .....	7
WCAM Private Client Program (Limited Offering) .....	8
SEI Asset Management Program (Closed to New Accounts) .....	8
Retirement Plan Services .....	9
Client Assets Managed by Lucia Wealth Services .....	10
Item 5 – Fees and Compensation .....	10
Fees for Financial Planning Services .....	10
Fees for Financial Consultation Services .....	10
Fees for Asset Management Services .....	11
Managed Portfolio Strategies (MPS) Program Fees .....	11
RBC Correspondent Services Resource II Program Fees .....	11
RBC Correspondent Services Advisor Program Fees .....	12
WCAM Private Client Program Fees .....	13
SEI Asset Management Program Fees (Closed to New Accounts) .....	13
Fees for Retirement Plan Services .....	14
Seminars .....	14
Additional Compensation .....	14
Item 6 – Performance-Based Fees and Side-By-Side Management .....	15

Item 7 – Types of Clients .....	15
Minimum Investment Amounts Required .....	15
Item 8 – Methods of Analysis, Investment Strategies, and Risk of Loss .....	15
Investment Strategies: .....	15
The Bucket Strategy® .....	15
Core/Satellite Asset Management .....	16
Fundamental Analysis .....	16
Asset Allocation .....	17
Risk of Loss .....	17
Item 9 – Disciplinary Information.....	17
Item 10 – Other Financial Industry Activities and Affiliations .....	18
Affiliation with Lucia Securities, LLC.....	18
Affiliation with Lucia Capital Management.....	18
Affiliation with Validus Growth Investors, LLC .....	18
Relationship with Affiliated Insurance Agency.....	19
The Bucket Strategy Advisor Network® .....	19
Item 11 – Code of Ethics, Participation in Client Transactions, and Personal Trading.....	19
Code of Ethics Summary .....	19
The Multi-Strategy Growth & Income Fund.....	20
Personal Trading Policy .....	20
Item 12 – Brokerage Practices .....	21
Arrangement with Lucia Securities, LLC and RBC Correspondent Services.....	21
Arrangement with Schwab.....	22
Aggregation of Client Orders – Block Trading Policy .....	23
Item 13 – Review of Accounts .....	23
Reviews for Clients of our Asset Management Services.....	23
Reviews for Clients through Affiliated Entities.....	24
Reviews for Financial Planning-Only Clients .....	24
Account Summary or Performance Reports.....	24
Item 14 – Client Referrals and Other Compensation .....	24
Client Referrals .....	24
Other Compensation .....	24
Item 15 – Custody .....	24

Item 16 – Investment Discretion ..... 25

Item 17 – Voting Client Securities ..... 25

Item 18 – Financial Information ..... 26

## **Item 4 – Advisory Business**

RJL Wealth Management, LLC doing business as Lucia Wealth Services (referred to as “Lucia Wealth Services”, the “Firm,” or “LWS” throughout this document) is an investment advisor registered with the United States Securities and Exchange Commission. The Firm is a limited liability company formed under the laws of the state of California and has been registered as an investment advisor since February 8, 2010. Lucia Wealth Services is 100% owned and controlled by RJL Holding Company, LLC (doing business as Lucia Capital Group), which in turn is owned by Raymond J. Lucia Jr. and Joseph P. Lucia. Our investment advisory services include financial planning and consulting, asset management, and seminars.

### **General Description of Primary Advisory Services**

We offer wealth management services including fee-based financial planning, consultation services for a fee, and asset management services to individuals, trusts, estates, private foundations, high net worth individuals and business owners with a primary focus on retirement and investment planning utilizing The Bucket Strategy®. The strategy places our focus on developing strategic investment plans that are independent of specific investment options.

The process begins with a thorough interview and data collection process to help our team understand, among other things, your short- and long-term financial objectives, risk tolerance, tax status, current investment holdings, and asset allocation. Our investment advisory team interprets the information gathered and formulates a hypothetical financial illustration utilizing The Bucket Strategy® and tailored to the individual needs of each client. This framework attempts to help investors understand the benefits of having an overall long-term investment approach while segmenting the portfolio into several strategies (or “buckets”) to budget for any combination of short-, mid-, and long-term goals. Our investment advisor representatives (“advisors”) will analyze current investment holdings as to their potential place in the strategy and typically make several recommendations for improvements to align the current portfolio with the proposed strategy. We also offer an annual review of your investment portfolio and an updated Bucket Strategy illustration in order to help determine possible modifications to your overall strategic asset allocation and withdrawal strategy.

Our advisors may recommend our fee-based Asset Management Services through the Managed Portfolio Strategies (MPS) program, a wrap-fee program sponsored by our Firm; programs offered through RBC Correspondent Services; and the WCAM Private Client Program available through Schwab Advisor Services. Asset management services through these programs involve providing clients with continuous and ongoing supervision over their accounts. This means accounts in the programs are continuously monitored and changes are made when necessary.

When making the determination of whether one of the advisory programs available through Lucia Wealth Services is appropriate for your needs, you should bear in mind that fee-based accounts through LWS, when compared with commission-based accounts through our affiliated broker/dealer, may result in lower costs during periods when trading activity is heavier, such as the year an account is established. However, during periods when trading activity is lower, such fee-based arrangements may result in a higher annual cost. The total cost for transactions under a fee account versus a commission account can vary significantly and depend upon a number of factors such as account size, amount of turnover (number of transactions), type and quantities of securities purchased or sold, and commission rates. You should have a conversation with your advisor and read this brochure carefully, as it explains our services in detail.

### **Financial Planning Services**

Lucia Wealth Services provides financial planning services in areas including, but not limited to, business planning, education, retirement planning, life insurance, estate planning, tax planning, and investments. Clients are asked to complete a Wealth Planning Worksheet and furnish documentation to assist our advisors in providing these services. One or more meetings may be required in order to gather all necessary information and determine the services best suited to help meet your needs. We also recommend that you work closely with your attorney, accountant, or other professionals regarding your financial and personal situation. You have sole discretion on whether or not to engage our firm for additional services. Further, you will have full discretion on whether or not to implement any financial planning

recommendations made by our advisors.

Our advisors will coordinate or consult with your outside counsel (e.g., attorney, CPA, accountant, etc.) as requested. Any consultation or coordination required will also be considered when determining your fee. Any fees charged by your outside counsel will be separate from the fees charged by our advisors and will be billed directly by them.

### **Financial Consulting Services**

You may contract with LWS for specialized, ongoing consultation services regarding investment matters and portfolio holdings.

### **Asset Management Services**

#### **Managed Portfolio Strategies (MPS)**

We provide fee-based Asset Management Services through the Managed Portfolio Strategies (MPS) program, a wrap-fee program sponsored by our Firm. Portfolios are designed to be custom tailored to meet your needs as they relate to your investment mix or Bucket Strategy. Once a client approves their Bucket Strategy and selects their asset allocation for their specific account to be invested in MPS, we select the model portfolio advisors and strategies to fulfill the desired mix of assets. The MPS program provides the flexibility to select separate account managers and invest separately in equities, mutual funds, exchange-traded funds, closed-end funds, bonds, cash equivalents, and other instruments. Asset management services through the MPS program involve providing continuous and ongoing supervision over your account. Under a wrap-fee program such as the MPS program, advisory services along with transaction, clearing, and custodial services are provided for one fee. This is different from non-wrap-fee management programs whereby services are provided for a fee, but transaction services are billed separately on a per-transaction basis. We retain a significant portion of the wrap fee charged, with the remainder paid to other firms we engage to help us manage assets and administer the program. We have formed relationships with affiliated and unaffiliated Investment Advisors to help us administer/manage accounts and formulate investment strategies. For a more detailed description of this program, please refer to the Managed Portfolio Strategies Wrap-Fee brochure.

### **RBC Correspondent Services Resource II Program**

LWS has entered into an agreement with RBC Correspondent Services, a division of RBC Capital Markets, LLC Member NYSE/FINRA/SIPC ("RBC CM"), whereby RBC CM will provide certain investment advisory and/or other services to clients and LWS through the Resource II Program ("Program"). Your advisor will develop investment guidelines based on the information you provide and select Investment Managers available through the Program.

In general, a minimum initial account value of \$50,000 in investable assets is required under this Program. The Program is available for both non-retirement and retirement accounts, including individual retirement accounts (IRAs).

Upon execution of the Resource II Program Agreement, your advisor will help you establish a brokerage account through Lucia Securities, LLC, and RBC CM will act as the qualified custodian for your account.

One or more of the Investment Managers participating in the Program will provide discretionary management services subject to your investment guidelines. Alternatively, one or more investment managers may provide an investment model or model portfolio to RBC CM to manage your account on a discretionary basis. If a model portfolio is selected, your account will be invested in accordance with the model portfolio provided and subject to your investment guidelines. Only one investment manager or model portfolio may be selected per account.

Our advisory services in connection with the Program include helping you develop your investment guidelines and consulting with you as to which investment manager(s) to choose. LWS does not provide any discretionary management services under this program. RBC CM advisory services in connection with this program is limited to selecting and monitoring investment managers for the program; however, if model portfolios are selected by the client, RBC CM will have discretionary authority to buy or sell stocks, bonds, and other securities in your account. When investment managers are selected, you will grant the investment manager discretionary authority to buy or sell stocks, bonds, or

other securities in your account.

For a complete description of the Program, you should refer to the RBC Correspondent Services Resource II Disclosure Document, Form ADV Part 2A Appendix 1, Wrap-Fee Program Brochure ("Brochure"). You will receive a copy of the Brochure prior to, or upon, entering into an agreement for Program services and will also be offered a copy of the Brochure at least annually.

### **RBC Correspondent Services Advisor Program**

The Advisor Program is sponsored by RBC Capital Markets, LLC, Member NYSE/FINRA/SIPC ("RBC CM") and offered by RBC Correspondent Services ("RBC CS"), a division of RBC CM. In the Advisor Program, you engage LWS to provide investment advisory and other services. LWS has entered into an agreement with RBC CS whereby RBC CM and RBC CS will provide certain services to you and LWS. The Advisor Program is a customized investment consulting program through which you may receive non-discretionary advice for investing in eligible securities as recommended by your advisor.

In general, a minimum initial account value of \$25,000 in investable assets is required under this program. The program is available for both non-retirement and retirement accounts, including individual retirement accounts (IRAs). The program provides for non-discretionary management of your account, meaning you have sole discretion whether to accept or reject an investment strategy or any specific recommendation to purchase, sell, or redeem securities.

After you execute the Advisor Program Client Agreement and Advisor Program Terms and Conditions, your advisor will help you establish a brokerage account through Lucia Securities, LLC and RBC CM will act as the qualified custodian for your account. For brokerage execution and other services rendered under the Program, you pay LWS and RBC CS a single, quarterly Program fee based on the value of your account (regardless of the number of trades completed by you).

RBC CM and LWS require you to provide information sufficient to determine a risk profile ("Risk Profile"), which is intended to measure your investment time horizons and risk parameters. You may also establish written investment guidelines in addition to the Risk Profile, subject to acceptance by LWS. Eligible securities include mutual funds offered at their net asset value without any front-end or deferred sales charge and no-load funds. If the investment strategy will be implemented with mutual funds only, you select from the various eligible mutual funds and specify, in writing, the mutual funds in which the account assets are to be invested and the allocation among those funds. This written fund allocation may subsequently be modified by notifying your Financial Advisor.

In general, you may utilize the account or hold or execute transactions in any or all of the following types of investments: American depositary receipts (ADRs), closed-end funds, designated option strategies, publicly traded master limited partnerships (MLPs), rights and warrants, listed and unlisted stocks, certificates of deposit (CDs), corporate bonds, convertible bonds (domestic), government and agency bonds, municipal bonds, preferred stocks, treasury notes, treasury bills, treasury bonds, designated open-end mutual funds (both load-waived and no-load), designated unit investment trusts (UITs), and exchange-traded funds (ETFs).

Certain types of securities are ineligible and may not be purchased within a Program Account. Ineligible securities include, without limitation, annuities; commodities; currency options; foreign currency; foreign debt; foreign stocks and bonds that are not designated as eligible; futures; insurance products; limited partnership or other partnership interests that are not publicly traded; options that are not designated as eligible; open-ended and other mutual funds that are not designated as eligible including, without limitation, all class B and C shares; precious metals; private placements; UITs that are not designated as eligible; and alternative investments. This list is not exhaustive and is subject to change without notice.

Certain securities, such as annuities that are not designated as eligible and not held by RBC CM, may appear on your periodic activity statements for informational purposes only. These assets are not considered to be advisory assets covered under the Advisor Program Agreement and are not subject to the advisory fee.

Based on your advisor's understanding of your investment needs and objectives gained from the consultation process and the Risk Profile (and any additional investment guidelines), he or she will develop an appropriate investment strategy for the management of your account. You are responsible for promptly bringing to your advisor's attention any material changes in the information provided in the Risk Profile or your financial condition, as well as any additional written investment guidelines. Neither RBC CM, LWS, nor your advisor has discretionary authority with respect to the Advisor

Program account. You have sole discretion to accept or reject an investment strategy or any specific recommendation to purchase, sell, or redeem securities.

Your advisor may provide you with a performance evaluation of your account on a periodic basis ("Portfolio Review"). The Portfolio Review, generated by RBC CM, may include the performance of the account in terms of rate of return and compare the account's performance to that of selected benchmarks. RBC CM also provides you and LWS with the following reports of relevant activity in the account: trade confirmations reflecting all transactions effected with or through LWS and RBC CM (other than cash sweep transactions); monthly statements itemizing all transactions in cash and securities, showing all deposits and withdrawals of principal and income during the preceding calendar month, and listing securities held in the account (monthly statements may not be generated if there is no activity in the account during the month); and quarterly statements listing securities held in the account.

#### **WCAM Private Client Program (Limited Offering)**

Upon approval from LWS, certain advisors may offer you access to the WCAM Private Client Program. Clients participating in the WCAM Private Client Program may do so on a discretionary or non-discretionary basis. Clients will generally establish brokerage accounts directly with the Schwab Advisor Services division of Charles Schwab & Co., Inc. (Schwab), a FINRA-registered broker/dealer, member SIPC, to maintain custody of their assets and to effect trades for their accounts. LWS has entered into a formal agreement with Schwab Advisor Services whereby Schwab will provide certain services to you and LWS.

In certain cases, LWS may use the custodian or other broker/dealer(s) designated by the client to provide all clearing, trading, and brokerage services for the client account.

#### **WCAM Private Client Strategy (Discretionary)**

LWS provides personal discretionary investment management services to clients in its WCAM Private Client Program consisting of the active management of client accounts on an individualized basis. LWS may invest its clients' assets in exchange-traded or OTC traded securities, mutual funds, warrants, and corporate debt securities. LWS may also invest account assets in fixed-income securities and may do so through investments in indexed bond funds as well as individual fixed-income securities.

The WCAM Private Client Program begins with the development of an Investment Policy Statement that balances a client's overall financial objectives with the client's individual attributes, including risk, income requirements, liquidity requirements, and investment horizon. LWS often manages only a portion of a client's total investment portfolio, and the portion managed by LWS may be concentrated in one or a few asset categories.

Clients are under no obligation to implement the plan developed by LWS and may specify any investment restrictions upon opening the account or at any time thereafter. LWS will have discretionary trading authority to conduct trading activity in securities consistent with the Investment Policy Statement approved by the client, subject to any investment restrictions requested by the client. LWS will determine at its sole discretion the specific securities that will be treated as falling within any restricted asset category that may be designated by the client. In making this determination, LWS may rely on outside sources, such as standard industry codes and research from independent service providers.

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

#### **WCAM Private Strategy (Non-Discretionary)**

LWS provides non-discretionary investment management services to certain clients in its Private Client Advisory Program based upon specific objectives of the client, including buy or sell transactions directed by the client subsequent to direct dialog between the client and LWS for each transaction.

#### **SEI Asset Management Program (Closed to New Accounts)**

Your advisor may use SEI Asset Management's institutional asset allocation program in managing your account assets. Your advisor will assist you with establishing an SEI Program Account (Account) at SEI Trust Company (SEI). All transactions



in the Account will be processed and cleared through SEI. The SEI Program uses asset allocation portfolios developed by SEI Investments. The portfolios consist of the SEI Family of Institutional Mutual Funds (Mutual Funds) and other securities approved by SEI to be held in an account. Your advisor provides SEI with the asset allocation policy that you select for the Account.

The percentage allocation of Account assets among the applicable securities may vary significantly from the percentage allocation contemplated by your asset allocation policy due to such factors as increases or decreases in the value of shares of the securities; dividends, capital gains, or other distributions made in respect of shares of the securities; and deduction of Lucia Wealth Services' unpaid fees from the account. SEI acts as custodian on your account.

### **Retirement Plan Services**

LWS offers retirement plan services to retirement plan sponsors and to individual participants in retirement plans.

If you elect to utilize any of LWS's Fiduciary Management Services, then LWS will be acting as an Investment Manager to the Plan as defined by ERISA section 3(38) with respect to our Fiduciary Management Services, and LWS hereby acknowledges that it is a fiduciary with respect to its Fiduciary Management Services.

### **Non-Fiduciary Services**

Although an investment adviser is considered a fiduciary under the Investment Advisers Act of 1940 and required to meet the fiduciary duties as defined by the Advisers Act, the services listed here as non-fiduciary should not be considered fiduciary services for the purposes of ERISA since LWS is not acting as a fiduciary to the Plan as the term "fiduciary" is defined in Section 3(21) (A) (ii) of ERISA. The exact suite of services provided to a client will be listed and detailed in the Qualified Retirement Plan Agreement.

LWS provides the following Non-Fiduciary Retirement Plan Consulting Services:

- **Participant Education.** LWS will provide education services to Plan participants about general investment principles and the investment alternatives available under the Plan. LWS's assistance in participant investment education will be consistent with and within the scope of DOL Interpretive Bulletin 96-1. Educational presentations will not take into account the individual circumstances of each participant, and individual recommendations will not be provided unless otherwise agreed upon. Plan participants are responsible for implementing transactions in their own accounts.

Securities and other types of investments all bear different types and levels of risk. Those risks are typically discussed with clients in defining the investment policies and objectives that will guide investment decisions for their qualified plan accounts. Upon request, as part of our retirement plan services, we can discuss those investments and investment strategies that we believe may tend to reduce these risks for a particular client's circumstances and plan participants.

Plan participants must realize that obtaining higher rates of return on investments entails accepting higher levels of risk. Based upon discussions with the Plan Trustee or Administrator, we will attempt to identify the balance of risks and rewards that is appropriate and comfortable for the Plan and Plan participants. It is still the Plan Trustee or Administrator's responsibility to ask questions if they do not fully understand the risks associated with any investment. All Plan participants are strongly encouraged to read prospectuses, when applicable, and to ask questions prior to investing.

## **Client Assets Managed by Lucia Wealth Services**

As of December 31, 2014, client assets managed by Lucia Wealth Services totaled \$261,807,874 in discretionary accounts and \$237,006,546 in non-discretionary accounts. In addition, our investment advisor representatives, in their separate capacities as Lucia Securities, LLC registered representatives oversee \$1,254,292,703 of assets in non- discretionary, traditional commission-based accounts. All services provided through Lucia Securities, LLC are non- discretionary. Our investment advisor representatives, in their separate capacities as licensed insurance agents, oversee \$146,666,905 in fixed-annuity products.

## **Item 5 – Fees and Compensation**

In addition to the information provided in Item 4 – Advisory Business, this section provides details regarding fees and compensation arrangements.

### **Fees for Financial Planning Services**

Our financial planning fees are negotiable and are based upon the complexity of your financial situation, the services contracted for, and the knowledge and skill level required. Typically, the maximum charge will not exceed \$5,000. Financial planning fees are negotiable and may be reduced by the amount of additional advisory fees we retain or waived altogether. All fees will be disclosed and established in writing prior to any services being provided.

When a fee is charged for financial planning services, such fees are due upon completion and presentation of the plan. However, you may elect to pay us a retainer at the time the agreement for financial planning services is signed. In this case, the remaining balance will be due upon completion and presentation of the plan. Fees of more than \$1,200 will not be charged more than six months in advance. Either you or LWS may terminate the contract at any time by providing written notice. Termination will be effective upon the receipt of such notice and will be terminated without penalty. If you are not satisfied with the financial plan as presented, your advisor will attempt to revise the plan to your satisfaction. If you are still not satisfied, you can withhold payment or request a refund of any fees paid in advance.

### **Fees for Financial Consultation Services**

Fees for this service will generally not exceed \$10,000 per year and are negotiable based upon the complexity of your financial situation, the actual services provided, and any extraordinary expenses that may be incurred. The negotiated fee will be disclosed to you in advance. Fees will be billed quarterly, in arrears, and LWS will provide you with an invoice that will be due and payable within two weeks after it is issued.

Ongoing consultation services are contracted for on a yearly basis and can be renewed annually by executing a new client agreement. Either you or LWS may terminate these ongoing consultation services by providing written notice, and termination will be effective upon receipt. If terminated within five business days of signing the client agreement, services are terminated with no penalty. After five business days, you are responsible for payment of fees for time and effort expended through the date of termination. LWS will provide you with a statement showing the time expended through the date of termination, and the fees will be due and payable within two weeks from the date the fee invoice is issued.

You may incur additional charges including, but not limited to, mutual fund sales loads, 12b-1 fees and surrender charges as well as IRA and qualified retirement plan fees. However, LWS will not receive any portion of such commissions or fees. When solely providing consulting services, LWS is only compensated by the consulting fee described above and receives no other compensation in connection with your account.

As registered representatives of Lucia Securities, LLC, our investment advisor representatives may make purchase and sale recommendations and be named as representative of record on brokerage accounts that are included with planning and consultation services. When acting in these separate capacities, Lucia Securities (as a broker/dealer) and your advisor (as a registered representative) may earn commissions or 12b-1 fees when making transactions in securities, load mutual funds, variable life, variable annuity, and insurance products. Any transactions made in your accounts will be made only at your instruction and any commissions earned on securities or load mutual fund transactions may be offset against the planning or consultation fees charged. You will, however, be responsible for transaction ticket charges billed by Lucia

Securities.

As licensed insurance agents, our investment advisor representatives may recommend the purchase of fixed annuities, life insurance, or long-term care. In these instances, your advisor will earn a commission should you choose to invest in these fixed-insurance products. Any commissions earned on these purchases may be offset against the planning or consultation fees charged.

### **Fees for Asset Management Services**

Fees paid to your LWS Investment Advisor Representative for investment supervisory services and are typically 1.00% of the account value however we retain the discretion to negotiate fees on a client-by-client basis. The fees paid to your LWS Investment Adviser Representative are separate from and in addition to the program fees which are outlined in more detail below. In cases where you IAR receives a salary, your IAR's salary will be calculated based on the total amount of fees they generate for providing investment supervisory services.

### **Managed Portfolio Strategies (MPS) Program Fees**

As a sponsor of the Managed Portfolio Strategies program, LWS receives a portion of the platform fee. Lucia Securities, LLC receives a portion of the program fee for its brokerage services. From this portion, Lucia Securities, LLC will pay RBC Capital Markets, LLC an asset based fee. The platform fee may not exceed 0.95%. If you select optional tax management services, you will pay an additional fee to Placemark for this service. This is separate from the platform fee.

The annual management fee you pay cannot exceed 2.00%. Fees are negotiable based on a number of factors, which may result in you paying a fee which is less than the highest annual fee, or more or less than the fees paid by other Lucia Wealth Services clients. Your advisor will determine your fee based on a number of factors, such as the amount of assets we manage for you, the portfolio strategies selected, the number of accounts you open, and the relationship you have with your advisor.

Fees are payable quarterly in advance based on the asset value of your account(s) on the last calendar day of each calendar quarter. In the event that a deposit in excess of \$25,000 occurs mid-quarter, the fee for that quarter will be recalculated at quarter-end, and the account will be billed a second fee pro-rata, in arrears, on the additional deposits. In the event that a withdrawal in excess of \$25,000 occurs mid-quarter, the fee for that quarter will be recalculated at quarter-end and the account will be refunded the pro-rata fee that was attributable to the amount of the withdrawal. The Advisory Fee shall be automatically deducted from the Account on the first business day following the last business day of the quarter.

Under a wrap-fee program such as the MPS program, advisory services along with transaction, clearing, and custodial services are provided for one fee. This is different from non-wrap-fee management programs whereby services are provided for a fee, but transaction services are billed separately on a per-transaction basis. We retain a significant portion of the wrap fee charged, with the remainder paid to other firms we engage to help us manage assets and administer the program. For a more detailed description of this program, please refer to the Managed Portfolio Strategies Wrap-Fee brochure.

### **RBC Correspondent Services Resource II Program Fees**

You will be charged an annual fee as set forth in the Resource II Program Agreement. The Program fee is negotiable and set forth in the Program Agreement you sign at the time your account is established. RBC CM negotiates fee schedules with each investment manager and model provider. The portion of the Program fee paid by RBC CM to investment managers or earned by RBC CM as the overlay manager and paid to the model provider typically ranges from 0.04% to 0.75% of account assets under management. The portion of the program fee retained by RBC CM for advisory services, including overlay management services, typically ranges from the annual rate of 0.04% to 0.60% of account assets under management. Program fees that are not paid to investment managers and/or model portfolio providers or retained by RBC CM will be paid to LWS.

Fees will be calculated and payable quarterly in advance based on the value of the assets in the account as of the last business day of the preceding calendar quarter. The initial Program fee will be calculated on the value of the initial assets

in the account as of the effective date of the agreement and shall cover the initial calendar quarter pro-rated based on the number of remaining days in such quarter. The Program fee will be automatically deducted directly from your account unless you elect to be invoiced directly for the Program fees or to have the fees deducted from another brokerage account established through RBC Correspondent Services. The Program fee covers all investment advisory services rendered by LWS and/or RBC CM. The Program fee also covers commissions, mark-ups, and other transactional charges.

The Program fee does not cover certain brokerage expenses such as IRA fees; qualified retirement plan fees and other account maintenance fees; RBC CM's usual and customary transaction charges on the liquidation of assets not eligible for the Program; management and other fees on certain securities that may include open-end and closed-end mutual funds, UITs, and exchange-traded products such as exchange-traded funds (ETFs) and exchange-traded notes (ETNs); or Investment Access® account fees, where applicable. A more detailed summary of brokerage expenses not covered by the Program fee can be found in the Resource II Program Agreement.

You may terminate your Program Agreement with RBC CM and LWS at any time by written notice to LWS, which will in turn notify RBC CM. The Program Agreement will terminate upon RBC CM's receipt of your written notice of termination. LWS or RBC CM may terminate its Program Agreement with you upon written notice to the other parties, or upon the occurrence of certain events as described in the Program Agreement. If the Program Agreement is terminated prior to the last day of a calendar quarter, a pro-rated portion of the quarterly fee, based upon the days remaining in such quarter, paid in advance will be refunded to you.

### **RBC Correspondent Services Advisor Program Fees**

The Program fee may be negotiated between you and your advisor and is set forth in your Client Agreement. Generally, minimum initial account values will be required in accordance with the program's guidelines. You may pay higher or lower fees depending on considerations such as the size of your account, the amount of time you have had an account with LWS, the total amount of business you conduct through LWS, the types of securities and services provided, and other relevant criteria.

The Program fee includes compensation for investment advisory services rendered by your advisor such as an initial analysis of your investment objectives, periodic reviews, and consultation as to investment selection. The fee also includes custodial and execution services (including brokerage commissions) provided by RBC CM and other account-related services provided by RBC CM.

Your Program fees are calculated as a percentage of the account value. Fees are generally payable in advance on a quarterly basis and calculated based on our appraisal of the market value of the billable assets in the account as of the last business day of the preceding calendar quarter (or alternative quarter as elected). Under limited circumstances, clients may elect to be billed on an alternative quarterly cycle. Fees are assessed on all billable assets under management, including securities, cash, money market funds, RBC Bank Deposit Program balances, or Credit Interest Program balances. Fees are prorated for any billing period that is less than a complete quarter, and your fee may be adjusted proportionately based on the value of cash or securities added to or withdrawn from the account between billing periods. A portion of the fee, up to 0.50%, is retained by RBC CM for execution and other account-related services based on the size of the account and overall fee. The remainder of the fee is retained by LWS for advisory services based on the size of the account and overall fee.

You can elect to be invoiced for the amount of the fees, authorize us to deduct the amount of the fees from your account, or direct us to deduct the fees from another of your RBC CM accounts (provided the account is not a retirement account). Automatic fee deductions will be funded from available cash or the proceeds of the sale of securities in the account. If the Program Agreement is terminated prior to the last day of the quarter, a prorated portion of the Program fee paid by you, based upon the days remaining in the quarter, will be refunded to you as required by law.

Program fees do not cover certain additional fees for which you may be responsible. Such fees may include the following: commissions; markups; spreads and other transactional charges on securities transactions effected through or with brokers and dealers other than RBC CM and its affiliates; interest on debit account balances, where applicable; the entire public offering price (including underwriting commissions or discounts) on securities purchased from an underwriter or

dealer (including us and our affiliates) involved in a distribution of securities; bid-ask spreads; odd lot differentials; exchange fees; transfer taxes and other fees required by law; Investment Access Account fees, where applicable; Individual Retirement Account (IRA) fees; qualified retirement plan account fees and other account maintenance fees, where applicable; usual and customary transaction charges on the liquidation of assets not eligible for the Program; any contingent deferred sales charge assessed on the sale or liquidation of mutual fund shares, where applicable; check reordering costs and fees, where applicable; redemption fees imposed by certain mutual funds (see the fund prospectus for details); short-term trading charges for purchases and corresponding redemptions of certain mutual fund shares (see fund prospectus for details) made within short periods of time; management and other fees on certain securities, which may include open-end and closed-end mutual funds, UITs, and ETFs; RBC Express Credit (margin) interest; non-sponsored alternative investment processing and maintenance fees; safekeeping fees for physical securities; and RBC Bank Deposit Program fees.

Other account maintenance fees may apply, and certain investment products, such as closed-end funds, UITs, or ETFs, may incur management and operating expenses that are not covered by the Program fees. Refer to each investment product's disclosure document for a more detailed description of the fees and expenses you may pay as an investor.

Each mutual fund pays separate management fees and other fees and expenses as detailed in the fund's prospectus. Some of the fees and expenses are paid to and, where permitted under applicable regulatory requirements, may be retained by RBC CM or LWS for advisory, distribution, and/or other services. As a result, you may indirectly pay duplicate advisory and other fees in connection with such investments. Certain mutual funds may charge you redemption fees that are not imposed by RBC CM or LWS.

LWS will pay a portion of the Program fee to your advisor. This compensation may be more than your advisor would receive if you participated in another LWS or RBC CM program or paid separately for investment advice, brokerage, and other services. Therefore advisors may have a financial incentive to recommend the Program over other available services and programs.

You may terminate your Program Agreement with RBC CM and LWS at any time by written notice to LWS, which will in turn notify RBC CM. The Program Agreement will terminate upon RBC CM's receipt of your written notice of termination. LWS or RBC CM may terminate its Program Agreement with you upon written notice to the other parties, or upon the occurrence of certain events as described in the Program Agreement. If the Program Agreement is terminated prior to the last day of a calendar quarter, a pro-rated portion of the quarterly fee, based upon the days remaining in such quarter, paid in advance will be refunded to you.

### **WCAM Private Client Program Fees**

Annual fees for investment supervisory services in the WCAM Private Client Program are based on a percentage of assets under management and are typically 0.50% for fixed-income accounts and 1.00% for equity accounts, although we retain the discretion to negotiate fees on a client-by-client basis. Advisory fees are payable upon LWS's receipt of the assets in the account and are based upon the value of such assets as of the Effective Date of the Client Advisory Agreement (or, if such Effective Date is not a trading day for the New York Stock Exchange, then on the next following trading day), pro-rated for the remainder of the then-current calendar quarter. Thereafter, the advisory fee is payable quarterly on the first day of each calendar quarter and is based upon the value of assets under management in the client's account as of the last trading day of the immediately preceding calendar quarter. Advisory fees for assets invested for partial quarters are prorated and deducted quarterly, in advance, from the client's account. Pre-existing clients are billed in accordance with their client agreements.

### **SEI Asset Management Program Fees (Closed to New Accounts)**

SEI Program management fees (Management Fees) are payable quarterly, in arrears, based on assets under management at the end of the quarter. The maximum investment advisory fee paid to LWS for providing advisory services shall not exceed 1%. Management Fees are automatically deducted from your account. Each quarter, SEI will send you an account statement that will include a Management Fee Notification which will show the computed fee, any adjustments to the fee, an explanation of any adjustment, and the net Management Fee to be deducted later in the period from the



Account. You may terminate the SEI Program account at any time by notifying your advisor. Termination will be effective upon receipt of such notice. If services are terminated within five business days of executing the client agreement, services will be terminated without penalty. After the initial five business days, you may be responsible for payment of fees for the number of days services were provided by LWS prior to receipt of the notice of termination. Custodial fees and internal mutual fund expenses are separate from the LWS Advisor Fee, and LWS receives no portion of such fees and expenses. Complete details on the SEI fees and expenses are disclosed in SEI's Disclosure Brochure that will be given to all clients. The exact fee and/or fee schedule for your account will be disclosed in SEI's client agreement.

SEI Trust Company may charge a separate custodial fee for the custody services it provides. Mutual Funds held in the Account pay their own advisory fees and other expenses, which are explained in each Mutual Fund's prospectus. These fees and expenses are separate charges from the Account management fees.

### **Fees for Retirement Plan Services**

Fees for asset management services will be consistent with the program selected (Managed Portfolio Strategies Program, SEI Asset Management, RBC Resource II Program, or RBC Advisor Program). Fees for these programs are outlined in greater detail in the program descriptions above.

Either party may terminate services by providing written termination to the other party. If services are terminated within five business days of executing an agreement for services with us, services will be terminated without penalty. After the initial five business days, you will be responsible for the payment of fees for services completed prior to termination of services. If services are terminated mid-period, a prorated fee is charged based on the number of days that services were provided during that period. LWS will disclose, to the extent required by ERISA Regulation 2550.408b-2(c), to you any change to the information that we are required to disclose under ERISA Regulation Section 2550.408b-2(c)(1)(iv) as soon as is practical, but no later than sixty (60) days from the date on which we are informed of the change (unless such disclosure is precluded due to extraordinary circumstances beyond our control, in which case the information will be disclosed as soon as is practical).

In accordance with ERISA Regulation Section 2550.408b-2(c)(vi)(A), we will disclose within thirty (30) days following receipt of a written request from the responsible plan fiduciary or Plan Administrator (unless such disclosure is precluded due to extraordinary circumstances beyond our control, in which case the information will be disclosed as soon as is practical) all information related to the Qualified Retirement Plan Consulting Agreement and any compensation or fees received in connection with the Agreement that is required for the Plan to comply with the reporting and disclosure requirements of Title 1 of ERISA and the regulations, forms, and schedules issued thereunder.

### **If we make an unintentional error or omission in disclosing the information required under ERISA Regulation Section 2550.408b-2(c)(1)(iv) or (vi), we will disclose to you the correct information as soon as practical, but no later than thirty (30) days from the date on which we learn of such an error or omission. Seminars**

Our advisors may present seminars on general financial and investment topics or specifically on The Bucket Strategy®. These seminars will be presented at no charge.

### **Additional Compensation**

Our advisors may recommend transaction-based commission accounts through our affiliated broker/dealer, Lucia Securities, LLC and fixed annuity or other insurance-related products offered through RJI Insurance Services.

As registered representatives of Lucia Securities, LLC, our investment advisor representatives may make purchase and sale recommendations and be named as representative of record on brokerage accounts that are included with planning and consultation services. When acting in these separate capacities, Lucia Securities (as a broker/dealer) and your advisor (as a registered representative) may earn commissions or 12b-1 fees when making transactions in securities, load mutual funds, variable life, variable annuity, and insurance products. Any transactions made in your accounts will be made only at your instruction and any commissions earned on securities or load mutual fund transactions.

As licensed insurance agents, our investment advisor representatives may recommend the purchase of fixed annuities,

life insurance, or long-term care. In these instances, your advisor will earn a commission should you choose to invest in these fixed-insurance products.

We believe that offering a hybrid platform of both fee-based and commission-based investment options provides the flexibility for our advisors to determine the most cost-efficient investment strategies for you. You are under no obligation to invest and may choose to select all, some, or none of the investments we recommend.

Although we aggressively discourage activities that put your interests anywhere but first, our hybrid investment platform creates an inherent conflict of interest since you may invest in our fee-based asset management services and/or transaction-based commission accounts. We strive to eliminate conflicts through our Strategy First™ financial planning philosophy and strict adherence to our Code of Ethics.

When making the determination of whether one of the advisory programs available through Lucia Wealth Services is appropriate for your needs, you should bear in mind that fee-based accounts through LWS, when compared with commission-based accounts through our affiliated broker/dealer, may result in lower costs during periods when trading activity is heavier, such as the year an account is established. However, during periods when trading activity is lower, such fee-based arrangements may result in a higher annual cost. The total cost for transactions under a fee account versus a commission account can vary significantly and depend upon a number of factors such as account size, amount of turnover (number of transactions), type and quantities of securities purchased or sold, and commission rates. You should have a conversation with your advisor and read this brochure carefully, as it explains our services in detail.

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

Item 6 of the Form ADV Part 2 instructions is not applicable to LWS's brochure because LWS does not charge or accept performance-based fees (which can be defined as fees based on a share of capital gains on or capital appreciation of the assets held within a client's account).

### **Item 7 – Types of Clients**

We provide financial planning and asset management services primarily to individuals nearing retirement or already retired with an investment portfolio typically ranging from \$500,000 to over \$5,000,000. In addition, we also provide asset management services to high net worth individual individuals, pension plans, trusts, and charitable institutions, such as foundations that may be connected to our individual clients.

### **Minimum Investment Amounts Required**

Minimum investment amounts required are dependent on the program selected and range from \$25,000 to \$100,000. Exceptions to minimums may be granted for investments in the Managed Portfolio Strategies Program at the discretion of LWS.

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

The following section only applies to the selection of mutual funds and exchange-traded funds by an investment advisor representative in the MPS program.

Methods of analysis may include fundamental and technical analysis. The main sources of information include financial publications, inspections of corporate activities, research materials prepared by others, corporate rating services, annual reports, prospectuses, filings with the Securities and Exchange Commission, and company press releases.

Other sources of information that LWS may use include Morningstar mutual fund and ETF research, RBC Capital Markets research, outside consultants, and the internet.

### **Investment Strategies:**

#### **The Bucket Strategy®**

LWS utilizes an asset allocation and planning methodology called The Bucket Strategy®. The strategy segments your

portfolio into several categories called “buckets,” attempting to match various time horizons and the risk tolerance of each bucket category to achieve the overall long-term portfolio objective. At the strategy's core is the concept of matching assets to liabilities similar to traditional pension plan investment philosophy. Short-term liabilities or income needs are matched against short-term fixed income assets. Longer-term liabilities or income needs later in retirement are matched against long-term, growth-focused investments. The framework provides for an interactive process between you and your advisor in designing a unique portfolio. Time horizon, risk tolerance, total return assumptions, and number of “buckets” vary based on your unique situation and investment objectives. A typical Bucket Strategy will determine your proposed asset allocation across five categories: Lifetime Income, Income, Balanced Growth, Long-Term Growth and Alternatives.

Generally, each bucket category provides a framework for you and your advisor to define the related goals for each bucket. You may elect to add additional bucket strategies (sub-buckets) in each category or remove a category entirely based on your needs. In determining your bucket strategy, your advisor will also consider different account registrations for tax planning of withdrawals and investment selection, or to identify a specific asset class within a bucket category such as dividend-paying stocks.

Bucket categories are not intended to represent a specific model portfolio; rather, they provide you with a set of several goal-based investment strategies to assist in developing an overall target asset allocation. From this process, several investment options may be presented for each bucket category in whole or in part.

When implementing your Bucket Strategy, your advisor may recommend our fee-based Asset Management Services through the Managed Portfolio Strategies (MPS) program or programs offered through RBC Correspondent Services. You will pay an ongoing advisory fee for these services as outlined in the specific program description above. Your advisor may recommend transaction-based commission accounts through Lucia Securities, LLC, and fixed annuity or other insurance-related products offered through RJL Insurance Services. You are under no obligation to invest and may choose to select all, some, or none of the investments we recommend.

Maintaining a relationship with your advisor is important to the ongoing management of a Bucket Strategy and the various investment options you selected when the strategy was implemented. We offer to update the calculations and assumptions of your Bucket Strategy on an annual basis through our review process. During your review meeting, your advisor typically discusses the tracking and progress towards your overall long-term goals and objectives and reviews each investment as it relates to the various bucket categories. The review meeting often facilitates modifications to the long-term strategy based on your changing circumstances, rebalancing decisions, value averaging opportunities between bucket categories, and selection of new investment options.

### **Core/Satellite Asset Management**

LWS uses a core/satellite strategy for designing our equity portfolios. A core/satellite strategy allocates between a strategic, broadly diverse asset allocation and an actively managed, sometimes more concentrated investment strategy. A typical portfolio may consist of mutual funds, exchange-traded funds, and one (or more) actively managed sub-managed strategy.

### **Fundamental Analysis**

When managing assets in the WCAM Private Client Program, LWS will base its investment decisions on fundamental research by attempting to evaluate the intrinsic value and relative value of securities. This analysis includes evaluating economic and financial factors (including the overall economy, industry conditions, and the financial condition and management of the company itself) to determine if the company is underpriced (indicating it may be a good time to buy) or overpriced (indicating it may be time to sell).

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 stock.



## **Asset Allocation**

Rather than focusing primarily on securities selection in our WCAM Private Client Program, we attempt to identify an appropriate ratio of securities, fixed income, and cash suitable to the client's investment goals and risk tolerance.

## **Risk of Loss**

Investing in securities (including stocks, mutual funds, variable annuities, variable universal life insurance, REITs, private placements, and bonds) involves risk of loss. Further, depending on the different types of investments, there may be varying degrees of risk. You should be prepared to bear investment loss including loss of original principal.

Because of the inherent risk of loss associated with investing, our Firm is unable to represent, guarantee, or even imply that our services and methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate you from losses due to market corrections or declines. There are certain additional risks associated when investing in securities through our investment management programs.

- **Market Risk** – Either the stock market as a whole or the value of an individual company goes down, resulting in a decrease in the value of client investments. This is also referred to as systemic risk.
- **Equity (Stock) Market Risk** – Common stocks are susceptible to general stock market fluctuations and to volatile increases and decreases in value as market confidence in, and perceptions of, their issuers change. If you held common stock, or common stock equivalents, of any given issuer, you would generally be exposed to greater risk than if you held preferred stocks and debt obligations of the issuer.
- **Company Risk** – When investing in stock positions, there is always a certain level of company or industry-specific risk that is inherent in each investment. This is also referred to as unsystematic risk and can be reduced through appropriate diversification. There is the risk that the company will perform poorly or have its value reduced based on factors specific to the company or its industry. For example, if a company's employees go on strike or the company receives unfavorable media attention for its actions, the value of the company may be reduced.
- **Fixed-Income Risk** – When investing in bonds, there is the risk that issuer will default on the bond and will be unable to make payments. Further, individuals who depend on set amounts of periodically paid income face the risk that inflation will erode their spending power. Fixed-income investors receive set, regular payments that face the same inflation risk.
- **Options Risk** – Options on securities may be subject to greater fluctuations in value than an investment in the underlying securities. Purchasing and writing put and call options are highly specialized activities and entail greater-than-ordinary investment risks.
- **ETF and Mutual Fund Risk** – When LWS invests in an ETF or mutual fund, the client will bear additional expenses based on its pro rata share of the ETF's or the mutual fund's operating expenses, including the potential duplication of management fees. The risk of owning an ETF or mutual fund generally reflects the risks of owning the underlying securities the ETF or mutual fund holds.
- **Management Risk** – Your investment with our Firm varies with the success and failure of our investment strategies, research, analysis, and determination of portfolio securities. If our investment strategies do not produce the expected returns, the value of the investment will decrease.
- **Liquidity Risk** – Certain investments (such as certain REITs and private placements) are often illiquid, which means that the investments can be difficult to trade and consequently can limit a client's ability to sell the investments in a timely manner and at an advantageous price.

## **Item 9 – Disciplinary Information**

This item is not applicable to LWS's brochure because there are no legal or disciplinary events listed at Item 9 of the Form ADV Part 2 instructions that are material to a client's or a prospective client's evaluation of LWS's business or the integrity of LWS's management.

## Item 10 – Other Financial Industry Activities and Affiliations

LWS is **not** and **does not** have a related company that is a (1) municipal securities dealer, government securities dealer or broker, (2) investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or “hedge fund,” or offshore fund), (3) futures commission merchant, commodity pool operator, or commodity trading advisor, (4) banking or thrift institution, (5) accountant or accounting firm, (6) lawyer or law firm, (7) pension consultant, (8) real estate broker or dealer, or (9) sponsor or syndicator of limited partnerships.

### Affiliation with Lucia Securities, LLC

LWS is under common ownership with a full-service, introducing broker/dealer, Lucia Securities, LLC, member FINRA/SIPC. LWS and Lucia Securities, LLC are owned by RJL Holding Company, LLC dba Lucia Capital Group.

Advisor representatives of LWS may also be registered securities representatives with Lucia Securities, LLC. When placing securities transactions through Lucia Securities, LLC in their capacity as registered representatives of Lucia Securities, LLC, advisory representatives are allowed to earn sales commissions. Our advisor representatives will only recommend securities products to you if they feel such products are suitable and appropriate for your investment objectives.

Please refer to Item 12 – Brokerage Practices for additional information regarding Lucia Securities, LLC including conflicts of interest.

### Affiliation with Lucia Capital Management

RJL Capital Management, LLC dba Lucia Capital Management (“LCM”) is owned and controlled by Raymond J. Lucia Jr. and Joseph P. Lucia. As such, LCM is under common ownership with LWS and Lucia Securities. LCM serves as the investment advisor to the Multi-Strategy Growth & Income Fund (the “Fund”), a continuously offered, non-diversified, closed-end investment company registered under the Investment Company Act of 1940. The Fund is an available investment option for clients of LWS on a fee basis through the WCAM Private Client Program and, on a commission basis, through its affiliated broker/dealer, Lucia Securities, LLC. Prior to purchasing shares of the Fund, LWS clients must consent to the purchase; acknowledge compensation paid to LSL, LWS and LCM resulting from such purchases; and be given the right to withdraw their consent at any time. Further LWS has set limitations on the amount of the client’s net worth that may be invested in the Fund and has documented the basis for including the Fund as part of a client’s managed portfolio.

Therefore, investors in the Fund may also be clients of LWS or Lucia Securities; however, the Fund will be open to any investor meeting the Fund’s minimum investment levels. Clients of LWS and LSL pay the same Fund fees and sales charges as any other investor purchasing the Fund through an unaffiliated broker/dealer or investment adviser as outlined in the Fund’s prospectus.

In addition to serving as investment advisor to the Fund, LCM’s Chief Executive Officer, Raymond J. Lucia Jr., is also an officer of the Fund and serves on the Fund’s Board of Trustees. LCM’s President, Joseph P. Lucia, is also an officer of the Fund. LWS and LCM have an incentive and inherent conflict of interest to recommend and favor the Fund for the following reasons:

- Our officers and owners are personally responsible for the formation (including covering a significant portion of the start-up costs) of the Fund.
- LCM is the investment advisor to the Fund and receives a management fee for its services. Increases in Fund assets will result in increases in the management fee paid to LCM.

### Affiliation with Validus Growth Investors, LLC

Lucia Capital Group, the owner of LWS, is a member of Validus Growth Investors, LLC (“Validus”), a Registered Investment Adviser. While Validus does not directly manage any of the assets of LWS clients, its members and owner’s members will split their time in the operation of Validus that may otherwise be devoted to LWS. As such, they have an inherent conflict of interest.

### **Relationship with Affiliated Insurance Agency**

Raymond J. Lucia Jr. and Terrance Keyes are members of LLK Insurance Brokerage Services, LLC, doing business as RJI Insurance Services, an insurance agency. When your advisor determines that you may be in need of insurance products, they may sell you insurance products through their relationship with RJI Insurance Services. In addition, if an LLK Insurance Brokerage Services, LLC client is in need of financial planning or other advisory services, they may be referred to the LWS. Principal owners and other agents or employees of LLK Insurance Brokerage Services, LLC will not be compensated in any way by LWS for these referrals.

The amount of the advisory fee you pay is not increased due to this arrangement, and you are not obligated to use the services of LLK Insurance Brokerage Services, LLC or LWS. While LWS does not provide compensation for referrals from LLK Insurance Brokerage Services, LLC, LWS and LLK Insurance Brokerage Services, LLC are under common ownership and there is a benefit for the two firms to share clients.

### **The Bucket Strategy Advisor Network®**

LWS and Lucia Securities have entered into an agreement with First Allied Advisory Services, Inc. (FAAS), First Allied Securities, Inc. ("FASI" or "First Allied"), and Orange Capital Management, LLC ("OCM") to operate the Bucket Strategy Advisor Network® program. The Bucket Strategy Advisor Network® program ("BSAN" program) consists of wealth management strategies and marketing systems for wealth management of investment advisory client accounts. The BSAN program is available to certain registered representatives of First Allied who are investment advisor representatives of FASI, FAAS, OCM, or their own independently registered entities (BSAN IARs). OCM provides BSAN IARs with ongoing support including training advisors in wealth planning strategies including The Bucket Strategy® as well as coaching advisors in presentation techniques, software training, and practice management. In return for these services, LWS/LSL and OCM will be entitled to a portion of the compensation earned by BSAN IARs in accordance with a separate agreement between the BSAN IAR and OCM.

BSAN IARs may sell securities to clients for commissions in addition to providing advisory services. As registered representatives of First Allied, the BSAN IARs are required to use the services of FASI and FASI's approved clearing broker/dealers when acting in their capacity as registered representatives. FASI has a wide range of approved securities products on which FASI performs due diligence when selecting. Registered representatives of FASI are required to adhere to these products when implementing securities transactions through FASI. Commissions charged for these products may be higher or lower than commissions clients may be able to obtain if transactions were implemented through another broker/dealer. BSAN IARs are also required to use managed account programs approved by FASI and/or FAAS. When utilizing such managed account programs, the BSAN IARs will earn a fee. This fee is negotiable between the BSAN IAR and his/her clients. Fees charged for these programs may be higher or lower than fees that clients may pay if they were to utilize another investment advisor firm. The fees or commissions charged to clients are not increased as a result of the BSAN IAR's participation in this program.

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

### **Code of Ethics Summary**

According to the *Investment Advisers Act of 1940*, an investment advisor is considered a fiduciary. As a fiduciary, it is an investment advisor's responsibility to provide fair and full disclosure of all material facts. In addition, an investment advisor has a duty of utmost good faith to act solely in the best interest of each of its clients. LWS and its associated persons have a fiduciary duty to all clients. LWS has established a Code of Ethics which all associated persons must read. They must then execute an acknowledgment agreeing that they understand and agree to comply with LWS's Code of Ethics. The fiduciary duty of LWS and its associated persons to clients is considered the core underlying principle for LWS's Code of Ethics and represents the expected basis for all associated persons' dealings with clients. LWS has the responsibility to make sure that that your interests are placed ahead of its or its associated persons' own investment interests. All associated persons will conduct business in an honest, ethical, and fair manner. All associated persons will comply with all federal and state securities laws at all times. Full disclosure of all material facts and potential conflicts of

interest will be provided to you prior to services being conducted.

All associated persons have a responsibility to avoid circumstances that might negatively affect or appear to affect their duty of complete loyalty to their clients. This section is only intended to provide you with a description of LWS's Code of Ethics. If you wish to review LWS's Code of Ethics in its entirety, a copy may be requested from any of LWS's associated persons, and a copy will be provided promptly.

### **The Multi-Strategy Growth & Income Fund**

The Multi-Strategy Growth & Income Fund (the "Fund"), a continuously offered, non-diversified, closed-end investment company registered under the Investment Company Act of 1940 is an available investment option through Lucia Securities, LLC. Therefore, investors in the Fund may also be clients of LWS or Lucia Securities; however, the Fund will be open to any investor meeting the Fund's minimum investment levels. Due to the conflicts of interests which exist between LWS, Lucia Securities, and RJL Capital Management in operation of the Fund, the Multi-Strategy Growth & Income Fund is not available as an investment option in any LWS advisory program. If you purchase the Multi-Strategy Growth & Income Fund, you will not pay higher fees or commissions than other investors purchasing the Fund through unaffiliated broker/dealers.

### **Personal Trading Policy**

LWS or its associated persons may buy or sell securities or have an interest or position in a security for their personal account which they also recommend to clients. This presents a conflict of interest between our clients' investment interests and the interests of our personnel. Therefore, we have formed the following procedures to help monitor and control for conflicts of interest arising from our personal trading policies:

- LWS is, and shall continue to be, in compliance with The Insider Trading and Securities Fraud Enforcement Act of 1988.
- No associated person shall prefer his or her own interest to that of an advisory client.
- No person employed by LWS may purchase or sell the same security prior to a transaction or transactions being implemented for an advisory account.
- Associated persons shall not buy or sell securities for their personal account(s) where their decision is derived, in whole or in part, by information obtained as a result of his/her employment unless the information is also available to the investing public upon reasonable inquiry.

Your advisor may provide you with advice regarding real estate partnerships and other private placement investments. Such investments are illiquid, which means that the investments can be difficult to trade and consequently limit a client's ability to dispose of such investments in a timely manner and at an advantageous price. Additionally, such investments may not have registered pursuant to the Securities Act of 1933, and therefore the client will need to complete a subscription agreement showing the client is an "accredited" investor (as defined by applicable law and rules and regulations) and acknowledge that he or she has read and understands the private placement memorandum and is aware of the various risk factors associated with such an investment.

Your advisor may in the future or currently have personally invested in private placement investment they also recommend to you. This creates a natural conflict of interest in that their personal investment may motivate them to recommend the private placement investment over other private placement investments they have not personally invested in but that may be better suited for you or have better historical performance. To control for this conflict of interest, the advisor will disclose any personal investment interest they have in a private placement they recommend. Further, in accordance with the LWS Code of Ethics and Personal Trading Policy, advisors are required to attain written approval from LWS prior to personally investing in a private investment.

## Item 12 – Brokerage Practices

### Arrangement with Lucia Securities, LLC and RBC Correspondent Services

If you wish to implement LWS's financial planning and/or consulting advice, you are free to select any broker/dealer or investment advisor you wish. If you choose to have LWS's investment advisor representatives implement the advice in their capacity as registered representatives of Lucia Securities; through the Managed Portfolio Strategies (a wrap-fee program sponsored by LWS), or the RBC Correspondent Services Programs then LWS's affiliated broker/dealer, Lucia Securities, LLC, must be used. Advisors of LWS may be registered representatives of Lucia Securities, LLC and are required to use the services of Lucia Securities, LLC and its approved clearing broker/dealer when buying or selling commission based securities products.

All brokerage accounts established through Lucia Securities, LLC will be cleared and held at RBC Capital Markets, LLC, member NYSE/FINRA/SIPC, which acts as the qualified custodian. The decision to use RBC Capital Markets, LLC is based on Lucia Securities, LLC's arrangement with RBC Correspondent Services, a division of RBC Capital Markets, LLC that works exclusively with FINRA-member, introducing broker/dealers such as Lucia Securities, LLC. RBC Capital Markets, LLC is a wholly owned subsidiary of Royal Bank of Canada (RBC).

Lucia Securities, LLC has a wide range of approved securities products on which Lucia Securities, LLC performs due diligence prior to selection. Lucia Securities, LLC's registered representatives may only sell securities products that have been approved by Lucia Securities.

You should understand that not all investment advisors require the use of a particular broker/dealer or the use of a broker/dealer that is affiliated with the investment advisor. Our decision to require the use of Lucia Securities, LLC in the above programs is based on LWS's decision that we can provide efficient and cost-effective services through our affiliated broker/dealer. However, the use of an affiliated broker/dealer is an inherent conflict of interest between LWS and our clients because requiring our clients to use Lucia Securities, LLC as the broker/dealer allows Lucia Securities to retain brokerage revenue that would otherwise be retained by an unaffiliated broker/dealer. For example, Lucia Securities, LLC will retain a percentage of the overall management fee charged to clients through Managed Portfolio Strategies for the brokerage services it performs.

The requirement to use RBC Capital Markets, LLC (which is not affiliated with Lucia Securities, LLC and/or LWS) is based on the fact that Lucia Securities, LLC has established a clearing agreement with RBC Correspondent Services, a division of RBC Capital Markets, LLC, as its preferred clearing broker/dealer and qualified custodian. Because LWS and Lucia Securities, LLC are under common ownership and have some of the same executive officers and supervisors, the decision to use RBC Correspondent Services was mutually determined by Lucia Securities, LLC and LWS. The decision to use RBC Capital Markets, LLC is based on a comparison of RBC Capital Markets, LLC against other broker/dealers (including past experiences we have had with other broker/dealers), and is aimed at minimizing brokerage expenses and other costs while taking into account the offerings or services RBC Correspondent Services provides that Lucia Securities, LLC, LWS, or clients may require or find valuable.

There are some investment advisors that permit the use of multiple broker/dealers and permit clients to select the broker/dealer. LWS has considered the positive factors to this approach which include the ability to better negotiate brokerage costs such as transaction fees, the ability to better analyze speed of execution, and the ability to compare and negotiate services. However, LWS has determined that the use of Lucia Securities, LLC/RBC Capital Markets, LLC allows us to provide greater oversight as well more streamlined operational and trading services.

Commission and fee structures of various broker/dealers, along with services, research, and tools are periodically reviewed by LWS in order to evaluate the overall execution services provided by Lucia Securities, LLC and RBC Capital Markets, LLC. Accordingly, while LWS will consider competitive rates, it may not necessarily obtain the lowest possible commission and brokerage rates for your account transactions. Therefore, the overall services provided by Lucia Securities, LLC, RBC Capital Markets, LLC and Schwab are evaluated to determine the level of best execution provided to our clients. However, considering LWS requires use of the brokerage services of Lucia Securities, LLC and RBC Capital Markets, LLC in a majority of our programs, we may not be able to achieve the *most* favorable execution of client transactions, and therefore our practice of requiring the use of Lucia Securities, LLC and RBC Capital Markets, LLC in these

programs may cost you more money.

While you may be able to attain brokerage services with lower costs and expenses, you should be aware of some of the qualitative factors we consider in selecting Lucia Securities, LLC and RBC Capital Markets, LLC as part of our Managed Portfolio Strategies platform. These factors include, but are not necessarily limited to, the following:

- We are able to rely on the internal staff of Lucia Securities, LLC to provide supervisory, operations, trading, and other services.
- RBC Correspondent Services is able to provide numerous specialized service groups including designated support staff dedicated to servicing Lucia Securities, LLC and Managed Portfolio Strategies accounts and a training/educational department that provides online, telephone, and on-site training of RBC Correspondent Services products, tools, and offerings.
- The RBC Correspondent Services back-office system generates exception reports designed to monitor all aspects of brokerage accounts, including trading, money movement, transfers, and client account data. Client paperwork is processed through a secure electronic workflow and storage system.
- RBC Capital Markets, LLC's electronic trading platform provides a real-time order matching system, the ability to "block" client trades, and account balance and position information.
- Clients may access their account information over the internet, including balances, transactions, positions, statements, confirmations, and tax documents.
- Advisory fees can be calculated on aggregated account balances and are debited directly from client accounts.

#### Arrangement with Schwab

Clients who invest in the WCAM Private Client Program will generally establish brokerage accounts directly with the Schwab Advisor Services division of Charles Schwab & Co., Inc. ("Schwab"), a FINRA registered broker/dealer, member SIPC. LWS has entered into a formal agreement to provide services to LWS for accounts established through this strategy. Schwab makes products and services available to LWS that benefit the firm but may not directly benefit clients' accounts. These products and services assist us in managing and administering clients' accounts. They include investment research, both Schwab's own and that of third parties. LWS may use this research to service all or some substantial number of clients' accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab also makes available software and other technology that

- provides access to client account data (such as duplicate trade confirmations and account statements);
- facilitates trade execution and allocates aggregated trade orders for multiple client accounts;
- provides pricing and other market data;
- facilitates payment of our fees from our clients' accounts; and
- assists with back-office functions, record keeping, and client reporting.

Schwab also offers other services intended to help LWS manage and further develop its business enterprise. These services include

- educational conferences and events
- technology, compliance, legal, and business consulting;
- publications and conferences on practice management and business succession; and
- access to employee benefits providers, human capital consultants, and insurance providers.

Schwab may provide some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to LWS. Schwab may also discount or waive its fees for some of these services or pay all or a part of a third party's fees. Schwab may also provide LWS with other benefits such as occasional business entertainment of its personnel.

The availability of these services from Schwab benefits LWS because it does not have to produce or purchase them. LWS does not have to pay for Schwab's services so long as it keeps a certain amount of client assets in accounts at Schwab. The



minimum amount may give LWS an incentive to recommend that clients maintain their accounts with Schwab based on its interest in receiving Schwab's services that benefit its business rather than based on clients' interest in receiving the best value in custody services and the most favorable execution of clients' transactions. This is a potential conflict of interest. LWS believes, however, that its selection of Schwab as custodian and broker for the WCAM Private Client Program is in the best interest of its clients. It is primarily supported by the scope, quality, and price of Schwab's services (based on the factors discussed above) and not Schwab's services that benefit only LWS. LWS does not believe that maintaining clients' assets at Schwab in order to avoid paying Schwab quarterly service fees presents a material conflict of interest.

### **Aggregation of Client Orders – Block Trading Policy**

Transactions we implement for your accounts are generally effected independently unless the Firm decides to purchase or sell the same securities for several clients at approximately the same time. This process is referred to as aggregating orders, batch trading, or block trading and is used by the Firm when we believe such action may enhance efficiency, increase pricing power and ensure that all clients' accounts are executed with equal priority.

When we aggregate client orders, the allocation of securities among client accounts will be done on a fair and equitable basis. Typically, the process of aggregating client orders is done in order to achieve better execution, to negotiate more favorable commission rates, or to allocate orders among clients on a more equitable basis in order to avoid differences in prices and transaction fees or other transaction costs that might be obtained when orders are placed independently.

Under this procedure, transactions will be averaged as to price and will be allocated among our clients in proportion to the purchase and sale orders placed for each client account on any given day. When we determine to aggregate client orders for the purchase or sale of securities, including securities in which we may invest, we will do so in accordance with the parameters set forth in the SEC No-Action Letter, *SMC Capital, Inc.* It should be noted that we do not receive any additional compensation or remuneration as a result of aggregation.

For Managed Portfolio Strategies (MPS) accounts traded by Placemark Investments, Inc., Placemark will generally aggregate client orders rather than placing trades on an individual, account-by-account basis. Placemark will aggregate orders on a sponsor-by-sponsor basis. This means Placemark will place all trades for MPS accounts together and will not combine trades for MPS accounts with trades for accounts managed in other programs through Placemark. Placemark will allocate filled orders among accounts of the sponsor. Partially filled orders are generally allocated ratably among accounts. If an order is partially filled through a sponsor, only accounts of that sponsor will receive allocations from that partial fill. When client orders are aggregated, the allocation of securities among client accounts will be done on a fair and equitable basis for all MPS accounts.

Like our policy, the process of aggregating client orders is done in order to achieve better execution, to negotiate more favorable commission rates, or to allocate orders among clients on a more equitable basis in order to avoid differences in prices and transaction fees or other transaction costs that might be obtained when orders are placed independently. Under this procedure, transactions will be averaged by Placemark as to price and will be allocated among MPS clients in proportion to the purchase and sale orders placed for each client account on any given day.

## **Item 13 – Review of Accounts**

### **Reviews for Clients of our Asset Management Services**

Your advisor will contact you at least annually for the purpose of reviewing your accounts and determining if there have been changes in your financial situation or investment objectives. Any changes are then reported internally, as well as to the portfolio manager as necessary. Your quarterly statements will contain a written notification to contact us if there have been any changes in your financial circumstances or investment objectives or if you wish to impose any restrictions on the management of your accounts or to modify any existing restrictions. This notice will also provide you with a means through which such contact can be made.

Your advisor may hold more frequent reviews upon your request or if there have been changes within the market. Accounts managed by LWS are reviewed by your advisor on a regular basis, but at least quarterly.

### **Reviews for Clients through Affiliated Entities**

We offer to update the calculations and assumptions of your Bucket Strategy on an annual basis even though you may not select asset management services through LWS but implement investments through our affiliated entities.

### **Reviews for Financial Planning-Only Clients**

Reviews for financial planning-only clients will be performed on an as-needed basis for an additional negotiated fee.

### **Account Summary or Performance Reports**

Your advisor may provide you with a periodic account summary or performance report. Although the information provided on the summary or report has been retrieved from sources believed to be reliable, we urge you to compare the holdings listed on the custodian's statement to those listed on reports your advisor may deliver to you. You will receive statements at least quarterly from the qualified custodian at which your account is maintained. If any discrepancies are found, please contact us at (800) 644-1150.

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

### **Client Referrals**

LWS has entered into solicitor arrangements whereby LWS pays solicitors for referring individuals that may benefit from LWS' services. The arrangements are in compliance with federal and state regulations (as applicable) specific to the payment of compensation to referring parties (solicitors). The solicitation/referral fee is paid pursuant to a written agreement retained by both LWS and the referring party. The solicitor is required to provide prospective LWS clients with a copy of LWS's disclosure document and a solicitor disclosure statement at the time of solicitation. Solicitors are not permitted to offer clients any investment advice on behalf of LWS.

### **Other Compensation**

As disclosed in Item 10 – Other Financial Industry Activities and Affiliations, LWS's advisors or associated persons sell securities in their separate capacities as registered representatives of Lucia Securities, LLC. Some of the associated persons are also independently licensed insurance agents and sell insurance products. Commissions are earned when selling these products.

From time to time, LWS and/or Lucia Securities, LLC may receive expense reimbursement for travel and/or marketing expenses from distributors of investment and/or insurance products. Travel expense reimbursements are typically a result of attendance at due diligence and/or investment training events hosted by product sponsors. Marketing expense reimbursements are typically the result of informal expense sharing arrangements in which product sponsors may underwrite costs incurred for marketing, such as advertising, publishing, and seminar expenses.

Although receipt of these travel and marketing expense reimbursements are not predicated upon specific sales quotas, the product sponsor reimbursements are typically made by those sponsors for whom sales have been made or it is anticipated sales will be made. This creates a conflict of interest in that there is an incentive to recommend certain products and investments based on the receipt of this compensation instead of what is in the best interest of our clients. We attempt to control for this conflict by basing investment decisions on the individual needs of our clients.

## **Item 15 – Custody**

Custody, as it applies to investment advisors, has been defined by the SEC as having access or control over client funds and/or securities. In other words, custody is not limited to physically holding client funds and securities. If an investment advisor, or any of its affiliated companies, has the ability to access or control client funds or securities, the investment advisor is deemed to have custody for purposes of the Investment Advisers Act of 1940 and must ensure proper procedures are implemented.

Based on the SEC's definition, LWS and/or Lucia Securities, LLC are deemed to have custody over accounts managed by



LWS through the Managed Portfolio Strategies program. For these accounts, LWS and Lucia Securities, LLC have established the following procedures to comply with the SEC's Custody Rule:

- All client funds and securities are held at RBC Capital Markets, LLC, which serves as the qualified custodian, in a separate account for each client under that client's name.
- Clients, or independent representatives of clients, will direct, in writing, the establishment of all accounts and therefore are aware of the qualified custodian's name and address and the manner in which the funds or securities are maintained.
- Account statements are delivered directly from RBC Capital Markets, LLC to each client, or the client's independent representative, at least quarterly. Clients should carefully review those statements and are urged to compare the statements against reports received from LWS. When clients have questions about their account statements, they should contact LWS or the qualified custodian preparing the statement.
- In accordance with SEC regulations, LWS is subject to an annual surprise verification examination and Lucia Securities, LLC is subject to an annual internal control review.
- LWS must engage an independent, third-party accounting firm to perform an annual, surprise examination verifying the location of client funds and securities and ensuring accuracy of quarterly statements. When completed, the accounting firm's report will be available through the SEC's Investment Adviser Public Disclosure page at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can view our information on this website by searching for "RJM Wealth Management, LLC" or "Lucia Wealth Services." You can also search using the firm's CRD number. The CRD number for the firm is 152396.

An internal control report must include an opinion of an independent public account as to whether controls are in place as of a specific date, are suitably designed for our business operations, and are effectively meeting the control objectives relating to custodial services held by Lucia Securities, LLC on behalf of our clients. The accounting firm must also verify that funds and securities of which Lucia Securities, LLC is deemed to have custody are reconciled to a custodian (i.e. RBC Capital Markets, LLC). The internal control report is prepared by a third-party accounting firm that is not affiliated in any way with LWS and that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board (PCAOB).

### **Item 16 – Investment Discretion**

Upon receiving written authorization from you, LWS may provide discretionary investment advisory services for your accounts. Written authorization must be granted in the contract for services.

Generally speaking, when discretionary authority is granted, your advisor and LWS are given the authority to determine the type and amount of securities that can be bought or sold for your portfolio without obtaining your consent for each transaction. Written authorization, including limitations thereof, will be provided in the investment advisory agreement. Depending on the program, LWS may or may not have discretion over your assets. In some programs, LWS will not have discretion, but a third-party investment advisor, such as RBC Correspondent Services, will be provided with discretion.

When discretion is granted, clients maintain the ability to impose reasonable restrictions on the management of their accounts.

### **Item 17 – Voting Client Securities**

Placemark is responsible for voting all client proxies received from accounts through the Managed Portfolio Strategies program. Clients may retain the ability to vote proxies for their own accounts. Clients who initially assign proxy voting responsibilities to Placemark Investments, Inc. may revoke that authorization at any time in writing (addressed to LWS and Placemark Investments, Inc.), indicating another person who will vote proxies in the account(s) in question. In such cases, Placemark Investments, Inc. will not have the authority to vote such clients' securities and clients will receive their proxies or other solicitations directly from RBC Capital Management or the transfer agent of the security. For more information about Placemark Investments, Inc.'s proxy voting policies and procedures, please refer to the Placemark Investments, Inc. Form ADV Part 2A Disclosure Brochure.

LWS is responsible for voting proxies received from accounts invested in the WCAM Private Client Program. LWS has

adopted policies and procedures for voting proxies in these accounts. Lucia Wealth Services has selected an unaffiliated third party proxy research and voting service ("Proxy Voting Service"), to assist it in researching and voting proxies. With respect to each proxy received, the Proxy Voting Service researches the financial implications of the proposals and provides a recommendation to LWS as to how to vote on each proposal based on the Proxy Voting Service's research of the individual facts and circumstances and the Proxy Voting Service's application of its research findings to a set of guidelines that have been approved by LWS. LWS may determine to override any recommendation made by the Proxy Voting Service. In the event that the Proxy Voting Service does not provide a recommendation with respect to a proposal, LWS may determine to vote on the proposals directly.

Clients may obtain, free of charge, information on how their securities were voted or a copy of these Proxy Voting Policies and Procedures. You may request a copy by calling our Chief Compliance Officer, Theresa Ochs, at 800-644-1150 or by emailing her at [tochs@luciacap.com](mailto:tochs@luciacap.com).

### **Item 18 – Financial Information**

This item is not applicable to LWS's brochure. We do not require or solicit prepayment of more than \$1,200 in fees per client six months or more in advance. Therefore, we are not required to include a balance sheet for our most recent fiscal year. We are not subject to a financial condition that is reasonably likely to impair our ability to meet contractual commitments to our clients. Finally, LWS has not been the subject of a bankruptcy petition at any time.