



**FORM ADV PART 2A-APPENDIX 1**

**MANAGED PORTFOLIO STRATEGIES WRAP-FEE BROCHURE**

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This **Wrap Fee Program Brochure** provides information about the qualifications and business practices of Lucia Wealth Services and the Managed Portfolio Strategies program. If you have any questions about the contents of this brochure, please contact the Lucia Wealth Services Chief Compliance Officer, Theresa Ochs, at 800-644-1150 or [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 brochure was published in March 2014.

- RJL 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 now offers the WCAM Private Client Program as part of its advisory services.
- Lucia Capital Management, LLC and Validus Growth Investors, LLC are model portfolio advisers to the Managed Portfolio Strategies Program sponsored by LWS.

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## Item 4 – Services, Fees, and Compensation

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

Lucia Wealth Services provides investment advisory services other than the program described in this Wrap-Fee Program Brochure. A description of the other fee-based investment advisory services is available in the Lucia Wealth Services Form ADV Part 2A Disclosure Brochure. Lucia Wealth Services investment advisor representatives may also provide investment advice through their separate capacities as registered representatives of Lucia Securities, LLC, an affiliated broker/dealer, member FINRA/SIPC. In those capacities, Lucia Wealth Services investment advisor representatives may charge commissions on a per-transaction basis when implementing their advice on behalf of clients through Lucia Securities, LLC.

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®. 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 make several recommendations for potential improvements to align the current portfolio with the proposed 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; or private-client programs offered 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 program are continuously monitored and changes are made when necessary.

Our advisors may recommend transaction-based commission accounts through Lucia Securities, LLC and fixed-annuity or other insurance-related products offered through RJL Insurance Services. 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.

We believe that offering a hybrid platform of both fee-based and commission-based investment solutions provides the flexibility for our advisors to determine the most cost-efficient investment products 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 Lucia Wealth Services, when compared with commission-based accounts through Lucia Securities, LLC, 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-based 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.

### **Managed Portfolio Strategies Wrap-Fee Program**

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 you approve your Bucket Strategy and select your asset allocation for your specific account to be invested in the MPS program, your advisor will select the specific securities 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 unaffiliated investment advisors to help us administer/manage accounts and formulate investment strategies. It should be noted that we may only select Model Portfolio Advisors available through the Placemark platform. Therefore, there may be other Model Portfolio Advisors that are more appropriate or suitable for your investment needs that are not selected by our Firm and/or not available on the Placemark platform.

- We have entered into an Overlay Management and Services Agreement with Placemark Investments, Inc. (“Placemark”), an unaffiliated, SEC-registered investment advisor, to participate in their UMA Marketplace Program.
- We also select on a discretionary basis certain Model Portfolio Advisors to help create specific investment strategies and model portfolios. A Model Portfolio Advisor must pass our internal due diligence process prior to being approved for MPS. The Model Portfolio Advisor develops specific investment recommendations and provides trade signals to Lucia Wealth Services and Placemark. Placemark is responsible for accepting or rejecting the recommendations due to the fact that Placemark is provided discretionary trading authorization over all accounts to implement and execute the portfolios developed by Model Portfolio Advisors. Clients must grant Placemark discretionary trading authority on all accounts. You must grant us with discretionary authority to hire and fire selected Model Portfolio Advisors. Model Portfolio Advisors used by our firm will not have trading authorization or access to your accounts through MPS.
- Through the Personalized Fund Management allocation, your advisor may also create specific portfolios allocated solely to mutual funds and/or exchanged-traded funds and will be responsible for investment selection.

You will be provided copies of the Placemark Investments, Inc. Form ADV Part 2 Disclosure Brochure elected Model Portfolio Advisor(s) Form ADV Part 2 Disclosure Brochure(s) prior to investing and will be required to complete appropriate new account forms and client agreements provided by Placemark.

The Placemark Investments, Inc. UMA program provides an Overlay Portfolio Management process to coordinate trades among multiple investment managers within your account and screen for wash sale violations and loss harvesting opportunities across managers. As a result, Placemark is responsible for implementing day-to-day strategies, rebalancing, and trading activities. Placemark is responsible for the following services:

- Assistance with the ongoing management and supervision of program accounts
- Implementation and coordination of model portfolios and related recommendations received from Model Portfolio Advisors while seeking to minimize the likely deviation of the performance of accounts
- Account maintenance and periodical rebalancing to the allocation of investment options selected for each account as instructed or selected by the Lucia Wealth Services investment advisor representative and client
- Management of cash in each account including cash contributions, withdrawals, and security-specific cash flows
- Client-directed loss harvesting for taxable accounts without tax management upon request
- Initial investment of accounts and assistance with transition of assets deposited into the account
- Incorporating client-requested restrictions for specific securities and industry categories

Utilizing tools provided by Placemark, your advisor will determine the suitability of the asset allocation and investment options. Your advisor will then assist you in selecting an appropriate investment strategy and/or model portfolio provided by one or more of the Model Portfolio Advisors available through the program. Your advisor will review your information to evaluate your financial situation and investment objectives then make recommendations and manage your accounts accordingly.

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 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 Lucia Wealth Services are reviewed by your advisor on a regular basis, but at least quarterly. You have the ability to impose reasonable restrictions on the management of your accounts, including the ability to instruct Placemark and Lucia Wealth Services not to purchase certain securities. These restrictions are subject to the acceptance of Placemark and Lucia Wealth Services. Your beneficial interest in a security does not represent an undivided interest in all the securities held by the custodian, but rather represents a direct and beneficial interest in the securities that comprise the account. A separate account is maintained for you through RBC Capital Markets, LLC as the qualified custodian and you retain right of ownership of the account (e. g. right to withdraw securities or cash and receive transaction confirmations). Lucia Wealth Services is responsible for forwarding all necessary information and instructions to Placemark Investments, Inc.

### **Schedule of Fees**

You will be charged one management fee that consists of your advisor's fee as well as overlay manager (Placemark Investments, Inc.) fees, model portfolio advisor fees, program sponsor fees, and certain custody, brokerage, and trade execution fees.

As a sponsor of the 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.

### **Retirement Plan Services**

Lucia Wealth Services offers retirement plan services to retirement plan sponsors and to individual participants in retirement plans. For a corporate sponsor of a retirement plan, our retirement plan services can include, but are not limited to, the following:

## Fiduciary Management Services

If you elect to utilize any of Lucia Wealth Services' Fiduciary Management Services, then Lucia Wealth Services 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 Lucia Wealth Services hereby acknowledges that it is a fiduciary with respect to its Fiduciary Management 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.

## 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 Lucia Wealth Services 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.

Lucia Wealth Services provides the following Non-Fiduciary Retirement Plan Consulting Services:

- Participant Education. Lucia Wealth Services will provide education services to Plan participants about general investment principles and the investment alternatives available under the Plan. Lucia Wealth Services' 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.

Either party may terminate services by providing written termination to the other party. If services are terminated within five (5) 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.

Lucia Wealth Services 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.

### **Authorization to Deduct Advisory Fees**

Clients must authorize RBC Capital Markets, LLC to debit advisory fees on behalf of Lucia Wealth Services directly from their account(s). The advisory fee will be paid first from free credit balances in the account, second from the liquidation or withdrawal by Lucia Wealth Services or Placemark Investments, Inc. of the client's shares of any money market fund or balances in any money market account, and finally from the liquidation of other securities in the account. Any liquidation of securities will be made at the discretion of either Lucia Wealth Services or Placemark.

If approved by Lucia Wealth Services, you may pay the advisory fee directly rather than through a debit to your account. Any alternative method of billing may result in the imposition of additional charges to cover the administrative costs thereof.

### **Brokerage, Clearing, and Custody**

MPS accounts must be established through Lucia Wealth Services' affiliated broker/dealer, Lucia Securities, LLC.

Advisors of Lucia Wealth Services 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, LLC.

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 is based on Lucia Wealth Services' 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 Lucia Wealth Services and our clients because requiring our clients to use Lucia Securities, LLC as the broker/dealer allows Lucia Securities, LLC 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 Lucia Wealth Services) 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 Lucia Wealth Services 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 Lucia Wealth Services. 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; Lucia Wealth Services; 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. Lucia Wealth Services 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, Lucia Wealth Services has determined that the use of one brokerage platform (Lucia Securities, LLC/RBC Capital Markets, LLC) allows us to provide more streamlined operational and trading services. We consider the fact that allowing multiple brokerage arrangements would increase the need for additional internal staff and

technology, which may increase the overall fees we charge. By selecting one brokerage platform, Lucia Wealth Services is able to avoid additional compliance, recordkeeping, staffing, and technological costs that may be associated with implementing procedures designed to work with multiple brokerage platforms.

Considering all factors in relation to Lucia Wealth Services' structure and capacities, Lucia Wealth Services has concluded that requiring one brokerage platform (Lucia Securities, LLC/RBC Capital Markets, LLC) is a better policy than permitting multiple brokerage arrangements, including client-directed brokerage arrangements. If Lucia Wealth Services decides to permit other brokerage arrangements in the future, all clients will be made aware of the change in policy.

Commission and fee structures of various broker/dealers, along with services, research, and tools are periodically reviewed by Lucia Wealth Services in order to evaluate the overall execution services provided by Lucia Securities, LLC and RBC Capital Markets, LLC. Accordingly, while Lucia Wealth Services 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 and RBC Capital Markets, LLC are evaluated to determine the level of best execution provided to our clients. However, considering Lucia Wealth Services requires use of the brokerage services of Lucia Securities, LLC and RBC Capital Markets, LLC, 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 may cost you more money compared to advisory programs offered by other investment advisors.

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 offers 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.

### Aggregation of Client Orders

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 prove advantageous to clients.

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 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.

## **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, Lucia Wealth Services and/or Lucia Securities, LLC are deemed to have custody over accounts managed by Lucia Wealth Services through the Managed Portfolio Strategies program. For these accounts, Lucia Wealth Services 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 Lucia Wealth Services. When clients have questions about their account statements, they should contact Lucia Wealth Services or the qualified custodian preparing the statement.
- In accordance with SEC regulations, Lucia Wealth Services is subject to an annual surprise verification examination and Lucia Securities, LLC is subject to an annual internal control review.
- Lucia Wealth Services must engage an independent, third-party accounting firm to perform an annual, surprise examination verifying the location of client funds and securities and ensuring the 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 in place as of a specific date are suitably designed for our business operations and 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 not affiliated in any way with Lucia Wealth Services that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board (PCAOB).

## **No Agency Cross or Principal Transactions**

Principal transactions are not affected by Lucia Wealth Services or any other person (buying securities for itself or selling securities it owns to any client) in MPS accounts. No transactions are effected in which MPS client securities are sold to or bought from a commission-only brokerage account.

## Other Fees

Your advisor is compensated with a portion of the advisory fee. The amount of this compensation may or may not be more than that which they would receive if you paid separately for investment advice and brokerage/other services or participated in other programs offered by Lucia Wealth Services. Your advisor may therefore have a financial incentive to recommend the program over other programs and services.

Model Portfolio Advisors are compensated with a portion of the platform fee for strategies they develop. The amount of this compensation may be more or less than a Model Portfolio Advisor would receive if you paid separately for a Model Portfolio Advisor's investment advice or participated in other programs.

As the program sponsor, Lucia Wealth Services is compensated with a portion of the platform fee. The amount of this compensation may or may not be more than that which would be received by Lucia Wealth Services if you paid separately for Lucia Securities, LLC or other broker/dealer services or participated in other programs. Lucia Wealth Services may have a financial incentive to recommend the MPS program over other programs or services.

Lucia Securities, LLC and RBC Capital management are compensated for the brokerage, clearing, and custody services they provide. The amount of this compensation may or may not be more than that which would be received by those firms if you paid separately for their services or the services of other broker/dealers.

## Proxy Voting

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 Lucia Wealth Services 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.

Lucia Wealth Services generally does not provide proxy voting services and will not vote proxies on your behalf. You may consult with your advisor if you have questions or concerns regarding a proxy vote. While there are some investment advisors that will vote proxies and other corporate decisions on behalf of their clients, we have determined that taking on the responsibility for voting client securities does not add enough value to the services we provide to justify the additional compliance and regulatory costs.

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

### Opening an Account

To become a program participant, the *Managed Portfolio Strategies Agreement* must be executed. In addition, you will be required to establish a brokerage account through Lucia Securities, LLC. You must also execute an agreement with Placemark Investments, Inc. and complete the appropriate Placemark Investments, Inc. new account forms.

### Termination of Services

The Managed Portfolio Strategies Agreement may be terminated by any party at any time upon written notice to the other, effective no sooner than upon receipt of such written notice by the non-terminating party. Termination will not affect the liabilities or obligations of the parties under the agreement that arise from activities initiated or occurring prior to termination. If an account is liquidated as the result of a termination notice, account assets will be payable to you subject to normal brokerage settlement terms and fees. Upon termination of the agreement, Lucia Wealth Services, your advisor, and Placemark Investments, Inc., as the case may be, shall not be under any obligation whatsoever to recommend any action with regard to the investments in your account. Upon termination, it shall be your exclusive responsibility to issue instructions in writing regarding any assets held in your account. Notwithstanding anything to the contrary herein, you have the right to terminate services without fee or penalty within five (5) business days of the execution of the agreement.

After the initial five-day period, you will be entitled to a pro-rated refund of the pre-paid advisory fee for the applicable quarter based on the number of days remaining in the quarter after the effectiveness of termination.

### **Minimum Account Size**

Minimum investment amounts required are subject to the number of Model Portfolio Advisors selected in the MPS account and any subsequent minimum restrictions in the underlying securities to be purchased. Account minimums can range from \$25,000 for portfolios managed by your advisor consisting entirely of mutual funds and exchange-traded funds (ETFs) to \$100,000 for accounts containing a variety of mutual funds, ETFs, and Model Portfolio Advisor investment strategies. Exceptions may be granted to the minimum at the discretion of Lucia Wealth Services and in agreement with Placemark.

### **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 pension plans, trusts, and charitable institutions, such as foundations that are often connected to our individual clients.

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

The only Model Portfolio Advisors selected for managing your assets in the program are Advisory Representatives of Lucia Wealth Services and investment personnel of approved sub-advisors serving as Model Portfolio Advisors. We review each of the managers that provide the management services we offer before selecting a manager to be included in our program. We also conduct an annual review to ensure that the manager is still suitable for our programs. We call these processes “due diligence.”

Lucia Wealth Services is responsible for performing research on Model Portfolio Advisors in the MPS program. It should be noted that our pool of Model Portfolio Advisors is restricted by only using those Model Portfolio Advisors made available by Placemark. Our own internal research includes the screening and evaluation of the Model Portfolio Advisors and making such evaluations available to our investment advisor representatives. We use a multi-step process in researching Model Portfolio Advisors. Each Model Portfolio Advisor is evaluated on the basis of information provided by the Model Portfolio Advisor including descriptions of its investment process, asset allocation strategies employed, sample portfolios to review securities selections, and the Model Portfolio Advisor’s Form ADV Disclosure Brochure. We attempt to verify the information provided by comparing it to other data from publicly available data collection sources.

Depending on the services selected by your advisor, Lucia Wealth Services may provide you with performance reports for accounts held within the MPS program. We often request, but do not require, that Model Portfolio Advisors adhere to GIPS/CFA Institute standards, and every attempt is made to obtain performance information that is calculated on a uniform and consistent basis. Individual firms may provide information that does not entirely conform to these requirements. In most cases, performance data approved for client viewing will have been calculated based on a uniform and consistent standard. In the rare instance where this is not possible, the affected performance data should clearly indicate by specific disclosure that it was not calculated based on the uniform standard.

Model Portfolio Advisors are screened and selected using a number of criteria:

- Manager or management team tenure and experience
- Performance within peer group
- Portfolio turnover
- Expenses and costs of the Model Portfolio Advisor
- Individual face-to-face meetings with managers
- Participation in educational forums and conference calls offered by the Model Portfolio Advisor

Factors that determine the change of a Model Portfolio Advisor may include the following:

- Performance
- Change of ownership
- Strategic or tactical change away from a particular sector or asset class



- Costs

We rely on information obtained from the following sources when researching each Model Portfolio Advisor:

- Manager's Form ADV and accompanying documents
- Manager's website and other publicly available information
- SEC website

We reserve the right to terminate a Model Portfolio Advisor at any time for any reason.

By choosing to invest in one of our programs, you and your advisor are deciding which Model Portfolio Advisor or manager will make investment decisions for your account. Some of our strategies have only one Model Portfolio Advisor. Others give you the ability to choose from multiple managers. When deciding among managers for these accounts, your advisor will work with you to evaluate which manager(s) will best suit your financial needs and investment objectives.

### **Description of Other Advisory Services**

In addition to providing services through MPS, we provide advisory services in the form of financial planning services. Financial planning services do not involve the active management of your accounts but instead focus on your overall financial situation. Financial planning can be described as helping individuals determine and set their long-term financial goals through investments, tax planning, asset allocation, risk management, retirement planning, and other areas. The role of a financial planner is to find ways to help you understand your overall financial situation and help you set financial objectives.

We offer advisory services through RBC Correspondent Services programs, specifically the Resource II program and Advisor program. Both programs are wrap-fee programs similar to the MPS program, but they are non-discretionary. This means that your advisor does not have the authority to place trades in your accounts or change the Model Portfolio Advisors managing your accounts without your consent.

We offer advisory services on a limited basis through the WCAM Private Client Program, which is a wrap-fee program that may be offered 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.

We also have some clients that have accounts managed directly by SEI Investments. This service is generally not available to new clients, and many of these accounts are being moved to the MPS program or advisory programs offered through RBC Correspondent Services.

More detailed information about additional programs can be found in the Lucia Wealth Services ADV Part 2A brochure.

### **Advice on Certain Types of Investments**

Various investment strategies are provided through the MPS program; however, your advisor will select a specific investment strategy for you to focus on your specific goals and objectives. Depending on your individual needs and the strategy selected, investment recommendations will be made in, but not necessarily limited to, no-load mutual funds, funds at NAV, equity positions, exchange-traded funds (ETFs), fixed-income positions, municipal securities, and U.S. government securities.

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

Lucia Wealth Services does not charge or accept performance-based fees. Regulators have defined performance-based fees as charging fees based on a share of capital gains on or capital appreciation of the assets held within a client's account.

### **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.

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

### **Methods of Analysis**

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, 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 your advisor 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 plan will determine your proposed asset allocation across five categories: Lifetime Income, Income, Balanced, 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 to 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 RJI 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

Lucia Wealth Services 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 Lucia Wealth Services 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 7 – Client Information Provided to Portfolio Managers**

We will provide Placemark Investments, Inc. with all identifying information about your account and selected investment strategies (including non-public information). Non-public information includes your Social Security number, net worth, and annual income. Public information is information about you that is readily accessible to the public such as your name, phone number, and address.

We do not provide information to Model Portfolio Advisors because the advisors do not need such information to develop general investment strategies and model portfolios for our program.

For all accounts, your advisor will have access to all of the non-public information provided by you when opening your account.

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

It is the policy of Lucia Wealth Services to provide an “open channel” of communication between our advisors and their clients. You are encouraged to contact your advisor whenever you have questions about the management of your account. Model Portfolio Advisors and Placemark Investments, Inc. are generally not available for you to speak with; however, your advisor may be able to facilitate contact with Placemark Investments, Inc. or a Model Portfolio Advisor on your behalf.

### **Item 9 – Additional Information**

#### **Account Reviews and Reviewers**

Each Lucia Wealth Services investment advisor representative will contact his/her clients at least annually for the purposes of reviewing their accounts and determining if there have been changes in their financial situation or investment objectives. Any changes are then reported internally as well as to the portfolio manager, as necessary. At least quarterly, Lucia Wealth Services shall notify each client in writing to contact Lucia Wealth Services if there have been any changes in the client's financial circumstances or investment objectives, or if the client wishes to impose any reasonable restrictions on the management of the account or to reasonably modify any existing restrictions, and shall provide the client with a means through which such contact can be made.

The calendar is the main triggering factor, although more frequent reviews may also be triggered by changes in the client's circumstances, client request, or changes within the market.

Portfolio strategies and individual client accounts are reviewed by the client's Lucia Wealth Services investment advisor representative when quarterly statements are received. However, these accounts may also be reviewed monthly if there is account activity. Accounts managed by Lucia Wealth Services are reviewed by the client's Lucia Wealth Services investment advisor representative on a regular basis, but at least quarterly.

#### **Statements and Reports**

You will receive brokerage account statements from RBC Capital Markets, LLC on a monthly basis unless there is no trading activity in a 30-day period, in which case you will receive statements quarterly.

### **Disciplinary Information**

This item is not applicable to Lucia Wealth Services' brochure because there are no legal or disciplinary events listed at Item 9 of the Form ADV Part 2A instructions that are material to your evaluation of Lucia Wealth Services' business or the integrity of our management.

### **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 of the LWS Form ADV Part 2A – 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.

### **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. Lucia Wealth Services and its associated persons have a fiduciary duty to all clients. Lucia Wealth Services has established a Code of Ethics which all associated persons must read. They must then execute an acknowledgment indicating that they understand and agree to comply with Lucia Wealth Services’ Code of Ethics. The fiduciary duty of Lucia Wealth Services and its associated

persons to clients is considered the core underlying principle for Lucia Wealth Services' Code of Ethics and represents the expected basis for all associated persons' dealings with clients. Lucia Wealth Services has the responsibility to make sure 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 Lucia Wealth Services' Code of Ethics. If you wish to review Lucia Wealth Services' Code of Ethics in its entirety, a copy may be requested from any of Lucia Wealth Services' 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**

Lucia Wealth Services 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:

- Lucia Wealth Services 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 Lucia Wealth Services 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 investments 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 Lucia Wealth Services Code of Ethics and Personal Trading Policy, advisors are required to attain written approval from Lucia Wealth Services prior to personally investing in a private investment.

## **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**

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.

### **Financial Information**

This item is not applicable to this brochure. Lucia Wealth Services does not require or solicit prepayment of more than \$1200 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 clients. Finally, Lucia Wealth Services has not been the subject of a bankruptcy petition at any time.