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## ITEM 1: Cover Page

# PART 2A of FORM ADV: Firm Brochure

**LAMCO Advisory Services, Inc.**

*September 30, 2016*

This brochure provides information about the qualifications and business practices of LAMCO Advisory Services, Inc. If you have any questions about the contents of this brochure, please contact us at 407.585.1160 or [mlamoriello@lamcogroup.com](mailto:mlamoriello@lamcogroup.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 LAMCO Advisory Services, Inc. also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. Our firm's CRD number is 111727.



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## ITEM 2: Material Changes

LAMCO Advisory Services, Inc. has no material changes to report since our last disclosure brochure, dated 9/30/2015. If you are receiving this brochure for the first time, this section may not be relevant to you.

Each year LAMCO Advisory Services, Inc. will deliver a free updated brochure to our clients that includes a summary of material changes or a summary of material changes with an offer to provide a copy of the updated brochure and how to obtain it. This will be done within 120 days of our 9/30 fiscal year end.

Currently, our disclosure brochure may be requested by contacting Sally A. Hanley-Whitworth, Chief Compliance Officer at 407.585.1185 or [shanley@lamcogroup.com](mailto:shanley@lamcogroup.com).

Additional information about LAMCO Advisory Services, Inc. is also available at the SEC's website [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC's website also provides information regarding any persons affiliated with LAMCO Advisory Services, Inc. who are registered as investment advisor representatives of LAMCO Advisory Services, Inc.

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## ITEM 4: Advisory Business

LAMCO Advisory Services, Inc. (hereafter referred to as LAMCO) is a SEC-registered investment adviser with its principal place of business located at the following address:

**1525 International Parkway, Suite 2071  
Lake Mary, FL 32746**

LAMCO Advisory Services, Inc. began conducting business in 1991 and is wholly owned by The LAMCO Group, Inc.

LAMCO'S primary objective is to deliver unbiased, conflict-free investment advice to our clients. Today, we predominantly service clientele in three distinct market segments; Private Wealth, Qualified Retirement Plans, and Foundations & Endowments. As we discuss in detail below, while the specific services we provide will vary by the type of client, LAMCO consistently adheres to our core philosophy of independence, and is committed to providing the highest quality investment advice to our clients, their participants and beneficiaries.

The services LAMCO provides to its clientele may vary dependent upon the type of client(s) the service is provided to:

### **Private Wealth Clients (includes High Net Worth Individuals & Trusts)**

**Portfolio Management Solutions** – LAMCO provides clients with portfolio management solutions specifically tailored to the needs and circumstances of an individual client. A portfolio management solution consists of developing an investment strategy, implementing the strategy, and supervising the strategy.

**Developing an Investment Strategy** – LAMCO may consider a number of factors prior to developing an investment strategy for a particular client. These may include the following:

- Client's Return Objectives
- Client's Risk Tolerance
- Client's Time Horizon
- Client's Future Cash Flow Requirements
- Client's Asset Class Preferences
- Client's Restrictions

Once the investment objectives are determined for the portfolio, an Investment Policy Statement is designed to aid the client in understanding the general guidelines for managing the portfolio. In developing an investment strategy for a client, LAMCO may utilize a variety of management investment vehicles, including mutual fund shares, exchange traded funds, separately managed accounts and alternative investments, where appropriate.

**Implementing the Strategy** – Once an investment strategy is developed and agreed upon by the client, LAMCO will undergo a detailed investment manager screening process to identify suitable investment management vehicles. Once potential investment management vehicles are identified, further quantitative and qualitative research is performed to select the vehicles to be approved for use in the client's portfolio.

**Supervising the Strategy** – Once an investment strategy is implemented, the strategy is supervised on an ongoing basis and adjustments may be made when necessary.

#### **401(K) Plans, Pension Plans, Profit Sharing Plans & Other Employee Benefit Plans**

In the employee benefit area, LAMCO specializes in helping Plan Sponsors fulfill their fiduciary obligations and responsibilities to ensure that the well-being and sole interests of participants and their beneficiaries are the driving motivations in drafting, executing and implementing benefits of the Sponsor's 401K plan, pension plan, profit sharing plan or other employee benefit plan.

Some of the Services that LAMCO provides to Employee Benefit plans include the following:

- Review of current plan
- Plan design
- Continual monitoring of legal issues
- 404(C) compliance
- Review of current plan investment options
- Asset allocation
- Investment management selection
- Portfolio review and benchmark comparison
- Discretionary portfolio management
- Full Fiduciary discretionary plan management
- Participant education & communication
- Vendor & Platform Selection

#### **Charitable Organizations (including Foundations & Endowments) & Corporations**

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**Supervising the Strategy** – Once an investment strategy is implemented, the strategy is supervised on an ongoing basis and adjustments may be made when necessary.

In addition to the services provided above, LAMCO may also assist Foundations & Endowments in some of their administrative functions that are necessary, such as spending calculations.

### Assets Under Management

Clients may retain LAMCO on a discretionary or a non-discretionary basis. As of September 30, 2015, the amount of client assets under management was as follows:

<i>Discretionary:</i>	\$ 470,106,907
<i>Non-Discretionary:</i>	\$ 1,700,612,884
<b>Total</b>	<b>\$ 2,170,719,791</b>

## ITEM 5: Fees & Compensation

### LAMCO's Fee Schedule

The following is a general fee schedule. Fees are negotiable and LAMCO will individually determine the fee for each client based on a number of specific factors, which include, but are not limited to; asset size, complexity, number of meetings per year, services to be offered, and reporting requirements.

Fee Schedule		Annual Cost
\$0	\$5,000,000	1%
\$5,000,001	\$10,000,000	0.85%
\$10,000,001	\$25,000,000	0.75%
\$25,000,001	\$50,000,000	0.50%
\$50,000,001	\$100,000,000	0.40%

### **General Information about Fees**

- LAMCO will provide the client with a written disclosure of fees in the contract between LAMCO and the client. The fee charged by LAMCO will not exceed the fee agreed upon by the client in the written contract.
- Occasionally, upon client request, LAMCO will provide services for a flat fee as opposed to an asset based charge. Such situations will be individually negotiated.
- Clients should note that similar advisory services may (or may not) be available from other investment advisers for similar or lower fees.
- Under no circumstances does LAMCO require or solicit payment of fees in excess of \$1,200 more than six months in advance of services rendered.

### ***Billing for Portfolio Management Services***

Each client's account is billed quarterly in advance based upon the last day of the previous calendar quarter account value. For the first billing quarter, if an account is not opened at the beginning/end of a quarter, the fee will be based upon a pro-rata calculation of the aggregate market value of the client's assets under management.

Additional assets deposited into a client's account during the quarter may result in adjustments by LAMCO to a client's bill. A pro-rata fee based upon the number of days remaining in the current quarterly period may be assessed to the client. Based on certain circumstances, fee adjustments may be made for partial withdrawals; however, there are no adjustments for account appreciation or depreciation within a billing period.

LAMCO will either deduct fees from the client's custodial account directly or submit an invoice to the client. The client may select either billing method; however, if neither method is specified, the client's custodial account will be deducted.

### **Contract Termination Provisions**

The Client has five (5) full business days after entering into an adviser agreement, whether oral or in writing, in which to cancel and obtain a full refund.

Thereafter, a client agreement may be cancelled at any time, by either party, for any reason after receipt of 30-90 days written notice and the expiration of the notification period. Depending on the client agreement, the notification period can range from 30 to 90 days. Upon termination of any account, any prepaid, unearned fees will be refunded on a pro-rata basis.

### **Other Fees & Expenses**

In addition to the fees charged by LAMCO, there are other fees that client's may incur which are imposed by third parties and are not fees due to LAMCO. Below is a listing of those third party expenses:

**Third Party Charges** – LAMCO's fee does not cover certain CUSTODIAL OR EXECUTION costs or charges imposed by third parties, including odd-lot differentials, exchange fees, contingent redemption fees and transfer taxes mandated by law. A third party may also impose additional charges for special customized

services elected by their clients, including electronic fund and wire transfer fees, certificate delivery fees, and reorganization fees.

Trades in fixed income securities with broker-dealers may involve transaction charges in addition to LAMCO's fee. Other fees may include markups, markdowns, commissions, and dealer profits. Any dealer profit, commission, markup or markdown on principal trades will be separate from and in addition to, and will not reduce or otherwise offset, LAMCO's fee for your account.

LAMCO's fee does not cover certain costs or charges imposed by third parties, such as third-party mutual fund transaction fees on mutual funds transferred into a program account and then liquidated, certain contingent short-term redemption fees, American Depositary Receipt fees, exchange fees, and transfer taxes mandated by law.

**Retirement Plan Vendors** – With specific regard to retirement plans, LAMCO's fee does not cover certain recordkeeping, administration, audit or other costs associated with maintaining a qualified retirement plan. These charges are imposed by third parties under separate agreements with the plan or plan sponsor.

**Mutual Fund & Exchange Traded Funds (ETF) Fees** – In addition to LAMCO's fee, each mutual fund or ETF selected is subject to investment advisory, administrative, distribution, transfer agent, custodial, legal, audit, and other customary fees and expenses related to investments in investment companies, as set forth in the prospectuses of the funds. These fees and expenses are paid by the funds but ultimately are usually borne by fund shareholders by being included in the expense ratio of the fund. As such, they are in addition to LAMCO's fee. These fees and expenses are described in each fund's prospectus, and/or annual report. If the fund also imposes a sales charge, a client may pay an initial or deferred sales charge. Please note, however, that LAMCO normally only recommends funds with no sales charges. LAMCO does not receive any additional compensation if a sales charge is levied.

Mutual funds recommended by LAMCO may be available directly from the funds pursuant to the terms of their prospectuses and without paying LAMCO's fee. ETFs recommended by LAMCO may be available outside of LAMCO without paying LAMCO's fee, subject to applicable execution costs. Conversely, LAMCO may provide access to certain mutual funds, ETFs or share classes of funds that LAMCO clients may not be qualified to purchase outside of LAMCO. If an account leaves LAMCO, these investments may be liquidated or exchanged for the share class corresponding to the size of a client's individual investment in the fund. Further, to the extent that cash used for investment in a LAMCO recommended strategy comes from redemptions of mutual fund shares, ETFs or other investments outside of LAMCO's management, there may be tax consequences or additional costs from sales charges previously paid and redemption fees incurred. Such redemption fees would be in addition to LAMCO's fee on those assets.

LAMCO's fee may cost clients more or less than they would pay if they purchased the types of services included separately. Clients may be able to obtain some or all of the types of services available through LAMCO on a stand-alone basis from LAMCO or other firms. Factors that bear upon the cost include, among other things, the type and size of the account (and other accounts that clients may be able to combine to determine fee break-points), the historical and expected size or number of trades for an account, and the number and range of supplementary advisory and other services provided to an account. Accordingly, the client should review both the fees charged by the funds and our fees to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.



In certain instances, LAMCO's clients may retain the services of more than one advisor or broker on a portion or all of their assets. In these situations, it is the responsibility of the client to have agreed to pay a fee for their services via a separate agreement. This fee is additional to and separate from LAMCO's fee, even though it may also be paid from your account that LAMCO manages.

LAMCO's fee does not cover services provided by another financial advisor or broker unless specifically disclosed in our agreement.

**Wrap Fee Programs and Separately Managed Account Fees** – LAMCO does not sponsor a wrap fee program but we do offer clients the ability to participate in a platform through Fidelity Investments. The platform sponsor utilized by clients through Fidelity is Envestnet. Clients participating in separately managed account programs may be charged various program fees in addition to the advisory fee charged by our firm. Such fees may include the investment advisory fees of the independent advisers, which may be charged as part of a wrap fee arrangement. In a wrap fee arrangement, clients pay a single fee for advisory, brokerage and custodial services. Client's portfolio transactions may be executed without commission charge in a wrap fee arrangement. In evaluating such an arrangement, the client should also consider that, depending upon the level of the wrap fee charged by the broker-dealer, the amount of portfolio activity in the client's account, and other factors, the wrap fee may or may not exceed the aggregate cost of such services if they were to be provided separately. If a client uses a separate account manager that is not part of a wrap fee program, the separate account manager will disclose their fee in their ADV Part II which will be provided to the client when establishing the account. LAMCO will review with clients any separate program fees that may be charged to clients.

As discussed in Section 12, LAMCO does not receive any additional compensation from any wrap fee programs or separately managed accounts. LAMCO also does not receive any proprietary or third party research in connection with any soft dollar arrangements. All research is paid for by LAMCO in hard dollars.

## ITEM 6 – Performance-Based Fees & Side-by-Side Management

LAMCO Advisory Services, Inc. does not charge performance-based fees.

## ITEM 7 – Types of Clients

LAMCO Advisory Services, Inc. provides advisory services to the following types of clients:

- High net worth individuals
- Pension and profit sharing plans (other than plan participants)
- Charitable organizations
- Corporations or other businesses not listed above

LAMCO prefers to accept client's with a minimum portfolio size of \$1,000,000. Under certain circumstances, LAMCO may reduce its preferred minimum portfolio size.

## ITEM 8 – Methods of Analysis, Investment Strategies & Risk of Loss

### Methods of Analysis

The methods of analysis listed below are utilized by the members of LAMCO's Investment Committee. The Investment Committee is responsible for making asset allocation and manager selection decisions.

**Asset Allocation** – In developing Investment Strategies, LAMCO considers factors such as economic conditions, earnings, industry outlook, politics (as it relates to investments), historical data, price-earnings ratios, dividends, and general level of interest rates, and Risk-Premiums.

**Investment Management** – In the evaluation of Portfolio Managers, LAMCO uses both quantitative and qualitative research. In addition, the method of analysis used depends on the investment strategy and philosophy of the client and the style of the Portfolio Managers.

**Sources of Information** – LAMCO utilizes the general news media and publications. In addition, LAMCO uses both proprietary and purchased databases as well as material and investment research prepared by various investment managers. Lastly, LAMCO prepares and utilizes internal proprietary research reports.

### Investment Strategies

LAMCO generally recommends long-term investment strategies requiring a minimum of a three to five year time horizon. Also, the strategies used depends on the selected Portfolio Manager's and/or mutual fund's style, as dictated by the client's selection of said Portfolio Manager and/or mutual fund and the client's investment risk/return parameters.

In addition, the method of analysis used depends on the investment strategy and philosophy of the client and the style of the Portfolio Managers and/or mutual funds that the client has asked LAMCO to monitor.

1. **Mutual Funds** – When evaluating mutual funds, the LAMCO Investment Committee considers several factors, including:

The investment style (whether it is growth or small cap value, for instance), whether the mutual fund uses a passive methodology (i.e., one that seeks to match the performance of a benchmark or index), or actively manages portfolios. They consider how long the fund has been operating; the experience of the portfolio management team and how long the investment team has been in place and whether there has been consistency in personnel.

They consider assets under management, and whether the fund has the capacity to handle more, the number of securities typically held by the fund, performance after adjustment for risk, performance over various time periods compared to appropriate benchmarks and the level of volatility in the funds performance. They also analyze fund costs, the funds investment objective and how the investment team seeks to reach it.

The Committee also looks at the underlying assets in a mutual fund in an attempt to determine if there is significant overlap in the underlying investments held in another fund(s) in the client's portfolio. The Committee also monitors the funds in an attempt to determine if they are continuing to follow their stated investment strategy.

2. *ETFs* – When evaluating exchange traded funds, the LAMCO Investment Committee considers several factors, including:

The index or benchmark the ETF seeks to track and how successful the ETF has been in tracking its benchmark. They consider the investment performance over various time periods, the average number of shares traded and whether it can be bought and sold with little impact on price and the costs involved in purchasing and owning shares. They also consider how the ETF compares to similar ETFs offered by other companies, the investment objective, the approach taken by the investment team and the number of securities typically held by the ETF. The Committee also looks at the underlying assets in an ETF in an attempt to determine if there is significant overlap in the underlying investments held in another fund(s) in the client's portfolio. The Committee also monitors the ETF's in an attempt to determine if they are continuing to follow their stated investment strategy.

3. *Separate Account Managers* – When evaluating money managers, the LAMCO Investment Committee considers several factors, including:

Generation of Alpha, assets under management/capacity, number of holdings, investment style, investment approach, and investment implementation review. They also consider the stability and depth of investment personnel, performance composite criteria, business continuity/disaster recovery planning and compliance. Investment performance is reviewed, as well as portfolio risk statistics relative to the benchmark and peers portfolio holdings. The Investment Committee examines the experience, expertise, investment philosophies, and past performance of independent third-party investment managers in an attempt to determine if that manager has demonstrated an ability to invest over a period of time and in different economic conditions. They monitor the manager's underlying holdings, strategies, concentrations and leverage as part of our overall periodic risk assessment. Additionally, as part of the due-diligence process, they survey the manager's compliance and business enterprise risks.

4. *Client Directed Investment Mandate (CDIM)* – CDIM's are investment strategies or mandates which are initiated, established or maintained at the direction of the client. CDIM investments are treated as locked investments and changes can/will only be made when initiated by the client and at the express direction of the client.

CDIM investments can include, but are not limited to, individual securities, private investment partnerships, mutual funds, separate account managers, private real estate transactions, and restricted securities.

## Material Risks

All investments carry at least some degree of risk. Risk may include loss of some, or even all, of your investment. No particular type of investment, or approach to investing, is guaranteed to perform well, and there may be other investment vehicles, Portfolio Managers or approaches not offered by LAMCO that may perform as well or better. You should consider these factors carefully before deciding to invest. The most common risks associated with investing are described below:

- *Credit Risk* - Credit risk is an investor's risk of loss arising from a borrower who does not make payments as promised. Such an event is called a default. Other terms for credit risk are default risk and counterparty risk. Investor losses include lost principal and interest, decreased cash flow, and increased collection costs, which arise in a number of circumstances.

- *Interest Rate Risk* – Interest rate risk is the risk (variability in value) borne by an interest-bearing asset, such as a loan or a bond, due to variability of interest rates. In general, as rates rise, the price of a fixed rate bond will fall, and vice versa. Interest rate risk is commonly measured by the bond's duration.
- *Inflation Risk* – Inflation risk is an investor's risk arising from the loss of purchasing power over time. Inflation can erode the purchasing power of an asset. A longer the horizon for an investment strategy and a higher the inflation rate generally increase the inflation risk of an investment.
- *Market Risk* – Equity market risk represents the volatility the portfolio is likely to experience due to the volatility of stock prices. This is the category of risk most familiar to investors.
- *Liquidity Risk* – Liquidity risk refers to the inability to turn an asset into cash within the prescribed time horizon without impacting the value of the asset through discount or penalty.
- *Reinvestment Rate Risk* – Reinvestment Rate risk is one of the main genres of financial risk. The term describes the risk that a particular investment might be canceled or stopped somehow, that one may have to find a new place to invest that money with the risk being there might not be a similarly attractive investment available. This primarily occurs if bonds (which are portions of loans to entities) are paid back earlier than expected.
- *Call Risk* – The risk, faced by a holder of a callable bond, that a bond issuer will take advantage of the callable bond feature and redeem the issue prior to maturity. This means the bondholder will receive payment on the value of the bond and, in most cases, will be reinvesting in a less favorable environment (one with a lower interest rate).
- *Security Specific Risk* can be found in a portfolio that has a large allocation to a single security or a limited number of securities. In those circumstances, the success or failure of a select number of securities could have a meaningful impact, either positive or negative, on the portfolio. Again, active managers tend to concentrate their holdings in their highest conviction stocks. Successful selections result in reward while unsuccessful selections result in risk.
- *Equity Sector Risk* can be found in a portfolio that has made a significant allocation to a particular economic sector. Investors who were caught in the technology bubble of the late 1990's fell victim to Sector Risk by over allocating their portfolio to those types of stocks. While over and under allocation to sectors is employed as a tactic by many investment managers, common sense should be employed.
- *Counterparty Risk* – The risk to each party of a contract that the counterparty will not live up to its contractual obligations. Counterparty risk as a risk to both parties and should be considered when evaluating a contract.
- *Political Risk* – The risk that an investment's returns could suffer as a result of political changes or instability in a country. Instability affecting investment returns could stem from a change in government, legislative bodies, other foreign policy makers, or military control.
- *Currency Risk* – A form of risk that arises from the change in price of one currency against another. Whenever investors or companies have assets or business operations across national borders, they face currency risk if their positions are not hedged.

- *Fraud* – A willful breach of duty to the investor which results in a partial and/or total loss of investor capital and/or earnings.

By developing diversified portfolios LAMCO attempts to balance these risks, commensurate with client's overall objectives and risk tolerance. While all investments can have exposures to ALL risks, the chart on the following page highlights the risks most common to each asset class.

**NOTE:** This is not an all-inclusive list of the risks you could experience in an investment portfolio. Our intent is to provide you with a listing of the most common risks only.

	Market Risk	Credit Risk	Interest Rate Risk	Inflation Risk	Liquidity Risk	Reinvestment Rate Risk	Call Risk	Security Specific Risk	Currency Risk	Political Risk	Sector Risk	Counter Party Risk	Fraud Risk
Large Cap Domestic Equity	•							•			•		•
Small Cap Domestic Equity	•							•			•		•
Foreign Equity - Developed Markets	•							•	•	•	•		•
Foreign Equity - Emerging Markets	•							•	•	•	•		•
Commodities/Metals	•				•						•		•
Infrastructure	•							•					•
REITS	•		•		•			•			•		•
Hedge Fund Strategies	•				•							•	•
Short Term Fixed Income	•	•	•	•		•	•					•	•
Intermediate Term Fixed Income	•	•	•	•		•	•					•	•
Long Term Fixed Income	•	•	•	•		•	•					•	•
Inflation Protected Bonds	•	•	•			•	•					•	•
High Yield	•	•	•	•	•	•	•	•				•	•
Foreign Bonds - Developed Markets	•	•	•	•	•	•	•	•	•	•		•	•
Foreign Bonds - Emerging Markets	•	•	•	•	•	•	•	•	•	•		•	•
Convertible Bonds	•	•	•	•	•	•	•	•				•	•
Preferred Securities	•	•	•		•			•				•	•
Private Equity	•				•							•	•
Private Real Estate	•				•							•	•

In addition to the asset class specific risks listed above, there are also risks that are unique to the various investment vehicles available. Those risks are discussed below:

- *ETFs and ETN's* – A risk of an ETF analysis is that, as in all securities investments, past performance does not guarantee future results. A manager who has been successful may not be able to replicate that success in the future. In addition, as we do not control the underlying investments in an ETF, managers of different funds held by the client may purchase the same security, increasing the risk to the client if that security were to fall in value. There is also a risk that a manager may deviate from the stated investment mandate or strategy of the ETF, which could make the holding(s) less suitable for the client's portfolio. LAMCO may recommend the use of an ETN, an exchange traded note. In addition to the risks of an ETF, and ETN may also expose clients to counter party risk.

There are special risks associated with ETFs, such as: ETF shares are not individually redeemable. The market price of ETF shares may differ from the net asset value. An active trading market for ETF shares may not exist and if it does exist, it may not be maintained over time. Trading of ETF shares may be halted by regulators under certain circumstances.

Certain ETFs may have elected to be treated as partnerships for federal, state and local income tax purposes. Accordingly, if you own one of these ETFs, you will be taxed as a beneficial owner of an interest in a partnership. Tax information for such ETFs will be reported to you on an IRS Schedule K1.

You should consult your tax advisor in determining the tax consequences of any investment, including the application of state, local or other tax laws and the possible effects of changes in federal or other tax laws.

- *Mutual Funds* – A risk of mutual fund analysis is that, as in all securities investments, past performance does not guarantee future results. A manager who has been successful may not be able to replicate that success in the future. In addition, as we do not control the underlying investments in a fund, managers of different funds held by the client may purchase the same security, increasing the risk to the client if that security were to fall in value. There is also a risk that a manager may deviate from the stated investment mandate or strategy of the fund, which could make the holding(s) less suitable for the client's portfolio.
- *Third Party Money Managers* – A risk of investing with a third-party manager who has been successful in the past is that he/she may not be able to replicate that success in the future. In addition, as we do not control the underlying investments in a third-party manager's portfolio, there is also a risk that a manager may deviate from the stated investment mandate or strategy of the portfolio, making it a less suitable investment for our clients. Moreover, as we do not control the manager's daily business and compliance operations, we may be unaware of the lack of internal controls necessary to prevent business, regulatory or reputational deficiencies.
- *Hedge Fund* – In addition to the risks previously listed, hedge funds are not transparent and require oversight by an independent auditor and administrator. The opportunity for fraud or mismanagement of funds is increased.

## ITEM 9 – Disciplinary Information

Registered Investment Advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to the evaluation of LAMCO or the integrity of LAMCO's management. LAMCO has no disciplinary information to disclose.

## ITEM 10 – Other Financial Industry Activities & Affiliations

LAMCO has no relationship with any related party such as those listed below which may create a material conflict of interest for any client.

### *Relationship categories:*

- *Broker-dealer, Municipal Securities Dealer, or Government Securities Broker or Dealer*
- *Investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or "hedge fund," and offshore fund)*
- *Other Investment Adviser or Financial Planner*
- *Futures commission merchant, Commodity Pool operator, or Commodity Trading Advisor, Banking or thrift institution*
- *Accountant or accounting firm*
- *Lawyer or law firm*
- *Insurance company or agency*
- *Pension Consultant*
- *Real Estate Broker or Dealer*
- *Sponsor or Syndicator of Limited Partnerships*

## ITEM 11 – Code of Ethics, Participation or Interest in Client Transactions & Personal Trading

### Code of Ethics

LAMCO recognizes and respects the trust and confidence our client's place in us. LAMCO has established strict standards to ensure that the interest of our clients is always placed first.

LAMCO's code of ethics establishes standards of conduct that must be met by all LAMCO Advisory Employees.

Specifically, our code of ethics addresses the following:

- Standards of business conduct
- Compliance with federal securities laws and regulations
- Conflicts of interest
- Insider trading
- Personal securities transactions
- Protection of material non-public information
- Other outside activities
- Reporting violations
- Training and education
- Review and enforcement
- Restrictions on the acceptance of significant gifts
- Reporting of de minimus holiday gifts

Please note, a complete copy of our code of ethics will be provided to all clients upon request.

### Participation or Interest in Client Transactions

Nicholas J. Lamoriello is the President and Chief Executive Officer of the LAMCO Group, Inc., which owns LAMCO Advisory Services, Inc. (LAMCO). Independently from LAMCO's business, Mr. Lamoriello occasionally assists investors, some of which may be LAMCO clients, in organizing and administering investments in private placements or other private equity transactions. These client investments are not recommended by Mr. Lamoriello or LAMCO. Mr. Lamoriello does not charge investors a fee for such assistance, or participate as an investor with clients on these investments. LAMCO is not a party to these private transactions, nor do they charge a fee on these assets. Accordingly no inherent or perceived conflict of interest arises.

### Personal Trading

LAMCO does not recommend individual securities to its clients. However, LAMCO has access to information from the Portfolio Managers who do recommend securities to LAMCO clients. Owners, officers, directors and employees of LAMCO will be permitted to personally invest their own monies in mutual funds, individual securities and/or other similar vehicles, which may also be, from time to time, recommended to clients by the Portfolio Managers. Such investment purchases are independent of, and are not connected in any way, to investment decisions made on behalf of LAMCO's clients. Personal trading activities conducted by LAMCO and its owners, officers, directors and employees are monitored by Ms. Sally A. Hanley-Whitworth to ensure that such activities do not impact client security or create conflicts of interest. All owners, officers, directors and employees' personal securities transaction records will be maintained separately and independently from that of clients.



LAMCO does not permit insider trading. LAMCO has also adopted a firm-wide policy statement, outlining insider-trading compliance by LAMCO and its owners, officers, directors, and other employees. This statement has been distributed to all owners, officers, directors, and employees of LAMCO and has been signed and dated by each such person.

## ITEM 12 – Brokerage Practices

**Research and Other Soft Dollar Benefits** – LAMCO does not receive any proprietary or third party research in connection with any soft dollar arrangements. All research is paid for by LAMCO in hard dollars. LAMCO does not actively seek soft dollar arrangements from custodians, investment managers, or other service providers. Notwithstanding the foregoing, certain software providers have licensing agreements that are influenced by where asset custody is held. If LAMCO licenses the software from these providers, the fee LAMCO pays may be impacted by these arrangements. LAMCO neither actively solicits these benefits nor does it consider the existence of the financial impact of these arrangements when recommending a client custodian.

LAMCO does not maintain custody of client assets, which are maintained in a brokerage account at a “*qualified custodian*”, generally a broker-dealer or a bank.

**Private Wealth Clients** – All clients have the opportunity to select the custodian of their choice; if a client does not have a preferred custodian, LAMCO will generally use Fidelity as their custodian of choice for their Private Wealth Clients. Fidelity provides LAMCO with their institutional “*platform*” services. The platform services include, among others, brokerage, custodial, administrative support, record keeping and related services that are intended to support intermediaries like LAMCO Advisory Services, Inc. in conducting business and in serving the best interests of our clients.

Fidelity charges execution costs for effecting certain securities transactions. Fidelity enables LAMCO Advisory Services, Inc. to obtain many no-load mutual funds without transaction charges and other no-load funds at nominal transaction charges. Fidelity’s execution costs are generally considered discounted from customary retail execution costs. However, the execution costs charged by Fidelity may be higher or lower than those charged by other custodians and broker-dealers. In addition, through Fidelity, LAMCO has access to many institutional mutual funds which are not typically available to a Fidelity retail client.

A client may pay an execution cost that is higher than another qualified broker-dealer might charge to effect the same transaction. However, LAMCO may determine in consideration of all the services provided by Fidelity that the charge is reasonable and consistent with their ability to provide professional services, which help LAMCO in providing investment advisory services to our clients.

In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer’s services, including the value of research provided, execution capability, execution costs, and responsiveness. Accordingly, while LAMCO Advisory Services, Inc. will seek competitive rates, to the benefit of all clients, we may not always obtain the lowest possible execution costs for specific client account transactions.

Although most trades are executed through Fidelity if the client is using Fidelity as their custodian, there may be times when a separate account manager can get “*better execution*” to execute the trade elsewhere.

Since there is a “*trade-away*” fee involved each time this occurs, the separate account manager is notified and will only “*trade-away*” when they feel it is beneficial to the client.

As a matter of policy and practice, LAMCO Advisory Services, Inc. does not generally aggregate client trades and, therefore, we implement client transactions separately for each account as they occur. Consequently, certain client trades may be executed before others, at a different price and/or execution cost.

Additionally, our clients may not receive volume discounts available to advisers who block client trades. If a LAMCO client utilizes a separate account manager that LAMCO has recommended, it is likely that separate account manager will aggregate trades.

Fidelity also offers a managed account platform that utilizes Envestnet as a third party asset management provider which provides access to separate account managers at reduced minimums and fees, which otherwise may be unavailable to our clients.

Although LAMCO is continually reviewing the benefits and services of several custodians for our clients, we normally undertake a comprehensive custodial review every few years, whereby we meet with the top custodial candidates and receive formal proposals from each of them. Through our most recent due diligence, Fidelity was chosen to be the recommended custodian for our private wealth clients.

#### ***Charitable Organizations (Foundations and Endowments), and other Corporations***

While many of LAMCO’s corporate accounts are candidates for Fidelity’s custodial services, many of LAMCO’s Foundations and Endowments prefer to use local banks as custodians. Although LAMCO will always remain custodian neutral, we will explain how utilizing another custodian may result in not only higher custodial fees for the client but also may result in more expensive mutual fund share classes. However, regardless of the custodian chosen, LAMCO will negotiate on the client’s behalf to try to obtain lower fees for the client.

#### ***401(k) Plans, Pension Plans, Profit Sharing Plans and other Employee Benefit Plans***

While many Trustee-directed retirement plans are also good candidates for Fidelity’s custodial services, the custody and trading options for participant directed retirement plans can vary widely based on the size and demographics of the plan. Participant directed plans typically utilize a recordkeeping provider. This provider then coordinates the custody and trading of the plan’s assets, either internally or through a third party custodian. For our participant directed plans, LAMCO helps the client review the various recordkeeping vendors and platforms, provides cost comparisons, and assists the client in selecting the most appropriate recordkeeping platform for their plan.

## ITEM 13 – Review of Accounts

**REVIEWS:** While the underlying securities within Individual Portfolio Management Services accounts are continually monitored, individual client accounts are reviewed at least quarterly.

Accounts are reviewed in the context of each client's stated investment objectives and guidelines. More frequent reviews may be triggered by material changes in variables such as the client's individual circumstances, deposits or withdrawals by the client, or the market, political or economic environment.

These accounts are reviewed by one or more of the following employees:

- Mark Lamoriello, President
- Nick Lamoriello, Vice President
- William Hamer, Financial Consultant
- Robert Little, VP Investment Strategy & Research
- Charmaine Newbold, Director of Portfolio Operations & Reporting
- Sally A. Hanley-Whitworth, Executive VP Wealth Services/CCO
- Andrew Zito, Executive VP, Retirement Plan Services

Clients receive account statements and trade confirmations from the custodian of their choice no less frequently than quarterly. Some clients may also receive portfolio information online from the custodian's website. LAMCO issues periodic reports to clients regarding the asset allocation and performance of the Client's portfolio. The frequency these are sent is determined by the client.

## ITEM 14 – Client Referrals & Other Compensation

Our firm may pay referral fees to independent persons or firms ("Solicitors") for introducing clients to us. Whenever we pay a referral fee, we require the Solicitor to provide the prospective client with a copy of this document (our Firm Brochure) and a separate disclosure statement that includes the following information:

- the Solicitor's name and relationship with our firm;
- the fact that the Solicitor is being paid a referral fee;
- the amount of the fee; and
- whether the fee paid to us by the client will be increased above our normal fees in order to compensate the Solicitor.

As a matter of firm practice, the advisory fees paid to us by clients referred by solicitors are not increased as a result of any referral.

It is LAMCO Advisory Services, Inc.'s policy not to accept or allow our related persons to accept any form of compensation, including cash, sales awards or other prizes, from a non-client in conjunction with the advisory services we provide to our clients.

## ITEM 15 – Custody

We previously disclosed in the “*Fees and Compensation*” section (ITEM 5) of this Brochure that our firm directly debits advisory fees from client accounts.

As part of this billing process, the client's custodian is advised of the amount of the fee to be deducted from that client's account. On at least a quarterly basis, the custodian is required to send to the client a statement showing all transactions within the account during the reporting period.

Because the custodian does not calculate the amount of the fee to be deducted, it is important for clients to carefully review their custodial statements to verify the accuracy of the calculation, among other things.

Other than the sole purposes of debiting client fees directly, LAMCO does not have actual custody of client accounts.

## ITEM 16 – Investment Discretion

Upon request, LAMCO will manage client's portfolios with discretionary authority to purchase and sell securities such as mutual funds and exchange traded funds without obtaining the client's advance consent. Discretionary clients sign a written contract with LAMCO which limits LAMCO's access to client assets to the day to day portfolio management of securities. In no circumstances, other than the portfolio management discretion and the fee debit described in Item 5, does LAMCO accept the discretion to otherwise transfer or move current monies from their account to another account registration.

## ITEM 17 – Voting Client Securities

With the exception of those clients for whom LAMCO has accepted appointment as ERISA 3(38) Investment Manager, LAMCO typically does not have the authority and does not vote proxies on behalf of its clients. Clients maintain exclusive responsibility for directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted.

ERISA clients which are managed by separate account managers are required to have those managers vote proxies unless the trustees request the right to vote themselves, in writing. For participant directed plans that utilize mutual funds, the recordkeeping platforms typically forward proxies directly on to the participants. In the event the proxies are forwarded to the sponsor (who forwards them to LAMCO), and LAMCO is acting as a discretionary investment manager, LAMCO will vote the proxy on the client's behalf.

Non-ERISA clients who have accounts managed by separate account managers may request their separate account manager to vote proxies on their behalf. In the event the separate account manager does not vote the proxy or this is regarding a mutual fund or ETF, the client shall vote the proxy themselves.

Aside from what is listed above, LAMCO does not offer any consulting assistance regarding proxy issues to clients.

## ITEM 18 – Financial Information

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

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