

**FORM ADV Uniform Application for Investment Adviser Registration**  
**Part 2A, Appendix 1: Wrap Fee Brochure**  
**Item 1: Cover Page**

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*This wrap fee program brochure provides information about the qualifications and business practices of Liberty, LLC. If you have any questions about the contents of this brochure, please contact us at the phone number listed above. 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. Please note, where this brochure may use the terms "registered investment adviser" and/or "registered", registration itself does not imply a certain level of skill or training.*

*Additional information about Liberty, LLC and/or its representatives is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)*

## Item 2: Material Changes

On January 3, 2017 the investment advisory operations and client accounts of Liberty LLC were spun off into a newly created entity, Liberty Wealth Management, LLC (“LWM”). To maintain continuity of business operations, we may continue to do business as Liberty.

In December, 2016, Liberty Wealth Management, LLC entered into a custody and clearing arrangement with Fidelity Clearing and Custody Solutions.

In September, 2016, LWM hired Dennis Azary as its Chief Compliance Officer (“CCO”).

All other contact information remains the same. Please make a note of this for future correspondence.

This disclosure brochure represents the most up-to-date information regarding Liberty Wealth Management, LLC (“LWM” or “Liberty”). There have been no substantial changes since our last ADV filing. Questions regarding the firm may be addressed directly with Dennis Azary or David Hollander. Further information about the firm and its registered personnel may be obtained by visiting the SEC’s Investment Adviser Public Disclosure website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) or FINRA’s BrokerCheck website at <http://brokercheck.finra.org>.

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## Item 4 & 5: Services, Fees & Compensation/Accounts Requirements & Types of Clients

### GENERAL INFORMATION

Liberty Wealth Management, LLC (“Liberty” or “LWM”) is an SEC registered investment adviser. The firm also

maintains a FINRA registered broker-dealer by the same name. The firm provides an extensive range of advisory services internally through its Investment Advisers and through third party investment managers. Such services are provided on a discretionary and/or non-discretionary basis in both wrap fee and non-wrap fee accounts. This brochure describes Liberty’s wrap fee program. Liberty has established a wrap fee program in order to provide customers an alternative to our Fee Plus Commission option with an “all-in-one” pricing model. Clients who participate in this wrap fee program will only be charged one all-inclusive fee (on a quarterly basis) which includes trade execution, custody and asset management fees. Clients who elect this option will not be charged ~~separate brokerage commissions.~~

The Wrap Fee Programs permit clients seeking a range of investment options and services to combine asset management, brokerage, custodial and account reporting services for a single "wrapped" fee based on the value of client assets under management. The Wrap Fee Programs are available to individuals, trusts and small businesses as well as accounts subject to the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), and Section 4975 of the Internal Revenue Code of 1986, as amended (together "Retirement Accounts").

Clients participating in the Liberty Wrap Fee Account Option are strongly encouraged to review this disclosure brochure, account agreement, and similar forms of disclosure for a complete understanding of the fees and services rendered therein. Questions regarding such issues may be addressed directly with firm personnel.

### **Fee Plus Commission Alternative**

Liberty also provides non-wrap fee accounts with "unbundled" fees whereby investment management and advisory services are charged separately from brokerage, custodial and other fees and costs. Liberty offers a fee plus commission account, an alternative to the Wrap Fee Programs. The client pays an annual fee for advisory services, plus commissions for transactions in the client's account. In some accounts the client may pay a flat, base fee in addition to the annual percentage fee and commissions. Depending on trading activity, the client's objectives and particular circumstances, this arrangement may be of greater benefit than the Wrap Fee Programs to the client.

### **Choosing a Program**

You and your investment adviser should discuss which program is best suited for your particular financial situation. Generally, wrap fee programs favor portfolio strategies that employ more frequent trading. Fee plus commission programs may be more suited for "buy and hold" strategies where securities are traded on an infrequent basis. Our investment advisers are not compensated differently for clients electing the Wrap Fee or Fee Plus Commission Alternative, however the dollar amount of compensation may change based on the actual amount of transactions in your account.

### **ASSET MANAGEMENT SERVICES**

Initially, Liberty will consult with the client to identify and evaluate the client's financial situation, investment objectives and other financial needs, including any reasonable restrictions that the client may wish to place on management of the client's assets. The client and Liberty will then discuss the appropriate method for managing the client's account, which will include a determination as to whether the client's account will be managed on a discretionary or a non-discretionary basis, and a determination of the client's suitability for the Wrap Fee Program. The client may select a non-discretionary account under which Liberty provides investment recommendations to the client in accordance with client's stated investment objectives and guidelines and executes transactions in the client's account in accordance with the client's prior written or oral approval. A Liberty representative may custom tailor an investment portfolio specifically designed for the client.

The client may also select a discretionary form of account agreement whereby Liberty in its capacity as an investment adviser (or a third party investment manager) will manage client's

assets in accordance with the client's stated investment objectives and restrictions. Under the discretionary form of account agreement (the "Discretionary Manager Program Agreement"), the client agrees to provide limited trading authority to the manager(s) to invest the proceeds in the account without the client's express permission prior to every trade.

In addition to the foregoing, Liberty provides its clients with an extensive range of investment advisory services through the Wrap Fee Programs by the use of third party managers. The third party managers include SVL Investment Management ("SVL") and Envestnet Asset Management ("Envestnet") and Envestnet's contracted independent investment advisers.. Liberty may add other third party managers to the Wrap Fee Program. Envestnet also provides software programs and services to Liberty and Liberty may utilize such programs and services to manage a client's account. The services provided by the these third party managers and their fees, which are included in the Wrap Fee Program, are described below. Under both of these options, NFS provides custody, clearing and brokerage services. NFS also provides software under the MAS Program.

### **ADVISORY FEES**

Included in the Wrap Fee charged by Liberty, as described below in *Account Fees*, Wrap Fee, is a program fee (each, a "Program Fee") charged by Envestnet. The Program Fee includes the following: (i) the advisory and other services performed by Envestnet; (ii) advisory services performed by one or more Sub-Managers; and account administration services (which generally includes charges for custody, brokerage and account reporting charged by NFS). Included in the administration services charged as part of the Program Fee is a small platform related fee (generally 5 basis points of assets under management per annum) paid to Liberty to defer certain program related costs. The Program Fee does not include any advisory fee charged by Liberty to its individual clients.

Liberty's advisory fee is the difference between the Wrap Fee charged to a client and the Program Fee, and is generally identified for a particular client on the Statement of Investment Selection form used in the MAS Program. The Program Fee also includes investment management services comprised of client profiling, strategic asset allocation, style allocation, research and evaluation of asset managers, ongoing monitoring of manager and account performance, asset manager hiring and termination, account rebalancing, account reporting, and other operational and administrative services. Clients whose advisers perform the asset allocation themselves do not receive all of the services listed above, in which the Program Fee may be lower.

The level of the Program Fee will vary with the amount of assets under management and the particular investment styles and investment options chosen or recommended. The advisory fees charged as part of the Program Fee (for Envestnet and Sub-Managers) currently range from 25 to 181 basis points (one basis point = 0.01%) of assets under management per annum for equity and balanced portfolios, 50 to 150 basis points of assets under management per annum for fixed income portfolios, 19 to 94 basis points of assets under management per annum for mutual fund wrap portfolios, and 50 to 64 basis points of assets under management per annum for alternative investments.

Mutual funds, ETF solution and alternative investments charge their own fees for investing the pool of assets in the respective investment vehicle. Please see the prospectus or related disclosure document for information regarding these fees. Envestnet or its affiliates may receive 12b-1 fees from mutual funds in which clients invest. Fees charged with respect to mutual funds will be credited with the amount of any distribution or Rule 12b-1 fees Envestnet receives. For more information about Envestnet and any third party managers in the program including a description of their fees, please see the respective manager's Form ADV Part 2.

### **ACCOUNT FEES-Wrap Fee**

Clients who choose a Wrap Fee Program are charged a "wrap fee" every calendar quarter. The fee may be a flat rate of the assets under management ("AUM") or a tiered rate (*i.e.*, as the portfolio value reaches various thresholds, the assets above each threshold are charged successively lower percentages). The flat rate ranges from 1% to 3% depending on depending on the manager and/or form of account selected. The maximum wrap fee that clients may pay on a blended rate basis is set forth in the table below.

Liberty reserves the right to negotiate lower fees with a client depending upon circumstances which may result in lower fees being charged for accounts similar in composition and objectives. The fee actually paid by a particular client will be set forth in the client's Investment Management Agreement.

Liberty, Envestnet and all third-party managers, and NFS are paid for their services out of that fee. The range of fees charged (including the maximum allowed) is as follows, expressed at an annual rate (*i.e.*, the rate used each quarter will be one fourth of the applicable annual rate):

<b>Account Value</b>	<b>Wrap Fee</b>
\$10,000 to \$100,000	1.50 - 3.00%
\$100,001 to \$225,000	1.25 - 2.30%
\$225,001 to \$1,000,000	1.0 - 2.15%
Over \$10,000,000	Negotiable

The fee charged may be higher or lower than the cost of similar services offered through other financial firms or through Liberty. In addition, the fee paid by clients may be more or less than if the clients had purchased the services covered by the fee separately (*See* "Comparability of Fees" in Section 4.A below). There may be different Wrap Fees depending on the manager and/or form of account you select. The Wrap Fee schedule therefore may be changed from time to time to reflect changes in the manager selection. Generally, the portion of Wrap Fee paid to third-party managers of equity and balanced accounts ranges from 40 to 181 basis points of assets under management per annum.

Managers of fixed income accounts are generally paid 10 to 150 basis points of assets under management per annum. The remainder of the Wrap Fee is shared among the other participants in the program, including Liberty as the sponsor of the program, and NFS for brokerage and other costs, as discussed herein and in the investment management agreements.

## **Services Covered**

Under the LG Wrap Fee Account Option, the Wrap Fee covers the asset management, trade execution, custodial and reporting services provided by Liberty, a manager (including a third party manager, if selected by client for a discretionary account), and NFS. If the client requests that custodial services be provided by a party other than or in addition to NFS, the client will be solely responsible for any fees or other charges due to such other custodian. In addition, the Wrap Fee does NOT cover and the client will be responsible and charged for: (i) commissions, and other transactional charges on securities transactions effected through or with brokers or dealers other than NFS; (ii) dealer mark-ups, mark-downs and spreads charged by another broker-dealer acting as principal (iii) interest on debit account balances, where applicable; (iv) the entire public offering price (including underwriting commissions or discounts) on securities purchased from an underwriter or dealer involved in a distribution of securities; (v) bid-ask spreads charged by broker-dealers other than NFS; (vi) odd-lot differentials charged by broker-dealers other than NFS; (vii) exchange fees, transfer taxes and other fees required by law; (viii) any fees and expenses of money market or other mutual funds that shareholders are charged on a *pro rata* basis; and (ix) Individual Retirement Account fees, qualified retirement plan account fees and other account maintenance fees.

## **Payment**

The Wrap Fee is payable quarterly and is calculated as a percentage of the market value of the client's assets under management as of the close of business of each calendar quarter. Fees are either payable in arrears, for the quarter just ended, or in advance, for upcoming quarter. Fees schedules and arrangements will be clearly outlined in your personalized Investment Management Agreement. The fee is due within 10 days thereafter. In the case of commencement or termination of the account agreement during any calendar quarter, the fee will be pro-rated for the appropriate number of days in the billing period.

## **Valuation**

In computing the market value of any securities or other investments in the client's account, securities listed on any national securities exchange or the Nasdaq Exchange will be valued, as of the valuation date, at the closing price on the principal market on which they are traded. Any other securities or investments in the client's account will be valued in a manner determined in good faith to reflect fair market value. Any such valuation should not be considered a guarantee of any kind whatsoever with respect to the value of the assets in the client's account. The data contained in these reports is obtained from recognized sources and is believed to be reliable but is not verified by Liberty.

## **Termination of Account Agreements**

Account agreements between Liberty and the client may be terminated by either client or Liberty at any time. Upon termination of the agreement, fees are payable for a pro-rata portion of the quarter and any transactions will be processed at prevailing brokerage rates.

## **Conflicts of Interests and Other Disclosures-Comparability of Fees**

Clients who pay a Wrap Fee for a variety of services may pay more for those services than if they purchased the services separately. Factors that bear upon the cost of the Wrap Fee in



relation to the cost of the same services purchased separately include, among other things, the type and size of the account, the type of assets purchased for the account, the historical and/or expected size or number of trades for the account and the number and range of supplementary advisory and client related services provided to the account. Because the Wrap Fee may be greater than would have been the case if the client paid separately for investment advice and brokerage and other services or if the client participated in another investment advisory program, Liberty may have an incentive to recommend the Wrap Fee Programs over alternative programs or over the purchase of such services separately. Furthermore, the total Wrap Fee may be higher than the cost of similar services offered through other financial firms or through Liberty. Liberty employee and family related accounts may receive some or all of the services described herein for a lesser fee than what a client might be charged or for no fee.

All fees paid to Liberty and managers in the Wrap Fee Programs for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds to their shareholders, including clients who invest in mutual funds. These fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee. If the fund also imposes sales charges, a client may pay an initial or deferred sales charge. A client could invest in a mutual fund directly, without the services of Liberty or the managers. In that case, the client would not receive the services provided by Liberty which are designed, among other things, to assist the client in determining which mutual fund or funds are most appropriate to each client's financial condition and objectives. Accordingly, the client should review the fees charged by funds and the fees charged by Liberty to fully understand the total amount of fees paid by the client and to thereby evaluate the advisory services being provided.

Because mutual funds pay advisory fees to their investment advisers and such fees are therefore indirectly charged to all holders of mutual fund shares, clients with mutual funds in their portfolios are effectively paying Liberty and/or a manager and the mutual fund adviser for the management of their assets. Clients who place mutual fund shares under Liberty's management or who purchase mutual funds on Liberty's recommendation are therefore subject to both Liberty's direct management fee, a manager's fee, and the indirect management fee of the mutual fund's adviser. Similarly, with respect to the Wrap Fee Programs, the Wrap Fee may generally cover both the advisory fee of Liberty and the advisory fee of one or more third-party managers. A client could invest with a third party manager directly. In that case, the client would not receive the advisory services provided by Liberty Group, including investment management services and asset allocation decisions, monitoring of investments by third-party managers and advice regarding appropriate strategies for the client based upon each client's financial condition and overall objectives.

Accordingly, with respect to the Wrap Fee Programs, the client should consider the fees charged by the third-party investment manager, other program participants such as Envestnet, and the fees charged by Liberty to fully understand the total amount of advisory fees paid by the client and to thereby evaluate the advisory services being provided.

## **Disclosure of Other Fees and Compensation**

Certain mutual funds (and/or their related persons) in which the client may invest, make payments to broker-dealers. Such payments may be distributed pursuant to a distribution plan adopted under Rule 12b-1 under the Investment Company Act of 1940, as amended or pursuant to another arrangement, as compensation for distribution or administrative services, including marketing support, and are paid out of the funds' or the trusts' assets. Liberty or an underlying manager in a Wrap Account Program may receive such fees or other compensation to the extent permitted by applicable law and such adviser's compensation policies. A mutual fund that imposes a front-end sales load, but which waives that front-end sales load for the purchases made on behalf of the client (a front-end load fund at NAV) may bear 12b-1 distribution or services fees on the client's net assets invested in such fund. The 12b-1 fee, deferred sales charges and other fee arrangements will be disclosed in the applicable fund's prospectus. Because of these compensation arrangements, a conflict of interest exists for non-ERISA accounts regarding the recommendation of particular mutual funds for client accounts. However, Liberty is subject to, and intends to comply fully with, standards of fiduciary duty that require that it act solely in the clients' best interests when making investment recommendations.

### **Non-Exclusive Relationship**

Liberty, its affiliates and third party managers may perform, among other things, research, brokerage, asset management and similar services for a number of clients and receive fees for such services. The advice given and the actions taken with respect to a particular client may differ from the advice given or the timing and nature of action taken with respect to other clients' accounts. Transactions in a specific security may not be accomplished for all clients' accounts at the same time or at the same price. In managing the client's account, Liberty, its affiliates or third party managers may recommend, purchase or sell securities in which it or its officers, directors, employees or affiliates, directly or indirectly, have or may acquire a position or interest. Liberty, its affiliates or third part managers may, in the course of business, obtain material, non-public or other confidential information that, if disclosed, might affect an investor's decision to buy, sell or hold a security. Liberty, its affiliates or third party managers are restricted from disclosing or using this information under applicable law and are under no obligation to disclose the information to any client or use it for any client's benefit.

### **Principal and Agency Cross Transactions**

Liberty generally will not act in the capacity of a principal in executing trades for advisory clients. Liberty's present policy is generally not to execute agency-cross transactions (transactions in which Liberty acts as an investment adviser in relation to a transaction in which Liberty or an affiliate acts as broker for both such advisory client and for another person on the other side of the transaction).

### **Employee Transactions**

Liberty and its employees may occasionally buy or sell for their personal accounts the same securities that are recommended, purchased or sold for client accounts. In all such cases, these transactions are made in accordance with standards set forth by Liberty to make sure that no person benefits personally from short-term market effects of Liberty recommendations. Liberty has adopted written procedures that provide guidance on trades for employees' accounts. Under the written procedures, an employee is required to report all



securities transactions in any personal account to Liberty and a record of each transaction is maintained after being reviewed for compliance with Liberty procedures.

### **Investment Strategy**

In conducting the analysis of securities, the firm uses a number of tools, including commercially available software technology, securities rating services, general market and financial information, due diligence reviews and specific investment analysis requested by the client. The principal sources of information include commercially available investment services, financial newspapers, various reports of mutual fund performance, prospectuses, and various financial and business magazines, periodicals and issuer-prepared information, including filings with the Securities and Exchange Commission and financial statements. Liberty may also use outside consultants in certain circumstances to provide expertise as to particular areas of information or analysis. Liberty's investment strategies used to implement its investment advice include the purchase or sale of specific securities and non-securities products and/or, in certain circumstances, the recommendation as to the retention by the client of a separate account manager.

Liberty's advice is primarily based upon long term investment strategies that incorporate the principles of modern portfolio theory. Liberty's investment approach is firmly rooted in the belief that markets are "efficient", and that investors' returns are determined principally by asset allocation decisions, not market timing or stock picking. Liberty Group develops diversified portfolios, primarily through the use of less actively managed, asset class mutual funds that are available generally to institutional investors and clients of a network of carefully selected advisers and separate account managers who follow a disciplined asset class investment approach. For more information about the managers available through the Wrap Fee Programs, and their fees which are included in the Wrap Fee charged by Liberty, see the respective manager's disclosure brochures.

### **Trade Execution and Clearance**

Brokerage transactions in client accounts are generally effected through Liberty in its capacity as a broker-dealer. Liberty, as a broker-dealer, has entered into a fully disclosed clearing agreement with NFS, whereby NFS will provide execution services for purchases and sale of securities for client's account that Liberty or a Manager instructs NFS to execute pursuant to the authority client has given under the applicable investment management account agreement, unless trades are executed away from NFS in order to obtain best execution. Consistent with seeking best execution, Liberty Group or Managers generally execute transactions through NFS. Under programs in which Envestnet is engaged as a third party manager; the client is required to use NFS. In the interest of better trade execution, Liberty or Managers may, but are not required to, aggregate orders for a client's account with orders of other clients.

### **Custody**

Custodial and record keeping services are to be provided to the client by NFS unless the client has appointed another custodian to perform all or part of such services pursuant to a separate

custody agreement. Custody must be provided by NFS when Envestnet is the manager. The client retains ownership of all cash, securities and other instruments in the client's account.

### **Reporting**

Clients will be provided, on at least a quarterly basis, with a statement that includes a description of all activity in the Account during the preceding quarter, including all transactions made on behalf of the Account, all contributions and withdrawals made to or from the Account, all fees and expenses charged to the Account and the value of the Account at the beginning and end of the period. Clients will not receive any other regular reports from Liberty. Liberty does not monitor or measure ongoing portfolio manager performance information or calculate investment performance on a uniform or consistent basis. It is expected that any advisory firm that does publish performance information will adhere to Global Investment Performance Standards ("GIPS"). The GIPS standards are a set of standardized, industry-wide ethical principles that provide investment firms with guidance on how to calculate and report their investment results to prospective clients. Occasionally, firms will provide information that does not entirely conform to GIPS standards. In such case, the performance data should clearly indicate that it was not calculated based on a uniform standard and indicate how the data was calculated. Liberty does not monitor or review performance data for accuracy.

### **Account Review**

Client accounts are reviewed annually by Liberty in order to monitor compliance with stated client objectives and policies. More frequent account reviews may be triggered by significant account contributions, market events or other factors. The Wrap Fee Programs are intended to comply with Rule 3a-4 under the Investment Company Act of 1940. Each client's account is managed on the basis of the client's individual financial situation. Each client has the opportunity to select the account's investment objective and impose reasonable restrictions on the management of assets in the account.

<b>Item 6: Portfolio Manager Selection and Evaluation</b>
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Liberty's process for selection and review of third-party investment managers for the Wrap Fee Programs is to evaluate both performance and non-performance related attributes. Third-party investment managers available to clients through the Wrap Fee Programs, will exhibit the following characteristics:

- Quality investment personnel
- A reliable, disciplined and effective investment process
- Organizational stability
- A record of strong performance relative to appropriate benchmarks
- A long-term performance track record
- Excellent client service
- A tax-friendly investment approach

Liberty may elect to replace a participating manager should it determine that the manager has failed to meet one or more of the above-selection criteria. In making a decision to replace a manager, Liberty will take into account all criteria. Liberty conducts annual reviews of the client's account to determine that the account is being managed consistent with

the client's investment objectives and any applicable restrictions imposed by client. Clients may impose reasonable restrictions on their accounts. Liberty will not independently evaluate the merits of particular investment decisions of such third-party investment managers. Representatives of third party managers are available for client consultation except that in the case of Envestnet, the third party managers are not required to meet with the clients. Liberty's advisory personnel are available to meet periodically with the client to discuss the management and investment performance of the client's assets. Clients may consult with Liberty to discuss, among other things, the extent to which the client's financial situation, investment objectives or other circumstances have changed.

## **THIRD PARTY MANAGERS**

### **SVL INVESTMENT MANAGEMENT**

Liberty has entered into a relationship with SVL Investment Management ("SVL"), a State of California registered investment adviser. SVL is a research oriented money management firm offering fundamental investment management to clients through wrap fee accounts. SVL applies a proprietary quantitative valuation model to assess the intrinsic value and potential return of securities in developing its investment recommendations. SVL applies a Modern Portfolio Theory, a mathematical approach to asset allocation to balance levels of risk and return. SVL will follow a selected group of companies. From these monitored companies, SVL will select common and preferred equities or corporate bonds that are attractive under current market conditions.

Liberty will create a client profile that includes an analysis of the client's financial circumstances, investment goals, objectives and restrictions, risk tolerance and other information necessary to make recommendations for investment under the SVL program. A Liberty representative will then determine whether its client is best served by SVL's quantitative valuation asset allocation strategy provided by SVL. Liberty will review annually each client's investment objectives to make sure that the investment manager selected remains appropriate given the client's finances, risk tolerance, investment goals and objectives and other relevant criteria.

### **Advisory Fees**

SVL's portion of the Wrap Fee charged by Liberty currently ranges from 40 to 70 basis points of assets under management per annum, depending on the assets under management by SVL on a per account basis. For more information about SVL and its fees, see SVL's Form ADV Part 2. Liberty receives the balance of the Wrap Fee less what it pays to NFS for custodial and brokerage charges.

### **ENVESTNET Managed Account Solutions (MAS)**

Liberty has entered an agreement with Envestnet through NFS for the Managed Account Solutions (MAS) Program whereby Envestnet will offer various investment management products and services and NFS will provide custody, execution, brokerage services and certain software. Envestnet and Liberty are not affiliated other than through jointly providing the following services:

- Assessment of the client's investment needs and objectives;

- Development of an asset allocation strategy designed to meet the client's objectives;
- Recommendations on suitable style allocations;
- Identification of appropriate Managers and investment vehicles suitable to the client's goals;
- Evaluation of asset managers and investment vehicles meeting style and allocation criteria;
- Engagement of selected asset managers and investment vehicles on behalf of the client;
- Ongoing monitoring of individual manager's performance and management;
- Review of client accounts to ensure adherence to policy guidelines and asset allocation;
- Recommendations for account rebalancing, if necessary;
- Online and paper reporting of client account(s) performance and progress; and
- Fully integrated back office support systems to advisers, including custody, trade execution, and confirmation and statement generation, through National Financial Services, LLC

Liberty and the client compile pertinent financial and demographic information to develop an investment strategy that will seek to meet the client's goals and objectives. The client's information is electronically forwarded to Envestnet and a proposal is generated for review by Liberty. Liberty will analyze the proposal and recommend an appropriate strategy based on the client's needs and objectives, investment time horizon, risk tolerance and any other pertinent factors. Envestnet's proposal generation software uses a number of proprietary analytical tools and commercially available optimization software applications in developing its asset allocation strategies. Among the factors considered in designing these strategies are historical risk ratings for various asset classes, correlation across asset classes and risk premiums. Liberty will recommend managers and investment vehicles that correspond to the proposed asset class and styles after reviewing a proposal generated via the Envestnet platform.

Envestnet has established relationships with various managers and may establish relationships with new managers from time to time. Envestnet evaluates managers specializing in asset categories which include equities (both domestic and foreign), corporate debt; commercial paper, certificates of deposit, municipal securities, mutual funds including ETFs, real estate investment trusts, government securities, options, and futures. Investors acknowledge that Envestnet and Liberty cannot guarantee the continued availability of managers under the MAS Program. Clients participating in the MAS Program are required to grant full discretionary investment authority to Liberty and Envestnet to invest, reinvest, sell, exchange and otherwise deal

with client assets (“Program Assets”) in their discretion, including without limitation the authority to select, allocate and reallocate the Program Assets in client’s accounts to different Sub-Managers and to delegate such discretion to such Sub-Managers.

All client contact and communications regarding participation in the MAS Program will occur through Liberty. Liberty will forward the completed client applications and investment information to Envestnet and Envestnet will forward the applications and client account information, including any investment restrictions, to applicable Sub-Managers for processing. Liberty will promptly advise Envestnet of changes to a client’s investment objectives and financial situation. Envestnet will promptly communicate any changes to the Sub-Managers. Liberty may ask Sub-Managers (as defined below) to attend meetings with Liberty and clients. Sub-Managers, however, are under no obligation to attend any such meeting.

### **Research Methods**

Envestnet’s research team has responsibility for two primary areas pertaining to investment advice: (i) asset allocation and portfolio construction and (ii) asset manager and investment vehicle evaluation. With respect to asset allocation and portfolio construction, Envestnet uses demographic and financial information provided by the client and Liberty to assess the client’s risk profile and investment objectives in determining an appropriate plan for the client’s assets. The research team uses proprietary analytical tools and commercially available optimization software applications to develop its asset allocation strategies. Factors used as inputs in the asset allocation process include historical rates of risk and return on various asset classes, correlation across asset classes, and risk premiums, among others.

### **Manager Evaluation**

Liberty utilizes the asset management and investment vehicle evaluation information gathered by Envestnet through its initial and ongoing research and due diligence process. Envestnet employs a rigorous multi-phase approach to researching and selecting managers suitable for participation in its investment programs. Managers are evaluated using data and information from several sources, including the manager and independent databases. Among the types of information analyzed are historical performance, investment philosophy, investment style, historical volatility and correlation across asset classes. Also reviewed is the Manager’s Form ADV Part 2A, as well as portfolio holdings reports that help demonstrate the manager’s securities selection process. To confirm accuracy, Envestnet attempts to verify all information by comparing it to publicly available sources. The investment professionals at the investment management firms are a primary source of information to Envestnet, providing quantitative and qualitative information. In addition, Envestnet employs several publicly available databases from independent sources. These databases are used to verify the information provided by managers.

Before offering services provided by independent managers to clients, Liberty reviews Envestnet’s evaluations of these managers, the manager’s Form ADV Part I and Part 2A, and may request additional information from Envestnet or the managers to evaluate the competence and experience of managers before offering their services to Liberty’s clients. At least annually, Liberty will review any updates to this information to determine if the manager is still suitable for Liberty’s clients.

Additionally, Envestnet maintains a Watch List of managers which exhibit persistent underperformance, inattention to style mandate or an organizational change that will directly impact the performance of the manager. Liberty will continuously monitor and conduct a monthly review of Envestnet's "Watch List", and Liberty will identify any situation which may warrant Liberty to cease offering a manager's services to new clients, and recommend a replacement manager(s) to existing clients. In these situations, Liberty will review each client situation based upon tax implications and other considerations involved in replacing the manager and advise the client of options available in light of the circumstances. In rare instances, Envestnet may terminate the contractual relationship with a manager, and Liberty will remove the manager from client portfolios and cease to offer the Manager to new clients. This will typically occur with managers who have encountered material regulatory or compliance related problems.

### **Termination**

The Terms and Conditions for each alternative under the MAS Program contain termination provisions. An agreement may be canceled by either party at any time, for any reason, upon receipt of 30 days prior written notice. Clients will receive a prorated refund of any pre-paid quarterly program fee, based upon the number of days remaining in the quarter after the termination date. Clients are not charged a liquidation fee if securities are to be delivered in-kind.

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

Wrap account managers will receive clients personal and non-public information as maintained within each account. Such information is utilized to maximize the manager's effectiveness. Information maintained by selected managers may include account numbers, client names, investment objectives, and other details. Where such information is updated by clients and/or Liberty, managers will be provided with such updates on an as-needed basis. Clients are responsible for promptly bringing to Liberty Group's attention any material change in the client's financial situation, risk tolerance, investment objectives and restrictions that would have an effect on the manner in which the client's assets should be managed.

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

Clients are encouraged to review the performance of their accounts and the managers selected therein. Where Liberty provides clients with oversight of each manager, clients may consult or choose to have Liberty consult with each manager to discuss performance and/or investment objectives. Liberty does not place any restrictions on client's communications with managers.

### **Item 9: Additional Information**

Liberty Group does not have any disciplinary, regulatory, criminal or civil information to disclose at this time.



### **Compensation for Services Outside Wrap Fee Programs**

Liberty may offer and provide services to clients who, in addition to participating in the Wrap Fee Programs, have other relationships or dealings with Liberty. Accordingly, Liberty may receive compensation in the form of commissions or fees by virtue of acting as a broker-dealer in effecting securities transactions for client accounts or with regard to assets held in client accounts.

As a general matter, Liberty considers it appropriate (unless there are countervailing factors such as a client's direction of brokerage to another broker-dealer or legal requirements to the contrary), to use its own broker-dealer execution services to purchase and sell securities for advisory clients. A client's agreement to join the Wrap Fee Programs therefore constitutes a direction to execute transactions through Liberty in its capacity as a broker-dealer. In light of the execution services provided by Liberty (including supplementary advisory and client related services), the commissions charged may exceed those that other broker-dealers may charge. Generally, the commission rates payable by a client are negotiated between the client and Liberty, except as specifically provided herein.

### **Independent Investment Advisers**

Certain broker-dealer registered representatives and/or investment adviser representatives of Liberty have established separately registered investment advisory firms (or are investment adviser representatives of separately registered investment advisers). These individuals provide investment advice to clients through programs that are described within the disclosure documents of their own independent investment advisers.

While Liberty may, in its capacity as a broker-dealer, execute trades on behalf of accounts participating in the programs offered by such independent advisers, Liberty does not do so as an investment adviser for these accounts and is not responsible for the advice or services provided by these independent investment advisers and the advisory programs they offer.

Where certain business practices have the potential to create a conflict of interest, Liberty maintains a Code of Ethics to effectively handle each situation in an appropriate manner. Each employee of Liberty and those managers operating within the chosen programs are subject to oversight and regular review, particularly where their activities are deemed to cause concern. Clients are encouraged to contact the firm with further questions or concerns.