

Litman Gregory Asset Management, LLC

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This brochure provides information about the qualifications and business practices of Litman Gregory Asset Management, LLC (Litman Gregory). If you have any questions about the contents of this brochure, please contact us at 925-254-8999 and/or information@lgam.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.

Litman Gregory is a registered investment advisor. Registration of an investment advisor does not imply any certain level of skill or training. The oral and written communications of an advisor provide you with information which you may use to determine to hire or retain an advisor.

Additional information about Litman Gregory is also available on the SEC's website at www.adviserinfo.sec.gov.

Item 2 – Material Changes

Last Annual Update:

In this Item, we are required to discuss any material changes that have occurred since the date of our last annual update of this brochure, which was filed on March 21, 2016.

Litman Gregory may allocate certain client assets on a discretionary basis among various independent investment managers it selects, which will manage client assets directly in separately managed account format. This practice has been referenced in several sections of the brochure – specifically, Items 4, 5, 6, 8, 12, 16 and 17.

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Item 4 – Advisory Business

Founded in 1987, Litman Gregory provides independent investment management services to individuals, multigenerational families, nonprofits, banks, trusts, estates, charitable organizations, pension and profit sharing plans, and third-party investment advisors (through Litman Gregory Portfolio Strategies).

Our Private Client Relationships

Our primary charge is to grow and protect our clients' long-term assets, while supporting their ongoing financial goals. We believe that intensive fundamental research and a disciplined process are critical to that investment success. Our investment team is focused on creating and managing globally diversified portfolios based on rigorous asset class analysis and demanding due diligence on individual investment opportunities such as alpha-driven active managers, index funds, and select private investments.

Furthermore, no investment strategy would be complete without incorporating each client's investment objectives and time horizon as well as their investment values, preferences, and other individual circumstances. We've found that considering these factors is critical to the success and staying power of our relationship.

We work with each client to develop an Investment Policy Statement that establishes the framework for prudent management of their investment portfolio. The policy describes the specific allocations recommended to meet the stated investment objective and outlines the philosophy and approach that govern our portfolio management. The investments we recommend to our clients include mutual funds, exchange-traded funds (also known as ETFs), independent investment managers ("Independent Managers"), private funds, and alternative investments, and they consist of a wide range of asset classes. We may recommend Independent Managers whose investment strategies fit within specified asset classes to manage a portion of clients' portfolios through separate accounts. Independent Managers invest directly, on a discretionary basis, in securities within the specified asset class using strategies consistent with the client's Investment Policy Statement. We obtain a client's written consent before engaging an Independent Manager. We determine the timing and amount of allocations of a client's assets in and out of the separate account, both to maintain the appropriate allocation of the client's portfolio to that asset class, and to reflect our ongoing assessment of the Independent Manager's performance relative to other investment options in that asset class.

Litman Gregory Portfolio Strategies

We provide third-party investment advisors and broker-dealers (collectively, "Distributors") (who have no affiliation with Litman Gregory) with investment strategies ("Litman Gregory Portfolio Strategies") by which to manage their client accounts. These strategies consist of portfolios of mainly mutual funds designed for specified investment objectives and risk tolerances. These strategies are delivered through what are commonly referred to as turn-key asset management platforms (TAMPs). TAMPs are generally offered through established asset management companies and enable Distributors to outsource the management of their clients' assets. The strategies we construct for the TAMPs follow the same overall asset allocation strategies and may use many or all of the same funds that we use with our private clients (discussed above).

Litman Gregory does not provide advisory services to the clients of the Distributors that access the Litman Gregory Portfolio Strategies through TAMP programs. While we manage models other Distributors that access us through the TAMP program, we do not directly manage order execution on behalf of those end clients.

Wrap Fee Programs

As a model portfolio adviser in a managed account platform, Litman Gregory provides recommendations and investment advice regarding model portfolios which is delivered and administered by a platform to other investment professionals that may have “wrap” fee or non-wrap managed account programs. Litman Gregory receives fees from the providers of such platforms based on the amount of assets managed using Litman Gregory’s model portfolios. A wrap fee program is considered any arrangement under which clients receive investment advisory and securities brokerage services for a specified fee or fees not based upon transactions in their accounts. Litman Gregory does not, however, serve as the sponsor of any wrap fee programs.

Total Assets Under Management

As of 12/31/2016, we managed \$ 1,382,733,254 of assets on a discretionary basis, and \$ 3,515,053,238 on a non-discretionary basis.

Item 5 – Fees and Compensation

Private Client Accounts

We receive from each private client a quarterly fee, payable in advance, equal to a percentage of the total net asset value (as of the last day of the previous quarter) that the client has placed under our management. The annual fee is generally calculated as follows:

For accounts under \$10,000,000:

1.25% on the first \$1,000,000
0.75% on the next \$1,000,000
0.50% on the balance above \$2,000,000

For accounts greater than \$10,000,000:

0.50% on the first \$20,000,000
0.30% on the next \$10,000,000
0.25% on the balance above \$30,000,000

We allow for some flexibility in our fee structure depending on individual circumstances. In certain situations, we may also charge a separate fee for certain unmanaged, self-directed assets on which we may advise and/or include in our consolidated performance reporting.

We either deduct fees from clients’ accounts or bill clients for fees incurred. The client may select either method.

A client will obtain a refund for any pre-paid fees if the advisory contract is terminated before the end of the billing period. When providing a refund, we will take the pre-paid quarterly fee, divide it by the number of days in the quarter, and refund the amount that corresponds to any unused days in that billing quarter.

Fees are payable quarterly in advance at the beginning of each calendar quarter based on the net market value of your account(s) at the close of trading on the preceding business day. If you make a contribution of capital to your account(s) on a date other than the first day of a calendar quarter, then you will be charged a prorated portion of the fee for that calendar quarter with respect to the contribution based on the number of days remaining in that calendar quarter. If you make a distribution from your account(s) on a date other than the first day of a calendar quarter, then you will receive a credit for the prorated portion of the fee for that calendar quarter with respect to the distribution based on the number of days remaining in that calendar quarter.

The market value of the client's account will be calculated gross of any margin positions and the corresponding fee payable by the client will be increased by the use of margin. As a result, in addition to understanding and assuming the additional principal risks associated with the use of margin, clients authorizing margin are advised of the potential conflict of interest whereby the client's decision to employ margin shall correspondingly increase the management fee payable to the Firm. Accordingly, the decision as to whether to employ margin is left to the discretion of client.

In addition to our fees, clients may pay custodian and in some cases transaction fees, and the investment vehicles we use in our strategies (such as mutual funds) charge fees that are deducted from their share prices. See Item 12 of this brochure for more information regarding Brokerage Practices. In the case where client assets are invested in one of the Master Funds (mutual funds managed by a Litman Gregory affiliate, Litman Gregory Fund Advisors, LLC) the fees paid to the Litman Gregory Fund Advisors, LLC are subtracted from the fees Litman Gregory charges those private clients. As a result, we have no financial incentive to use our affiliated mutual funds.

Independent Managers charge separate fees, based on a percentage of our clients' aggregate assets under their management. These are in addition to the fees we charge with respect to those assets and are generally drawn directly from the client accounts under the Independent Managers' direction. Depending on the specific Independent Manager and strategy, fees and billing practices vary. Clients may also incur custody charges, platform fees, securities brokerage commissions and other transaction-based fees attributable to the management of their accounts. Litman Gregory is not entitled to and does not receive any portion of the additional fees and expenses associated with the use of any Independent Managers.

Each Independent Manager's fees are based on the aggregate amount of Litman Gregory's clients' assets managed by that manager, with the fee percentage declining as such assets increase. The specific fees charged by an Independent Manager are disclosed to and agreed upon by a client before that Independent Manager is engaged to manage a portion of a client's account.

Portfolio Strategies - Services for Advisors and Broker-Dealers:

The clients of the third-party investment advisors pay advisory fees to those advisors who utilize our Portfolio Strategies through various TAMP organization platforms. The TAMP organizations, in turn, pay LGAM quarterly fees, payable in advance, equal to a percentage of the total net separately between us

and each platform and fees vary. The annual fees typically range from 0.04% to 0.10% of the total net asset value.

One of the TAMP organization offers their platform to Distributors, who in turn offer our Portfolio Strategies to their investment advisory or brokerage clients. This TAMP organization offers services to Distributors including access to LGAM portfolios and the Masters Funds. LGAM compensates the TAMP an annual fee of 20% (5% per quarter) based on the clients' net assets invested in our Masters Funds on the TAMP's platform as of the last business day of the prior quarter.

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

We and the Independent Managers we engage for clients do not charge any performance-based fees.

Item 7 – Types of Clients

Types of Clients

We offer investment management services to the following client types:

- Individuals and Multigenerational families (includes trusts, estates, IRAs and 401(k) plans)
- Pension and profit sharing plans (but not the plan participants)
- Charitable organizations
- Corporations
- Non-profits
- Third-party investment advisors (through Litman Gregory Portfolio Strategies)

Minimum Account Sizes

Our minimum initial investment requirement for a private client account is \$3,000,000.

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

Our Investment Strategies

Investment management is core to how we support individuals and families in achieving their financial goals and our investment approach seeks to maximize the odds of success for each client by adding value in six distinct ways:

1. An understanding of each client's investment objectives, risk tolerance, and investment preferences
2. Intelligent asset allocation based on thorough and ongoing research on each asset class, conducted by our in-house research team
3. An asset class implementation plan based on rigorously researched individual investment options, which can include a mix of fixed-income investments and equity investments, including mutual funds and ETFs, as well as separate accounts managed by Independent Managers that invest directly in securities. These fixed-income and equity investments can vary by the sector,

size, quality, and geographic location of the issuer. Additionally, as appropriate, we may use alternative investments or strategies, such as real estate funds, arbitrage funds, commodity futures funds, absolute-return-oriented funds, private equity, venture capital, distressed debt, hedge funds, and privately held investments. The percentage allocated to each asset class is dependent upon the client's designated investment objectives as laid out in the Investment Policy Statement.

4. A risk-management overlay that takes into account multiple risk scenarios
5. Consideration of taxes in investment selection and ongoing portfolio management
6. A consistent, ongoing communication process to ensure our clients understand their investment strategy, increasing the odds that they stick with the investment program in order to benefit from our long-term focus

Our wealth advisors are also members of our investment strategy committee, which meets quarterly to discuss the state of financial markets, asset class and manager developments, and issues related directly to the implementation of our clients' investment strategies. Our research team, which makes the portfolio allocation decisions, usually meets at least weekly.

Assessing Risk to Our Strategies Using Economic Scenario Analysis

We use economic scenario analysis to assess the risk in our strategies. We consider different possible five-year economic outcomes ranging from pessimistic to optimistic, and in each scenario we consider what the key variables such as interest rates, inflation, and economic growth are likely to be. We can then use these variables to determine likely return ranges for asset classes. We consider the probability of each scenario playing out, and also what the magnitude to our portfolios would likely be. Considering these scenarios helps us make judgments about risk and return opportunities.

Risk of Loss for All Investments

We invest primarily in mutual funds, closed-end funds and, on a more limited basis, debt securities and privately placed securities. Independent Managers we engage may invest in common stocks, other equity and debt securities, and cash equivalents. Markets for mutual funds, closed-end funds, equity and debt securities, and privately placed securities, and the securities held by the mutual and closed-end funds in which we and our Independent Managers invest, are generally subject to fluctuations, and the market value of any particular investment may vary substantially. Investment portfolios may not generate any income or appreciate in value.

It is impossible to learn all relevant information concerning a mutual fund, a company, a manager, or a security. Further, we may misinterpret or wrongly analyze the information available about a particular fund, company, manager or security. These and other factors may cause us to (a) invest in funds or securities or engage Independent Managers at times that will lead to losses or (b) refrain from investing in particular funds or securities at times that would have resulted in gains if we had chosen to invest.

At times we or Independent Managers may invest a portion of private clients' assets and/or one or more of a funds' assets in securities that may be traded at a low volume and that are relatively illiquid or that may cease to be traded after the investment is made. These may include, among others, securities of closed-end funds, secured debt securities, interests in other private investment funds, other privately placed securities, and certain publicly traded equity securities, particularly those with small capitalizations. In such cases, if there were an event of extreme market activity, we and the

Independent Managers may not be able to liquidate these investments promptly if needed. In addition, the private clients' and/or funds' sales of these securities could depress their market value, thereby reducing the private clients' and/or funds' profitability or increasing their losses. In these circumstances, the investment that a private client or one of the private funds has could materially decrease or, conversely, miss out on a potentially material gain. Privately placed or "restricted" securities may be subject to substantial holding periods or may not be traded in public markets. Restricted securities generally are difficult or impossible to sell at prices comparable to the market prices of similar securities that are publicly traded. No assurance can be given that any restricted securities will be eligible to be traded on a public market even if a public market for securities of the same class were to exist or develop. It is highly speculative as to whether and when an issuer will be able to register its securities so that they become eligible for trading in public markets.

Private clients and/or funds may invest indirectly in real estate by investing in an investment fund that invests in real estate. These investments are subject to the same, numerous risks associated with real estate investments, including, but not limited to, adverse changes in general economic and local market conditions, adverse developments in employment or local economic performance, changes in supply of or demand for similar or competing properties, unfavorable changes in applicable taxes, governmental regulations or interest rates, and lack of available financing. The real estate funds in which private clients and/or funds may invest may improve and operate real properties as well as buying and selling them, and accordingly those investments are also subject to risks associated with improving and operating property, such as the inability to maintain rental rates and occupancy levels in highly competitive markets, unavailability or increases in the cost of insurance, unexpected increases in the costs of refurbishment and improvements, unfavorable rent control laws, and costs of complying with environmental regulations.

While the use of margin borrowing can substantially improve returns, it may also increase overall portfolio risk. Margin transactions are generally effected using capital borrowed from a Financial Institution, which is secured by a client's holdings. Under certain circumstances, a lending Financial Institution may demand an increase in the underlying collateral. If the client is unable to provide the additional collateral, the Financial Institution may liquidate account assets to satisfy the client's outstanding obligations, which could have extremely adverse consequences. In addition, fluctuations in the amount of a client's borrowings and the corresponding interest rates may have a significant effect on the profitability and stability of a client's portfolio.

The use of Independent Managers to manage separate accounts for clients raises additional risks. These managers have investment discretion over the assets in those accounts. We monitor, on an ongoing basis, quantitative factors including performance, correlations, volatility and other statistical measures relative to benchmarks, and qualitative factors including investment process, manager and research team quality, management continuity, business viability, operational and trading competence, firm/team culture, and incentive structures. Nevertheless, we do not monitor individual securities transactions of the Independent Managers from the standpoint of investment suitability, and our overall assessment of managers does not include visibility into their client portfolios and daily operations. Therefore in addition to the quantitative and qualitative factors cited above, we must rely in large part on the accuracy of information third parties report on individually managed accounts to assess Independent Managers' ongoing ability to implement their investment strategies.

Investing in securities involves risk of loss that clients should be prepared to bear.

Item 9 – Disciplinary Information

Registered investment advisors like Litman Gregory are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of Litman Gregory or the integrity of our management. There is no information about Litman Gregory that would fall under this category.

Item 10 – Other Financial Industry Activities and Affiliations

One of Litman Gregory's managing members, Jeremy DeGroot, is President, Chairman and a member of the board of trustees of the Litman Gregory Funds Trust (the "trust"), a registered investment company. The trust consists of four separate funds: Litman Gregory Masters Equity Fund, Litman Gregory Masters International Fund, Litman Gregory Masters Smaller Companies Fund, and Litman Gregory Masters Alternative Strategies Fund (the "Masters Funds").

Litman Gregory Asset Management, LLC owns 100% of Litman Gregory Fund Advisors, LLC. Litman Gregory Fund Advisors, LLC is the investment advisor to the Litman Gregory Masters mutual funds listed above and as such receives a management fee based on each of the individual fund's net assets. While we seek to ensure that all investment decisions involving the Litman Gregory Masters Funds are consistent with its clients' best interests, a potential conflict exists due to the fact that a subsidiary of Litman Gregory serves as the investment advisor of the Litman Gregory Masters Funds. While we believe the fee offset eliminates the primary financial incentives to favor our affiliates, there may be other aspects of this relationship that present a perception of conflict. For instance, if the size of the Masters Funds increase, then the amount of assets over which fixed expenses are amortized could operate to reduce the overall expense ratio. This could allow the Masters Funds to operate under any applicable contractual expense limitation and directly benefit the Litman Gregory subsidiary, which may otherwise experience a reduction in management fees. This incentive is, however, negated by contractual fee waiver agreements and the breakpoint fee structure in effect on all of the Masters Funds, which in combination serve to limit the fees retained by Litman Gregory and its affiliates, and decrease the rate of the management fees by clients if specified asset thresholds are met.

Litman Gregory Analytics, an affiliate company of Litman Gregory Asset Management, is the publisher of AdvisorIntelligence, a research service for investment professionals, and may provide discounts on its subscription fees to subscribers who have assets in the Litman Gregory Masters Funds and/or various third-party turn-key asset management platforms through which our investment strategies are offered. Because our affiliates earn revenue from their assets in our investment products, we offer discounts on the subscription fees those subscribers pay for AdvisorIntelligence. Litman Gregory Analytics also receives revenue from some fund companies, including some companies whose funds we use in our investment strategies, in exchange for allowing the fund companies to post research and marketing content on AdvisorIntelligence. Fund companies may also provide benefits such as educational events or occasional business entertainment to our employees. This creates a potential conflict of interest because we could be influenced to research or include in our investment strategies the mutual funds of a company that provides these other benefits to our company or our employees. However, the fact that a particular fund company provides these benefits does not in any way obligate us to research that company's funds or include them in our investment strategies. It is our policy not to take into account any funds' arrangements with Litman Gregory Analytics in deciding which

funds to research or recommend. This is disclosed to fund companies before they are allowed to participate in AdvisorIntelligence.

Rosemont Partners III, L.P., a private equity fund managed by an unaffiliated investment adviser, Rosemont Investment Partners, LLC ("Rosemont"), maintains a passive, minority ownership stake in Litman Gregory. In the unlikely event that Litman Gregory recommends Rosemont or its related entities to clients or engages in additional business relationships with Rosemont or its related entities, a potential conflict of interest exists due to this private equity interest. Litman Gregory continually seeks to ensure that any conflicts that do arise are handled in a fully-disclosed manner that is consistent with its clients' best interests.

Item 11 – Code of Ethics

We have adopted a Code of Ethics policy for all Litman Gregory employees that describes our high standard for business conduct and fiduciary duty to our clients. The Code of Ethics policy includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition of rumor mongering, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal security trading procedures, among other things. All employees must acknowledge the terms of the Code of Ethics policy annually, and whenever it has been amended.

We may invest our clients' assets in the Litman Gregory Masters Funds and other mutual funds for which Litman Gregory Fund Advisors, LLC is the investment advisor. In the case where our private client assets are invested in a fund managed by Litman Gregory Fund Advisors, LLC, we subtract the fees paid to the Litman Gregory Fund Advisors, LLC from the management fees we charge the same private clients. Similarly, if we invest assets of our private funds into one of our funds, we will also offset our management fees in this way. As a result, we have no financial incentive to use our own funds, which eliminates any conflict of interest.

Our managers, members, and employees may from time to time buy or sell securities recommended to clients, which creates a conflict of interest. We have created personal trading rules that apply to employees' trades in real estate partnerships, exchange-traded funds, and other securities that we may use in client accounts. Our personnel may generally invest in securities suitable for client accounts only if there is sufficient availability of those securities after all clients for whom they are appropriate have had the opportunity to purchase them. Pre-clearance from our Compliance department is required for personal trades in IPO and private securities and certain other securities designated by the firm from time to time. However, employees who have access to trading and /or portfolio data regarding securities held in Litman Gregory Masters Funds or in client accounts managed by Independent Managers must receive pre-clearance for all purchases and sales of securities for their personal accounts, other than government securities, certain debt instruments and cash equivalents, and mutual funds not affiliated with the firm.

Clients or prospective clients may request a copy of our Code of Ethics policy by contacting us at 925-254-8999.

Item 12 – Brokerage Practices

We generally recommend that clients utilize the brokerage and clearing services of an independent broker-dealer for investment management accounts. We may only implement our investment management recommendations after clients have arranged for and furnished us with all information and authorization regarding accounts with appropriate financial institutions. Financial institutions include, but are not limited to any broker-dealers we recommend, broker-dealers directed by the client, trust companies, banks etc. (collectively referred to herein as the “Financial Institutions”).

When recommending a Financial Institution, we generally seek “best execution” in light of the circumstances involved in transactions. In determining the best execution, we take into consideration not only the available prices and rates of brokerage commissions, but also other relevant factors that may include (but may not be limited to): (a) the execution capabilities of the Financial Institution; (b) research (including economic forecasts, investment strategy advice, fundamental and technical advice on individual securities, valuation advice, and market analysis); custodial and other services provided by such Financial Institution that are expected to enhance our general portfolio management capabilities; (c) the size of the transaction; (d) the difficulty of execution; (e) the operational facilities of the Financial Institution; (f) the risk in positioning a block of securities, and (g) the quality of the overall brokerage and research services provided by the Financial Institution.

Financial Institutions may offer our clients access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment. Financial Institutions may offer to us products and services that assist us in managing and administering clients’ accounts, such as software and other technology that: (i) provide access to client account data (such as trade confirmations and account statements); (ii) facilitate trade execution and allocate aggregated trade orders for multiple client accounts; (iii) provide research, pricing, and other market data; (iv) facilitate payment of management fees from client accounts, and (v) assist with back-office functions, recordkeeping, and client reporting. In addition, we may receive services to help manage and further develop our business. This may include access to publications or complimentary attendance at industry events. Financial Institutions may make available, arrange and/or pay third-party vendors for services delivered to us. Financial Institutions may discount or waive fees they would otherwise charge for some of these services or pay all or a part of the fees of a third party providing these services to our firm. Financial Institutions may also provide other benefits such as educational events or occasional business entertainment of our employees and may refer clients to us.

The products and services available from Financial Institutions create a conflict of interest for us in allocating client brokerage business among firms that provide such products and services, and in allocating such business between Financial Institutions that do provide such products and services, and those that do not. In evaluating whether to recommend that clients custody their assets at a particular Financial Institution, or whether to use a particular Financial Institution to execute a client transaction, we may take into account the availability of any or all of the above-mentioned products and services and other arrangements as part of the total mix of factors, rather than considering only the nature, cost, or quality of custody services or transaction-specific execution services provided by the Financial Institution. In some cases, the commissions charged by a particular Financial Institution for a particular transaction or set of transactions may be greater than the amounts another Financial Institution who did not provide brokerage or research services or products might charge. In some cases, a client’s transaction may be executed by a Financial Institution in recognition of services or products that are not used in managing that client’s account. We may not only consider that client’s particular transaction or transactions, and not only the value of brokerage and research services and products to a particular client, but also the value of those services in the performance of our overall investment responsibilities

to all of our clients. We may use any products and services we obtain from Financial Institutions to benefit all of our clients. Some clients may direct us to use a Financial Institution that does not provide goods and services to us, even though those clients' accounts, or our operations as a whole, benefit from other clients' relationships with Financial Institutions that do provide such goods and services. The conflict of interest for us in selecting Financial Institutions is particularly strong to the extent that Financial Institutions provide products and services that we would otherwise be required to pay for ourselves.

We monitor transaction results to evaluate the quality of execution provided by Financial Institutions we may use, determine that compensation rates are competitive, and otherwise evaluate the reasonableness of the compensation paid to Financial Institutions in light of all the factors described above.

Currently, unless otherwise directed by a client, we recommend that most of our clients maintain their investment accounts managed by us at Charles Schwab & Co. (Schwab) or Fidelity Investments (Fidelity). We execute the vast majority of our trades through Schwab and Fidelity. Schwab and Fidelity (and potentially other Financial Institutions) provide us with access to institutional trading, custody, and a variety of other services, many of which are typically not available to retail investors. These Financial Institutions generally do not charge separately for custody services but are compensated by account holders through commissions and other transaction-related or asset-based fees for securities trades that are executed through the Financial Institution or that settle into accounts. The Financial Institutions' provision of products and services to us is currently not contingent upon us maintaining any specific level of client assets in custody at such Financial Institution, or generating any specific level of commissions for the Financial Institution.

We do not currently use direct commission dollars generated by our clients' accounts (i.e., "soft dollars" or "CSAs") to pay for research or other goods and services.

At times, because of a prior relationship between a client and one or more Financial Institutions or for other reasons, a client may instruct us to execute securities transactions for its account with or through one or more Financial Institutions designated by the client. When using a Financial Institution designated by a client, we do not negotiate the terms and conditions (including, but not limited to, commission rates) relating to services provided by such Financial Institution. We are not responsible for obtaining for that client from any such Financial Institution the best prices or any particular commission rates for transactions with or through that Financial Institution. That client may not participate in aggregated security transactions as described below and may trade after such aggregated orders and receive less favorable execution. A client must promptly inform us in writing if that client desires that we cease executing transactions through any Financial Institution previously designated by the client.

We owe each client the same duty of loyalty. When buying or selling individual securities across multiple client accounts, we generally seek, but are not obligated, to aggregate transactions (i.e., block trading) to the extent reasonable under the circumstances and to allocate transactions in an equitable manner across participating accounts. Allocations are based on rotation or some similar nondiscriminatory basis will be followed. Nevertheless, it may not be possible to execute all trades in the same security for all clients simultaneously, or to purchase enough of a given security to satisfy all client account needs. Further, account situations may prevent the client from participating in the execution of a trade of a particular security among similar investment styles. In general, client accounts with risk parameters that fit a particular security will receive allocations ahead of client accounts with

less well-matched risk parameters. After executing an aggregated securities transaction, a documented allocation statement specifying the participating client accounts and how the transactions were allocated among those client accounts will be maintained in our records. We will make a reasonable effort to complete trading in clients' portfolios in a reasonable amount of time. When making firm-wide investment strategy changes, we will use a fair and equitable method to sort client relationships for portfolio review and trade execution.

Proprietary accounts are not included in any aggregated securities transaction. "Proprietary Account" means (1) a securities investment or trading account held in the name of an employee or any of his or her family members, or of which that employee or any of his or her family members has beneficial ownership, or (2) a proprietary investment or trading account maintained for the Company or its employees, except that the term "Proprietary Account" does not include any such account to which we serve as an investment advisor.

When executing a firm-wide change in strategy or otherwise recommending an investment on behalf of all clients, certain circumstances beyond our complete control may preclude the simultaneous execution of trades on behalf of all clients. For instance, where we recommend that a security be purchased by all of our advisory clients as well as the TAMPs to which we provide our strategies on a non-discretionary basis, the TAMPs, which execute trades on their own behalf, may experience delays in being able to act on such recommendations because, among other things, each TAMP may need to spend time determining whether such an investment is available for acquisition by the TAMP. As a result, the lapse in time between our execution of such trades on behalf of our private clients and the TAMP's execution of trades may be significant. Nonetheless, we will endeavor to communicate all recommendations to all of our clients (including the TAMPs) in a reasonably timely manner to ensure that all clients are treated equitably in the making of such recommendations. By virtue of the non-discretionary nature of the TAMP relationships, execution and therefore portfolios may differ slightly based on the capabilities and limitations specific to each individual TAMP.

When we engage an Independent Manager to manage a portion of a client's assets, a separate custodial account is established for that client. The Independent Manager is granted investment discretion over that account and discretion to choose the brokers that execute trades for that account. Such accounts are generally maintained at Schwab and it is expected that the Independent Managers will use Schwab to execute most of the trade for the accounts. The client is responsible for the brokerage, custodial and other expenses of the account. At the client's election, Schwab charges either transaction-based commissions or fixed asset-based fees for executing trades for these accounts.

Item 13 – Review of Accounts

Private Client Accounts

Our investment advisor representatives review each of their respective client accounts at least once per quarter to ensure conformity with the stated strategy and client needs and to implement any necessary strategy changes.

More frequent reviews may be triggered by factors such as cash flows in or out of an account, asset class changes within a strategy, and manager changes within a strategy.

The Financial Institutions provide monthly or quarterly written reports to clients. These reports are automatically generated. We also provide quarterly written reports to clients. Our reports may contain total portfolio holdings, summary of accounts list with values, asset allocation, and performance on a time-weighted basis by quarter-to-date, year-to-date, five-year, 10-year and since-inception and are done automatically.

Portfolio Strategies

The investment strategies provided to the TAMPs are monitored on an ongoing basis by Litman Gregory's Chief Investment Officer and other members of the Litman Gregory research team. Written reports for the investment strategies are given to each TAMP sponsor, typically quarterly, including commentary on the financial markets, performance trends, and portfolio positioning.

Item 14 – Client Referrals and Other Compensation

In limited situations, we may provide compensation for client referrals in accordance with applicable laws, rules and regulations. All referral fees are paid solely by Litman Gregory and do not result in any additional charges to the firm's clients. Any prospects referred to Litman Gregory are advised of the underlying solicitation relationship and are provided with the appropriate Form ADV disclosure documents prior to or at the time the investment advisory agreement is executed. All third-party solicitors who are not affiliated with Litman Gregory also provide prospective clients with a separate disclosure statement containing the terms and conditions (including compensation) of the solicitation arrangement.

Litman Gregory may receive an economic benefit from Schwab or Fidelity in the form of the support products and services it makes available to us and other independent investment advisors that have their clients maintain accounts at their institutions. These products and services, how they benefit Litman Gregory, and the related conflicts of interest are described above in Item 12. The availability to us of such products and services is not based on us giving particular investment advice, such as buying particular securities for our clients.

Item 15 – Custody

For client accounts in which we have custody, the Financial Institution where the account is held sends monthly or quarterly statements directly to the client. Litman Gregory urges each client to carefully review the statements it receives from its Financial Institution and compare them to the account statements that Litman Gregory provides.

Item 16 – Investment Discretion

Private Client Accounts

Clients must complete an Investment Management Agreement at the beginning of the relationship giving us discretionary authority to determine, without obtaining the consent of the client: (i) which

securities are bought or sold, (ii) the total amount of the securities bought or sold, and (iii) the Financial Institution used to buy and sell securities, and the rates paid for securities transactions

Our authority to determine which securities to buy and sell for a client and which Financial Institutions to use may be subject to conditions imposed by the client, such as where the client restricts or prohibits transactions in securities of specific industry, and/or the client directs that transactions be effected through specified Financial Institutions. Investment guidelines and restrictions must be provided to us in writing.

We do not have discretion to engage Independent Managers for clients. Before we engage an Independent Manager for a client, the client must sign an Independent Manager Authorization that supplements its Investment Management Agreement. Although technically both we and the Independent Managers have investment discretion over client accounts that are managed by Independent Managers, we generally exercise our discretion only for the purpose of transferring client assets into and out of those accounts and over the amount of a client's assets allocated to such an account. Absent extraordinary circumstances, we do not participate in or monitor the Independent Managers' investment decisions, and they have sole responsibility for managing the assets we allocate to them.

Portfolio Strategies

We are the strategist for the Litman Gregory Portfolio Strategies. Our Portfolio Strategies are made available to investment advisors through various TAMPs. Those advisors' clients are not our clients, and we do not have any investment discretion over their accounts.

Item 17 – Voting Client Securities

Private Clients

We generally have the authority to vote proxies (except to the extent that a client instructs us otherwise in writing) relating to securities that we manage in our clients' accounts. If a client account holds securities that the client or a third party acquired and placed in the account independently of us or if the client account holds securities that the client instructed us to purchase for the account, those securities are not included among the assets we manage and we do not vote proxies relating to them. Additionally, Independent Managers will generally be responsible for voting proxies for securities under their management, as such solicitations will not be addressed by Litman Gregory. For proxies that we do vote, we will vote as we deem appropriate in accordance with our written policies and procedures. These policies and procedures outline pre-determined guidelines for voting many typical proxy proposals.

However, each proxy issue will be considered individually so that we may determine what we believe would be in the client's best interest. Where a proxy proposal raises a material conflict of interest between the interests of us and our client, including proxies of funds managed by us or its affiliates (*e.g.*, funds in the Litman Gregory Masters Funds Trust), we seek to avoid material conflicts of interest by applying our pre-determined proxy voting guidelines in an objective and consistent manner across client accounts. If we have discretion to deviate from, or do not have specific guidelines with respect to, the proposal in question, we will cast the proxies in the same proportion as the other shareholders of the

issuer who are not affiliated with us have done, to the extent we have available information from the issuer or its agent to permit that form of voting. This form of voting is known as shadow or mirror voting. To the extent that shadow voting is not available on a timely basis, we will abstain from voting the securities held in that client's account; provided, however, that if we determine that it is in a client's best interest to vote the proxy, we will forward the proxy voting materials to the client.

Clients may obtain a copy of our proxy voting policies and procedures and information on how we have voted the client's securities by contacting us at 925-254-8999.

Portfolio Strategies

We do not have an obligation to exercise any voting, consent, or similar rights associated with any funds or other securities held by the clients of the third-party TAMPs. Also, we do not have an obligation or responsibility to make recommendations on how an individual, advisor, or TAMP should exercise any voting, consent, or similar rights associated with these securities.

Item 18 – Financial Information

We have no financial commitment that impairs our ability to meet contractual and fiduciary commitments to clients, and we have not been the subject of a bankruptcy proceeding.

Item 19 – Requirements for State-Registered Advisers

We are an SEC-Registered Investment Adviser; therefore, this item is inapplicable.