



# LIBBIE AGRAN FINANCIAL SERVICES AND SEMINARS

## ADV PART 2

### DISCLOSURE BROCHURE

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*This brochure provides prospective clients with information about Libbie Agran Financial Services and Seminars. This information has not been approved by any governmental authority. Additional information about Libbie Agran Financial Services is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). As a "registered investment adviser," registration does not imply a certain level of skill or training.*



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## ADVISORY BUSINESS

At Libbie Agran Financial Services and Seminars ("Libbie Agran Financial" or "Adviser") we manage investment portfolios for individuals, trusts and estates, corporations, charitable foundations and tax-deferred funds (such as pension plans, IRA's, SEP-IRA's and profit sharing plans). Libbie Agran Financial was founded in 1980 and is a 100% subsidiary of Hamoa Corp. which is owned by Peter Mueller. Investment management is individualized and is generally discretionary; investment management may also be non-discretionary. We create and maintain separate accounts tailored to the investment objectives of each client. Our discretionary assets under management are approximately \$682,662,187 in equities and fixed income as of December 31, 2016. Our non-discretionary assets under management are approximately \$9,221,573 in equities and fixed income as of December 31, 2016.

We offer two levels of service:

1. Financial Consulting and Investment Management Services. This service entails investment supervisory services, including review and evaluation of a client's financial situation and formulation of recommendations concerning financial goals, risk tolerance and asset allocation among stocks, fixed income securities and mutual funds, and establishment and maintenance of a program of investments in securities reflecting such goals, allocations and tolerances. We work with Financial Consulting clients to develop a statement of assets and liabilities, summary of income and expenses and statement of personal and financial goals based on financial, tax and estate planning information provided by the client. Our method is to discuss with clients the investment objectives, liquidity, current yield, investment risks, tax consequences, and portfolio allocation of each client portfolio.
2. Investment Management Services. The Adviser also provides discretionary investment management services for specific assets entrusted to it by clients for discretionary management, but without investment supervisory responsibility for assets of the client other than those placed with the Adviser.

We also provide the following specialized consulting services regarding retirement planning: preparing investment strategies, income, cash flow and expense projections and portfolio recommendations for retirement planning. We review home ownership goals and retirement benefits and plans, and makes recommendations on IRA and pension plan distributions. These services are provided at the hourly rates set forth in the Fees and Compensation section of this brochure.

We may also recommend investments in mutual funds, variable annuities, and variable life insurance. Clients invested in mutual funds, variable annuities, and variable life insurance will indirectly pay management fees and other expenses of the mutual funds, variable annuities, and variable life insurance that are separate and in addition to the fees paid for our services. We do not receive any portion of these additional fees and Schwab may charge a transaction fee for certain mutual funds. Clients may impose restrictions on investing in certain securities or types of securities.

## FEES AND COMPENSATION

Our schedule of fees for Investment Management services is as follows (in some cases client fees may vary from the schedule below):

<u>Portfolio Value</u>	<u>Annualized Rate</u>
Up to \$1,000,000	1.00%
\$1,000,001 to \$2,000,000	.75%
\$2,000,001 and above	.50%

In addition, clients who have selected Financial Consulting services may be charged hourly rates for meetings, consultations and other services not involving actual investment management in connection with development of their financial plans and other specially commissioned projects, in addition to fees for Investment Management services, as set forth above. The hourly rates for Financial Consulting services are as follows: Peter Mueller (\$400), Katherine Siriwan (\$200) and Margaret Shin (\$200).

Financial Consulting and Investment Management fees are calculated based on the portfolio value on the last trading day of the previous month and are billed monthly in advance. If the Adviser begins investment management of a client's portfolio mid-month, the Investment Management fee is pro-rated. The client's initial invoice will include the pro-rated Investment Management fee from the month in which services began and the Investment Management fee for the following month, which is billed in advance and calculated as noted above. All fees are due and payable within 30 days from the date of the invoice. At the client's discretion, fees are either direct billed or deducted directly from client's accounts.

Clients may terminate the services of the Adviser at any time with written notice. Fees owed will be pro-rated to the date of termination, and a pro-rata refund of any prepaid fees will be made.

## **PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

We do not charge performance-based fees in connection with advisory services.

## **TYPES OF CLIENTS**

We provide services to individuals, pension and profit sharing plans, charitable organizations, and corporations and other business entities. We have over 35 years of professional experience and understand the unique issues facing our clients. We are dedicated to serving the needs of individuals who want to build wealth and can develop custom designed investment portfolios for each client to match goals for each life stage. These stages may include: education funding, marriage or divorce, career transition, retirement planning, charitable giving or foundations, planning for inheritance or intergenerational transfer of wealth. Our company is dedicated to personal service and commitment to our clients. We impose a minimum dollar value of \$500,000 for starting an account or group of related accounts. In certain cases account minimums may be waived at our sole discretion.

## **METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

We take into account both qualitative and quantitative factors when selecting investments. We analyze the trends of short-term and long-term interest rates, the consumer price index, the wholesale price index, the index of leading indicators, the gross domestic product, and other business indicators to determine the direction of the economy and the timing of purchases and sales of investments. Our method for selecting individual investments is based on fundamental analysis of corporate balance sheets, income statements, cash flow statements, and earnings estimates. We use Bloomberg services for security information and analysis and Morningstar for mutual fund analysis. Investments are analyzed as to their tax consequences and we seek tax counsel when it is deemed necessary.

All investments are subject to the risk of loss. Equity investments often fluctuate significantly in value due to a variety of factors that may impact either individual issuers, larger segments of the markets as a whole, or both. Debt investments can also fluctuate significantly in value due to changes in interest rates or events impacting the issuers of the debt.

## **DISCIPLINARY INFORMATION**

Not applicable. We have no material legal or disciplinary events and hold the integrity of management personnel with the highest regard.

## **OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

Libbie Agran Financial Services is an independent firm that is not affiliated with any other financial industry companies.

## **CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

**Code of Ethics.** In acknowledgment of our fiduciary duty to clients, we have adopted a Compliance Manual, which includes a Code of Ethics established for the purpose of avoiding activities, interests, and relationships that might

interfere or appear to interfere with making decisions in the best interests of our clients. The Code of Ethics requires that we must:

- Place the interests of clients first.
- Avoid taking inappropriate advantage of the Adviser's position.
- Conduct all personal securities transactions in compliance with the Adviser's manual.
- Keep information confidential.
- Comply with the federal securities laws.
- Seek advice from the Chief Compliance Officer when in doubt about the propriety of any action or situation.
- Report any violations of the Code of Ethics promptly to the Chief Compliance Officer.

The Code of Ethics also requires that employees must report their securities holdings and trades in accordance with Rule 204A-1 under the Investment Advisers Act of 1940. A full copy of the Adviser's Code of Ethics is available upon request for clients and prospective clients.

**Participation or Interest in Client Transactions.** In most portfolios, securities in which the Adviser invests for clients are widely traded in public securities markets. Accordingly, it is the policy of the Adviser to invest in, and to permit its President, other portfolio management personnel, staff, and profit sharing plan to invest in, the same securities as clients. Such related persons of the Adviser own mutual funds, and stocks and bonds traded on the New York Stock Exchange, the American Stock Exchange, the Nasdaq Stock Market and in other markets. Their holdings may include securities that are also in client portfolios. However, related persons of the Adviser are prohibited from front running client trades (see "Brokerage Practices").

It is the policy of the Adviser that it will not, for itself, its profit sharing plan or its clients, and its President and portfolio management staff will not, participate in initial public offerings.

**Personal Trading.** The personal securities transactions of the Adviser's President and other personnel are monitored in the following ways: All supervised persons of the Adviser must hold their personal securities accounts at brokerage firms that provide electronic statements directly to the Adviser. These statements are reviewed monthly by Peter Mueller and/or Margaret Shin.

## **BROKERAGE PRACTICES**

It is the Adviser's policy generally to place trades with Charles Schwab & Co., Inc. Generally, once an investment decision is made to purchase or sell the same security on behalf of more than one client account, an aggregated order for both clients and Adviser personnel (if any are trading in the security) is placed with Charles Schwab. For each order, members of the Investment Committee prepare an allocation statement specifying the participating client accounts and the amount of each account's order before entering the aggregated order.

When an order for a particular security effected for several accounts is filled at different prices, through multiple trades in a single day, then an average price will be calculated for all trades. All accounts within the aggregated order will share the transaction costs based on the commission schedule determined by Charles Schwab & Co., Inc.

**Soft Dollar Practices.** It is our policy not to enter into formal soft dollar arrangements with brokers. Soft dollar arrangements are those in which an adviser pays a commission rate in excess of the lowest available in recognition of "brokerage and research" services provided by the broker. Such arrangements are legally permitted if the conditions of Section 28(e) of the Exchange Act, as interpreted by the SEC, are met. However, we do receive research and other services from Charles Schwab. These products and services are generally available to all investment advisers on the Schwab Institutional platform and are not tied to any specific amount of fees paid.

**Client Referrals.** We do not use client brokerage to compensate or otherwise reward brokers for client referrals.

**Directed Brokerage.** We do not select brokers with whom to place your transactions. Our clients direct that trades be placed through a particular broker-dealer. In the vast majority of cases, the broker selected is Charles Schwab. Clients

who have selected a brokerage acknowledge that such selection could have an adverse impact on trade prices or commission costs to their account. Brokerage selection, other than Schwab, may prevent clients from participating in aggregated or block trades placed by us through Schwab. All such directions are contained in your investment advisory agreement.

**Trade Aggregation.** The Adviser has adopted the following policies and procedures for allocation of investment opportunities and trades. These procedures have been developed with the intention of providing reasonable assurance that a clear and consistent methodology is applied to the aggregation and allocation of investment opportunities and transactions.

The Adviser and the Adviser's Investment Committee are responsible for selecting investments for clients, based on their stated investment objectives, asset allocations, and risk tolerances. Once it is determined that a particular security should be purchased or sold for particular accounts, the number of shares to be purchased or sold for each account is determined. In determining the size of a client's order, consideration is given to factors such as, but not limited to, the size of the account, any legal or client-imposed investment restrictions, the cash position of the account and the role of the investment in the client's asset allocation strategy. Investment decisions and instructions are communicated among the Adviser's portfolio management staff during investment committee meetings and in daily office activities.

If the Adviser decides to place a block trade of 10,000 shares or greater to purchase or sell a particular security in client accounts, the Adviser's personnel are prohibited from purchasing or selling that security during the one-week period prior to the client trade date(s). Instead, if the President of the Adviser, or other personnel, determines to purchase or sell the same security that is being purchased for clients, they must place their trades through the Adviser. Orders for the Adviser's personnel are aggregated with those for the clients, but client orders are filled first.

If an aggregated order is filled in its entirety, it will be allocated among clients and the Adviser's personnel in accordance with the allocation statement; in the unusual circumstance where an order is only partially filled, it will be allocated on a rotational basis. This is accomplished by allocating the amount of the order received alphabetically to participating accounts beginning with such accounts at the beginning of the alphabet, and ending with the last account with an unsatisfied order. The next trade in equivalent securities is allocated beginning with the remaining portion of the order left unsatisfied in the last account that previously received an allocation of securities and proceeding through the alphabet until all client interest is satisfied. The Adviser's personnel do not participate in such orders unless and until all client needs are satisfied.

Orders may be allocated on an individual (i.e., not the pre-planned allocation or pro rata) basis based on cash availability and the specific client's investment policy statement, as approved by any member of the investment committee.

## **REVIEW OF ACCOUNTS**

Clients are encouraged to meet annually with us to review your investment objectives, risk tolerance, income projections, portfolio allocations, and Client Investment Policy Statement. If clients elect not to meet with us and do not indicate otherwise, we continue to manage the account per the last client instruction.

We monitor accounts daily with respect to stocks, bonds, cash balances, deposits, interest and dividend payments, withdrawals, transfers and asset allocations. The Investment Committee (comprised of Peter Mueller, Kathy Siriwan, Margaret Shin and Kittiwat Sripom) is responsible for monitoring the implementation of investment policies for all accounts on a continuous basis. This includes monitoring cash, stocks, bonds, mutual funds and portfolio asset allocations. We reconcile all accounts on a daily basis.

Clients receive the following reports: monthly portfolio holdings reports, annual performance reports, annual allocation of assets reports, annual update of client investment policy statements and annual privacy policy brochure.

## **CLIENT REFERRALS AND OTHER COMPENSATION**

We do not have any arrangements under which we compensate anyone for client referrals. Additionally, we do not receive any economic benefit from a person who is not a client for providing advisory services to clients.

## **CUSTODY**

All securities are held in custody in brokerage accounts, with the vast majority at Charles Schwab & Co., Inc. However, LAFS may be deemed to have constructive custody of client assets as a consequence of its authority to deduct advisory fees from clients' accounts. We do not recommend any custodian or broker-dealers other than Charles Schwab. A limited number of clients with pre-existing brokerage arrangements have elected to maintain their accounts with other custodians or broker-dealers. Clients will receive account statements from us and from Charles Schwab & Co., Inc. or any other broker selected by client. Clients should carefully review and compare these statements and immediately notify us of any potential inaccuracies.

## **INVESTMENT DISCRETION**

For all discretionary clients, the Adviser has the authority and responsibility to formulate investment strategy on the client's behalf, including making decisions as to which securities to buy and sell, when to buy and sell and in what amounts, in accordance with the agreed-upon individualized client objectives. Clients may ask the Adviser not to invest in securities of particular issuers.

## **VOTING CLIENT SECURITIES**

We receive proxy materials from Schwab and other brokerage firms for securities held in our client's accounts. Clients may specify to receive duplicate informational copies of proxy materials. Proxy voting ballots represent each security in aggregate. The Investment Committee reviews the proxy materials and decides how to vote on each issue or initiative. Any member of the Investment Committee who has a direct or indirect interest in the issue presented for voting must recuse himself or herself from voting on that particular issue. Each year, we create a spreadsheet indicating each security for which votes were cast, the number of shares voted, and how the ballot was cast for each issue. Clients who wish to vote their proxies in a specific way may do so by changing the voting authorization so that his or her shares are no longer included in the aggregated vote. If we do not have the authority to vote client securities, clients will receive their proxies or other solicitations directly from their custodians or transfer agents. A full copy of the Adviser's Proxy Voting Policy and voting record is available upon request. Clients may contact us with questions about a particular solicitation or with questions about how we voted their securities.

## **FINANCIAL INFORMATION**

We have not attached a balance sheet for the most recent fiscal year because Libbie Agran Financial Services does not bill client fees six month or more in advance and does not have any financial condition which is reasonably likely to impair its ability to meet contractual commitments to clients.