



Accountants  
Consultants  
Wealth Advisors

## **Part 2A of Form ADV: *Firm Brochure***

### **LBA Wealth Management, LLC**

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This brochure provides information about the qualifications and business practices of LBA Wealth Management, LLC. If you have any questions about the contents of this brochure, please contact us at 904.396.4015 or [dalbaneze@lbawealth.com](mailto:dalbaneze@lbawealth.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about LBA Wealth Management, LLC also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. Our firm's CRD number is 113309.

## **ITEM 2**      **MATERIAL CHANGES**

This item is used to provide our clients with a summary of new and/or updated information. We will inform you of the revision(s) based on the nature of the information as follows.

- *Annual Update.* We are required to update certain information at least annually, within 90 days of our firm's fiscal year end (FYE) of December 31. We will provide you with either a summary of the revised information with an offer to deliver the full revised Brochure within 120 days of our FYE or we will provide you with our revised Brochure that will include a summary of those changes in this Item.
- *Material Changes.* Should a material change in our operations occur, depending on its nature we will promptly communicate this change to clients (otherwise, it will be summarized in this Item). "Material changes" requiring prompt notification will include changes of: disclosure document nature and scope; partners/ownership; location; contact person information; disciplinary proceedings; nature of advisory service – any information that is critical to a client's full understanding of who we are, how to find us, and how we do business.

The following summarizes new or revised disclosures based on information previously provided in our Firm Brochure dated March 30, 2016:

*Please note that all LBA Wealth Management, LLC's staff email addresses have changed from @thelbagroup.com to @lbawealth.com.*

*Item 4: Amount of Managed Assets.* The amount of LBA WM's managed assets and assets under advisement has been updated as of 01/30/2017.

*Item 10. Other Financial Industry Activities and Affiliations.* LBA Retirement Plan Services, LLC is no longer affiliated with LBA WM.

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## **ITEM 4**      **ADVISORY BUSINESS**

LBA Wealth Management, LLC, (hereinafter "LBA WM", the "firm" or "we") is a SEC-registered investment adviser with its principal place of business located in Jacksonville, Florida. It should be noted that registration of an investment adviser does not imply a certain level of training or skill. In 1999, our firm began providing advisory services as Financial Planning Partners, LLC; a Florida state-registered adviser. The firm's name was changed to LBA Wealth Management, LLC in October 2008 and became registered with the SEC in 2009.

Listed below is the firm's principal shareholder (i.e., any individual and/or entity controlling 25% or more of this company).

- David Thomas Albaneze, Managing Member, Chief Investment Officer ("CIO") and Chief Compliance Officer ("CCO").

The remaining balance of ownership of LBA WM is held by LBA Certified Public Accountants, P.A. (hereinafter "LBA"), and various individuals who are members of LBA WM and/or members associated with LBA.

LBA WM offers the following advisory services to our clients:

### **Investment Management Services**

Our firm provides continuous advice to a client regarding the investment of client funds based on the individual needs of the client. Through personal discussions in which goals and objectives based on a client's particular circumstances are established, we develop a client's personal investment policy and create and manage a portfolio based on that policy. During our data-gathering process, we determine the client's individual objectives, time horizons, risk tolerance, and liquidity needs. As appropriate, we also review and discuss a client's prior investment history, as well as family composition and background.

Although we principally manage these advisory accounts on a discretionary basis, we retain the unrestricted authority to accept select accounts on a non-discretionary basis as a concession to certain advisory clients, friends, and family relationships. Account supervision is guided by the client's stated investment objectives (i.e., aggressive growth, growth, growth and income, enhanced income or income), as well as tax considerations.

LBA WM typically creates and manages a diversified portfolio, allocating the client's assets among various investments taking into consideration the investment objective selected by the client.

Our investment recommendations are not limited to any specific product or service offered by a broker-dealer or insurance company and will generally include advice regarding the following securities:

- |                              |   |
|------------------------------|---|
| • Exchange-listed securities | • Securities traded over-the-counter                      |
| • Warrants                   | • Commercial paper  |
| • Mutual fund shares         | • Exchange-Traded funds                                   |
| • Municipal securities       | • U. S. governmental securities                           |
| • Certificates of deposit    | • Options contracts on securities                         |
| • Variable life insurance    | • Variable annuities                                      |
| • Structured Notes           | • Corporate debt securities (other than commercial paper) |

Although recommendations for new investments will typically be limited to these items, we may render investment advice on other types of investments held by a client at the start of the advisory relationship. Furthermore, clients may impose reasonable restrictions on investing in certain securities, types of securities, or industry sectors, or markets.

Exchange-traded funds and/or no-load mutual funds are selected on the basis of any or all of the following criteria: the fund's performance history, the industry sector in which the fund invests, the track record of the fund's manager, the fund's investment objectives, the fund's management style and philosophy, and the fund's management fee structure. Portfolio weighting between funds and market sectors are determined on a per account basis pursuant to each client's individual needs and circumstances. Clients retain individual ownership of all securities.

Because some types of investments involve certain additional degrees of risk, they will only be implemented when consistent with the client's stated investment objectives.

In addition to managing the client's investment portfolio, on occasion LBA WM may provide certain financial planning services to clients on various financial areas including income and estate tax planning, college financial planning, retirement planning, insurance analysis and personal cash flow analysis, among other things. LBA WM will not charge a separate fee for this service.

In performing our services, LBA WM shall not be required to verify any financial information received from the client or from the client's other professionals, and is expressly authorized to rely on the information provided. Moreover, clients are advised that it remains their responsibility to promptly notify LBA WM if there is ever any change in their financial situation or investment objectives for the purpose of reviewing, evaluating and revising our previous recommendations and/or services.

### **Consulting Services**

**Portfolio Overview Service.** LBA WM offers a Portfolio Overview Service providing perspective on the full portfolio assets held by a client, encompassing all investment assets including brokerage, banking, private banking, insurance/annuity, 401(k), stock options, and alternative assets (online access to transactions and balances required). Consolidated reporting covers multiple investment vehicles, including both marketable and non-marketable securities in both retirement and non-retirement accounts, regardless of custodian, broker, or bank. Portfolio Overview includes accounting, reconciliation, and reporting of all accounts and assets available through online sources, asset allocation evaluation for the entire portfolio of holdings, independent verification of performance by manager, overall comparative performance measurement, customized portfolio benchmarking, combined tax reporting, and an annual review. Investment Management Services are *NOT* included in Portfolio Overview Services.

Clients can also receive financial advice on a more focused basis. This may include advice on only an isolated area(s) of concern such as estate planning, retirement planning, or any other specific topic. We also provide specific consultation and administrative services regarding investment and financial concerns of the client. Additionally, LBA WM may provide advice on non-securities matters. Generally, this is in connection with the rendering of estate planning, insurance, and/or annuity advice.

Consulting recommendations are not limited to any specific product or service offered by a broker-dealer or insurance company. All recommendations are of a generic nature.

### **Amount of Managed Assets**

As of 01/30/2017, we were actively managing approximately \$349,712,762 of clients' assets on a discretionary basis. As LBA WM principally manages client assets on a discretionary basis, we have no non-discretionary assets under management; however, we are responsible for overseeing an additional \$10,095,987 of clients' assets for a total of \$359,808,749 of clients' assets under our advisement.

## **ITEM 5      FEES AND COMPENSATION**

### **Investment Management Services**

The annualized fee for investment management services is charged as a percentage of assets under management, according to the following schedule:

**Assets Under Management****Annual Fee Up to**

Up to \$250,000	1.25% per annum
Plus, next \$750,000	1.00% per annum
Plus, next \$4 million	0.70% per annum
Over \$5 million	0.50% per annum

LBA WM requires a minimum annual fee of \$5,000 for portfolio management services. Consequently, accounts with less than \$500,000 in assets may pay advisory fees that are higher than one and one quarter percent per year and therefore this minimum fee may prevent LBA WM from providing investment management services to smaller client accounts. You may request that related accounts be combined in order to meet fee break points and reduce the advisory fee charged. We reserve the right to reduce or waive the advisory fee for certain accounts, such as employee accounts and member accounts.

**Limited Negotiability of Advisory Fees.** The standard fee schedules and minimum account sizes indicated for the investment management services are negotiable and as a result, clients with similar assets may have differing fee schedules and pay different fees. Although LBA WM has established the aforementioned fee schedule(s), we retain the discretion to negotiate alternative fees on a client-by-client basis. Client facts, circumstances, and needs are considered in determining the fee schedule. These include the complexity of the client, assets to be placed under management, anticipated future additional assets, related accounts, portfolio style, account composition, and/or reporting, among other factors. The specific annual fee schedule is identified in the contract between our firm and each client. Accordingly, current clients could be subject to a different fee schedule than listed above. Furthermore, clients who negotiate a flat fee schedule may or may not pay a higher fee than those who pay under a tiered schedule, depending on asset levels.

The fees are billed on a quarterly basis, in advance, at the beginning of each calendar quarter based upon the value (market value or fair market value in the absence of market value), of the client's account, including accrued interest, at the end of the previous quarter. Fees will be debited from the client's account in accordance with the client authorization in the Client Services Agreement or paid by check directly from the client.

**Consulting Services Fees**

**Portfolio Overview.** The annual fee for Portfolio Overview will be charged on a quarterly basis, as a percentage of assets under advisement calculated at the annual rate of 0.25% or 25 bps, with an initial setup fee of \$1,000 per account. The non-negotiable minimum annual fee for this service is \$10,000.

LBA WM's consulting fees are determined based on the nature of the services being provided (e.g., the number, size and composition of the client's accounts) and the overall complexity of each client's circumstances. All fees are agreed upon prior to entering into a contract with any client.

General consulting fees not detailed above will be calculated and charged on an hourly basis, ranging from \$100 to \$350 per hour (for administrative staff time and for professional time, respectively) depending upon the client's circumstances and the nature of the engagement. Although the length of time it will take to fulfill the consulting commitment will depend on each client's personal situation and the nature of the services as contracted for, we will provide an estimate for the total hours at the start of the advisory relationship.

The fee will be due and payable upon completion of the consulting engagement. We may request a retainer upon completion of our initial fact-finding session with the client; however, advance payment will never exceed \$1,200 for services that will not be provided within six months.

**Consulting Services Fee Offset.** LBA WM reserves the discretion to reduce or waive the hourly fee and/or the minimum fixed fee if a consulting services client chooses to engage us for our Investment Management Services.

### General Information

**Negotiability of Minimum Fee and Account Requirements.** Except as otherwise provided above, in limited circumstances, LBA WM's fees may be negotiable. LBA WM retains the discretion to reduce or waive minimum account requirements based upon individual client circumstances (e.g., the nature of current investments, future contributions by client to the account, etc.).

**Grandfathered Fees.** Pre-existing advisory clients are subject to LBA WM's minimum account requirements and advisory fees in effect at the time the client entered into the advisory relationship. Therefore, LBA WM's minimum account requirements and advisory fees will differ among clients.

**Discounted Fees.** LBA WM also reserves the right to reduce or waive advisory fees for services provided to family members and friends. Such rates are not available to all of LBA WM's advisory clients.

**Termination of the Advisory Relationship.** A client agreement may be canceled at any time, by either party, for any reason upon receipt of 30 days written notice. As disclosed above, certain fees are paid in advance of services provided. Upon termination of any account, any prepaid, unearned fees will be promptly refunded. In calculating a reimbursement of client's fees, we will prorate the amount according to the number of days remaining in the billing period for asset management services clients; the calculation of consulting services fees to be reimbursed will be determined based on any contracted services LBA WM has not yet delivered as of the termination date.

**Mutual Fund Fees.** All fees paid to LBA WM for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds and/or ETFs to their shareholders. 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 our services. In that case, the client would not receive the services provided by our firm 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 both the fees charged by the funds and our fees to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

**Cash Sweeps.** In addition, money market mutual funds may be used to "sweep" unused cash balances until they can be appropriately invested. Once again, clients should recognize that all fees paid to LBA WM for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds to their shareholders. 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.

**Additional Fees and Expenses.** In addition to our advisory fees, clients are also responsible for the fees and expenses charged by custodians and imposed by broker dealers, including, but not limited to, any transaction charges imposed by a broker dealer with which an independent investment manager effects transactions for the client's account(s). Please refer to the "Brokerage Practices" section (Item 12) of this Form ADV for additional information.

**Advisory Fees in General.** Clients should note that similar advisory services may (or may not) be available from other registered (or unregistered) investment advisers for similar or lower fees.

**Limited Prepayment of Fees.** Under no circumstances do we require or solicit payment of fees in excess of \$1200 and more than six months in advance of services rendered.

## **ITEM 6**      **PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

LBA WM does not charge performance-based fees (i.e., fees based on a share of capital gains on or capital appreciation of the client's assets).

## **ITEM 7**      **TYPES OF CLIENTS**

LBA WM provides advisory services to the following types of clients:

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

As previously disclosed in Item 5, our firm has established certain minimum annual fee requirements, based on the nature of the service(s) being provided. For a more detailed understanding of those requirements, please review the disclosures provided in each applicable service.

## **ITEM 8**      **METHODS OF ANALYSIS, INVESTMENT STRATEGIES, AND RISK OF LOSS**

### **Methods of Analysis**

We use the following methods of analysis in formulating our investment advice and/or managing client assets.

**Fundamental Analysis.** We attempt to measure the intrinsic value of a security by looking at economic and financial factors (including the overall economy, industry conditions, and the financial condition and management of the company itself) to determine if the company is underpriced (indicating it may be a good time to buy) or overpriced (indicating it may be time to sell). Fundamental analysis does not attempt to anticipate market movements. This presents a potential risk, as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the stock.

**Mutual Fund and/or ETF Analysis.** We look at the experience and track record of the manager of the mutual fund or ETF in an attempt to determine if that manager has demonstrated an ability to invest over a period of time and in different economic conditions. We also look at the underlying assets in a mutual fund or ETF in an attempt to determine if there is significant overlap in the underlying investments held in another fund(s) in the client's portfolio. We also monitor the funds or ETFs in an attempt to determine if they are continuing to follow their stated investment strategy.

A risk of mutual fund and/or ETF analysis is that, as in all securities investments, past performance does not guarantee future results. A manager who has been successful may not be able to replicate that success in the future. In addition, as we do not control the underlying investments in a fund or ETF, managers of different funds held by the client may purchase the same security, increasing the risk to the client if that security were to fall in value. There is also a risk that a manager may deviate from the stated investment mandate or strategy of the fund or ETF, which could make the holding(s) less suitable for the client's portfolio.

**Technical Analysis.** We analyze past market movements and apply that analysis to the present in an attempt to recognize recurring patterns of investor behavior and potentially predict future price movement. Technical analysis does not consider the underlying financial condition of a company. This presents a risk in that a poorly-managed or financially unsound company may underperform regardless of market movement.

**Charting.** In this type of technical analysis, we review charts of market and security activity in an attempt to identify when the market is moving up or down and to predict how long the trend may last and when that trend might reverse.

**Risks for All Forms of Analysis.** Our securities analysis methods rely on the assumption that the companies whose securities we purchase and sell, the rating agencies that review these securities, and other publicly-available sources of information about these securities, are providing accurate and unbiased data. While we are alert to indications that data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information.



## Investment Strategies

We use the following strategy(ies) in managing client accounts, provided that such strategy(ies) are appropriate to the needs of the client and consistent with the client's investment objectives, risk tolerance, and time horizons, among other considerations.

**Tactical Asset Allocation.** Our investment philosophy and tactical decision making processes have been formulated and continue to be refined pursuant to years of financial industry experience, empirical research and proven methodologies. We manage clients' money by adjusting allocations to asset classes based off of macro and microeconomic forecasts. We are not "buy and hold" managers nor are we "market timers".

**Strategic Asset Allocation.** A cornerstone of our philosophy is to rebalance clients' portfolios back to their long term asset allocation after major market moves up or down.

**Disciplined Rebalancing.** Portfolio rebalancing is judiciously implemented to maintain proper alignment of investments; we seek to ensure the degree of risk such holdings represent is consistent with each particular client's stated risk tolerance and investment objectives.

We believe equities (owning companies) are the optimal asset class for growing wealth over the long term. We also believe that fixed income is the best way to hedge risk and improve cash flow. We analyze and select investments that best represent the asset classes and global strategies we are implementing utilizing individual stocks, Exchange Traded Funds (ETFs), index funds and/or actively managed funds. We pride ourselves in having complete independence allowing us to freely choose how and where to invest your money.

**Margin Transactions.** We do not typically engage in margin transactions as a strategy. However, in some cases margin transactions may occur based on cash withdrawals and/or securities trading in your account or to purchase securities in advance of a bond maturity.

A risk in margin trading is that, in volatile markets, securities prices can fall very quickly. If the value of the securities in your account minus what you owe the broker falls below a certain level, the broker will issue a "margin call," and you will be required to sell your position in the security purchased on margin or add more cash to the account. In some circumstances, you may lose more money than you originally invested.

**Option writing.** On a more limited basis, we may use options as an investment strategy when consistent with a client's investment objectives and risk threshold. An option is a contract that gives the buyer the right, but not the obligation, to buy or sell an asset (such as a share of stock) at a specific price on or before a certain date. An option, just like a stock or bond, is a security. An option is also a derivative, because it derives its value from an underlying asset.

The two types of options are calls and puts:

- A *call* gives the holder the right to buy an asset at a certain price within a specific period of time. We will buy a call if we have determined that the stock will increase substantially before the option expires.
- A *put* gives the holder the right to sell an asset at a certain price within a specific period of time. We will buy a put if we have determined that the price of the stock will fall before the option expires.

We will use options to speculate on the possibility of a sharp price swing. We will also use options to "hedge" a purchase of the underlying security; in other words, we will use an option purchase to limit the potential upside and downside of a security we have purchased for your portfolio.

We use "*covered calls*," in which we sell an option on a security you own. In this strategy, you receive a fee for making the option available, and the person purchasing the option has the right to buy the security from you at an agreed-upon price.

A risk of covered calls is that the option buyer does not have to exercise the option, so that if we want to sell the security prior to the end of the option agreement, we have to buy the option back from the option buyer, for a possible loss.

We use a "*spreading strategy*," in which we purchase two or more option contracts (for example, a call option that you buy and a call option that you sell) for the same underlying security. This effectively puts you on both sides of the market, but with the ability to vary price, time and other factors.

A risk of spreading strategies is that the ability to fully profit from a price swing is limited.

**Risk of Loss.** Clients should understand that all of LBA WM's investment strategies and the investments purchased, sold and/or traded pursuant to such strategies involve risk of loss, including the potential loss of the entire investment in their account, which clients should be prepared to bear. The investment performance and the success of any investment strategy or particular investment can never be predicted or guaranteed, and the value of a client's investments will fluctuate due to market conditions and other factors. The investment decisions made and the actions taken for any investment strategies as well as for any client account will be subject to various markets, liquidity, currency, economic, political and other risks. The value of investments and the income derived from investments can go down as well as up. Past performance is not indicative of future results and future returns are not guaranteed. There is a risk that a client could lose all or a portion of his or her money.

## **ITEM 9**      **DISCIPLINARY INFORMATION**

We are required to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management.

Our firm and our management personnel have no disciplinary history to disclose.

## **ITEM 10**      **OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

LBA WM is not registered, nor does it have an application pending to register as a broker-dealer, futures commission merchant, commodity pool operator, or commodity trading advisor. Furthermore, none of our management personnel are registered or have pending applications to become registered as any of the foregoing entities.

As previously noted in Item 4, LBA Certified Public Accountants, P.A. (LBA CPAs), is a Member of LBA WM, as are related persons of LBA CPAs in their individual capacities. LBA typically recommends LBA WM to accounting clients in need of investment advisory services. Conversely, LBA WM typically recommends LBA to advisory clients in need of accounting services. Accounting services provided by LBA are separate and distinct from our advisory services, and are provided for separate and typical compensation. Compensation is typically paid to Members of LBA WM pursuant to successful referrals of new advisory clients; such clients will be informed of the referral arrangement in advance. In addition, referral fees are paid by LBA to affiliated employees who successfully refer clients to the account firm for tax work. Furthermore, these clients are advised that the payment of referral fees will not result in the client paying higher fees.

No LBA WM client is obligated to use LBA for any accounting services and conversely, no accounting client is obligated to use the advisory services provided by us. LBA's accounting services do not include the authority to sign checks or otherwise disburse funds on any of our advisory client's behalf.

## **ITEM 11**      **CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS, AND PERSONAL TRADING**

Our firm has adopted a Code of Ethics which sets forth high ethical standards of business conduct that we require of our employees, including compliance with applicable federal securities laws.

LBA WM and our personnel owe a duty of loyalty, fairness and good faith towards our clients, and have an obligation to adhere not only to the specific provisions of the Code of Ethics but to the general principles that guide the Code.

Our Code of Ethics includes policies and procedures for the review of quarterly securities transactions reports as well as initial and annual securities holdings reports that must be submitted by the firm's access persons. Among other things, our Code of Ethics also requires the prior approval of any acquisition of securities in a limited offering (e.g., private placement) or an initial public offering. Our code also provides for oversight, enforcement and recordkeeping provisions.

LBA WM's Code of Ethics further includes the firm's policy prohibiting the use of material non-public information. While we do not believe that we have any particular access to non-public information, all employees are reminded that such information may not be used in a personal or professional capacity.

A copy of our Code of Ethics is available to our advisory clients and prospective clients. You may request a copy by email sent to [rtran@lbawealth.com](mailto:rtran@lbawealth.com), or by calling us at 904.396.4015.

Our Code of Ethics is designed to assure that the personal securities transactions, activities and interests of our employees will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts.

Our firm and/or individuals associated with our firm may buy or sell for their personal accounts securities identical to or different from those recommended to our clients. In addition, any related person(s) may have an interest or position in a certain security(ies) which may also be recommended to a client.

We may aggregate our employee trades with client transactions where possible and when compliant with our duty to seek best execution for our clients. In these instances, participating clients will receive an average share price and transaction costs will be shared equally and on a pro-rata basis. In the instances where there is a partial fill of a particular batched order, we will allocate all purchases pro-rata, with each account paying the average price. Our employee accounts will be included in the pro-rata allocation.

As these situations represent actual or potential conflicts of interest to our clients, we have established the following policies and procedures for implementing our firm's Code of Ethics, to ensure our firm complies with its regulatory obligations and provides our clients and potential clients with full and fair disclosure of such conflicts of interest.

- No principal or employee of our firm may put his or her own interest above the interest of an advisory client.
- No principal or employee of our firm may buy or sell securities for their personal portfolio(s) where their decision is a result of information received as a result of his or her employment unless the information is also available to the investing public.
- It is the expressed policy of our firm that no person employed by us may purchase or sell any security prior to a transaction(s) being implemented for an advisory account. This prevents such employees from benefiting from transactions placed on behalf of advisory accounts.
- Our firm requires prior approval for any IPO or private placement investments by related persons of the firm.
- We maintain a list of all reportable securities holdings for our firm and anyone associated with this advisory practice that has access to advisory recommendations (access person). These holdings are reviewed on a regular basis by our firm's Chief Compliance Officer or his designee.
- We have established procedures for the maintenance of all required books and records.
- Clients can decline to implement any advice rendered, except in situations where our firm is granted discretionary authority.

- All of our principals and employees must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices.
- We require delivery and acknowledgement of the Code of Ethics by each supervised person of our firm.
- We have established policies requiring the reporting of Code of Ethics violations to our senior management.
- Any individual who violates any of the above restrictions may be subject to disciplinary sanctions up to and including termination.

## **ITEM 12**      **BROKERAGE PRACTICES**

LBA WM and individuals associated with our firm are prohibited from engaging in principal transactions and/or agency cross transactions.

As our firm does not have the discretionary authority to determine the broker-dealer to be used or the commission rates to be paid, clients must direct LBA WM as to the broker-dealer to be used.

LBA WM may recommend that clients establish brokerage accounts either with Charles Schwab & Co., Inc. (Schwab), and/or National Financial Services LLC, and Fidelity Brokerage Services LLC (together with all affiliates, "Fidelity"), each a FINRA registered broker-dealer, member SIPC, as the qualified custodian to maintain custody of clients' assets. Additional information regarding Fidelity are provided below.

**Schwab Program:** LBA WM may also effect trades for client accounts at Schwab, or may in some instances, consistent with LBA WM's duty of best execution and specific agreement with each client, elect to execute trades elsewhere. Although LBA WM may recommend that clients establish accounts at Schwab, it is ultimately the client's decision to custody assets with Schwab. LBA WM is independently owned and operated and is not affiliated with Schwab.

Schwab Advisor Services provides LBA WM with access to its institutional trading, custody, reporting and related services, which are typically not available to Schwab retail investors. Schwab also make available various support services. Some of those services help LBA WM manage or administer our clients' accounts while others help LBA WM manage and grow our business. These services generally are available to independent investment advisors on an unsolicited basis, at no charge to them. These services are not soft dollar arrangements, but are part of the institutional platform offered by Schwab. Schwab's brokerage services include the execution of securities transactions, custody, research, and 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.

For LBA WM client accounts maintained in its custody, Schwab generally does not charge separately for custody services but is compensated by account holders through commissions and other transaction-related or asset-based fees for securities trades that are executed through Schwab or that settle into Schwab accounts. Schwab Advisor Services also makes available to LBA WM other products and services that benefit LBA WM but may not directly benefit its clients' accounts. Many of these products and services may be used to service all or some substantial number of LBA WM accounts, including accounts not maintained at Schwab.

Schwab's products and services that assist LBA WM in managing and administering clients' accounts include 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 pricing and other market data; (iv) facilitate payment of LBA WM's fees from its clients' accounts; and (v) assist with back-office functions, recordkeeping and client reporting.

Schwab Advisor Services also offers other services intended to help LBA WM manage and further develop its business enterprise. These services may include: (i) technology, compliance, legal and business consulting; (ii) publications and conferences on practice management and business succession; and (iii) access to employee benefits providers, human capital consultants and insurance providers. Schwab may make available, arrange and/or pay third-party vendors for the types of services rendered to LBA WM.

Schwab Advisor Services may discount or waive fees it 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 LBA WM. Schwab Advisor Services may also provide other benefits such as educational events or occasional business entertainment of LBA WM personnel. In evaluating whether to recommend that clients custody their assets at Schwab, LBA WM may take into account the availability of some of the foregoing products and services and other arrangements as part of the total mix of factors it considers and not solely on the nature, cost or quality of custody and brokerage services provided by Schwab, which may create a potential conflict of interest.

**Fidelity Program:** LBA WM has an arrangement with National Financial Services LLC, and Fidelity Brokerage Services LLC (together with all affiliates, "Fidelity") through which Fidelity provides our firm with their "platform" services. The platform services include, among others, brokerage, custodial, administrative support, record keeping and related services that are intended to support intermediaries like LBA WM in conducting business and in serving the best interests of our clients but that may also benefit us.

Fidelity charges brokerage commissions and transaction fees for effecting certain securities transactions (e.g., transactions fees are charged for certain no-load mutual funds, commissions are charged for individual equity and debt securities transactions). Fidelity enables LBA WM to obtain many no-load mutual funds without transaction charges and other no-load funds at nominal transaction charges. Fidelity's commission rates are generally considered discounted from customary retail commission rates. However, the commissions and transaction fees charged by Fidelity may be higher or lower than those charged by other custodians and broker-dealers. As part of the arrangement, Fidelity also makes available to our firm, at no additional charge to us, certain research and brokerage services, including research services obtained by Fidelity directly from independent research companies, as selected by LBA WM (within specified parameters).

These research, technology and brokerage services presently include providing access to client account data (e.g., account statements and duplicate trade confirmations); facilitating trade execution and allocation of aggregated trade orders for multiple client accounts using Fidelity's trading platform (Fidelity Wealth Central); enabling payment of LBA WM's fees from our clients' accounts; pricing and other market data and research provided by Morningstar Analytics, and online access to additional resources such as GPS, Fidelity's portfolio analysis tool; among other tools and resources used by our firm to manage accounts for which we have investment discretion. Fidelity provides LBA WM's operations with complimentary consulting services helping us to become more efficient and keeping expenses low benefiting clients in the long run.

As a result of receiving such services for no additional cost, we may have an incentive to continue to use or expand the use of Fidelity's services. We examined this potential conflict of interest when we chose to enter into the relationship with Fidelity and have determined that the relationship is in the best interests of LBA WM's clients and satisfies our client obligations, including our duty to seek best execution. A client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where we determine in good faith that the commission is reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, while LBA WM will seek competitive rates, to the benefit of all clients, we may not necessarily obtain the lowest possible commission rates for specific client account transactions. Although the investment research products and services that may be obtained by us will generally be used to service all of our clients, a brokerage commission paid by a specific client may be used to pay for research that is not used in managing that specific client's account.

LBA WM is independently owned and operated and is not affiliated with either Schwab or Fidelity.

LBA WM will block trades where possible and when advantageous to clients. This blocking of trades permits the trading of aggregate blocks of securities composed of assets from multiple client accounts, so long as transaction costs are shared equally and on a pro-rated basis between all accounts included in any such block.

Block trading may allow us to execute equity trades in a timelier, more equitable manner, at an average share price. LBA WM will typically aggregate trades among clients whose accounts can be traded at a given broker, and generally will rotate or vary the order of brokers through which it places trades for clients on any particular day. LBA WM's block trading policy and procedures are as follows.

- Transactions for any client account may not be aggregated for execution if the practice is prohibited by or inconsistent with the client's advisory agreement with LBA WM, or our firm's order allocation policy.
- The portfolio manager must determine that the purchase or sale of the particular security involved is appropriate for the client and consistent with the client's investment objectives and with any investment guidelines or restrictions applicable to the client's account.
- The portfolio manager must reasonably believe that the order aggregation will benefit, and will enable LBA WM to seek best execution for each client participating in the aggregated order. This requires a good faith judgment at the time the order is placed for the execution. It does not mean that the determination made in advance of the transaction must always prove to have been correct in the light of a "20-20 hindsight" perspective. Best execution includes the duty to seek the best quality of execution, as well as the best net price.
- Prior to entry of an aggregated order, an electronic order ticket must be completed which identifies each client account participating in the order and the proposed allocation of the order, upon completion, to those clients.
- If the order cannot be executed in full at the same price or time, the securities actually purchased or sold by the close of each business day must be allocated pro rata among the participating client accounts in accordance with the initial order ticket or other written statement of allocation. However, adjustments to this pro rata allocation may be made to participating client accounts in accordance with the initial order ticket or other written statement of allocation. Furthermore, adjustments to this pro rata allocation may be made to avoid having odd amounts of shares held in any client account, or to avoid excessive ticket charges in smaller accounts.
- Generally, each client that participates in the aggregated order must do so at the average price for all separate transactions made to fill the order, and must share in the commissions on a pro rata basis in proportion to the client's participation. Client's transaction costs are determined based on the terms of that client's agreement with the custodian/broker.
- If the order will be allocated in a manner other than that stated in the initial statement of allocation, a written explanation of the change must be provided to and approved by the Chief Compliance Officer no later than the morning following the execution of the aggregate trade.
- LBA WM's client account records separately reflect, for each account in which the aggregated transaction occurred, the securities which are held by, and bought and sold for, that account.
- Funds and securities for aggregated orders are clearly identified on LBA WM's records and to the broker-dealers or other intermediaries handling the transactions, by the appropriate account numbers for each participating client.
- No client or account will be favored over another.

## **ITEM 13**      **REVIEW OF ACCOUNTS**

### **Investment Management Services**

**Reviews.** While the underlying securities within Investment Management Services accounts are continually monitored, these accounts are reviewed at least quarterly. Accounts are reviewed in the context of each client's stated investment objectives and guidelines. More frequent reviews may be triggered by material changes in variables such as the client's individual circumstances, or the market, political or economic environment.

Furthermore, LBA WM offers to conduct an annual review of the client's investment policy statement (IPS) and makes any necessary revisions.

These accounts are reviewed by David T. Albanese, Chief Investment Officer (CIO) and Chief Compliance Officer (CCO), Matthew B. Cochran, Portfolio Manager, and/or Kaitlyn E. Weatherly, Wealth Adviser.

**Reports.** In addition to the monthly statements and confirmations of transactions that clients receive from their broker-dealer, we provide written quarterly reports summarizing account performance, balances and holdings. LBA WM provides the client with a copy of the IPS reflecting any revisions.

## **ITEM 14**      **CLIENT REFERRALS AND OTHER COMPENSATION**

### **Client Referrals**

It is LBA WM's policy not to engage unaffiliated solicitors or to pay non-related persons for referring potential clients to our firm. LBA WM, however, will pay referral fees to certain affiliated solicitors (i.e., Members of LBA WM). Prospective clients will be advised of the nature of the relationship at the time of the solicitation.

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

### **Other Compensation**

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

## **ITEM 15**      **CUSTODY**

LBA WM does not maintain physical custody of the investments under our management. We use third-party, institutional custodians, like Charles Schwab and Fidelity, to hold and safeguard stocks, mutual funds, and other assets. These custodians then independently maintain actual physical custody of client securities.

We previously disclosed in the "Fees and Compensation" section (Item 5) of this Brochure that our firm directly debits advisory fees from client accounts. As part of this billing process, the client's custodian is advised of the amount of the fee to be deducted from that client's account. On at least a quarterly basis, the custodian is required to send to the client a statement showing all transactions within the account during the reporting period. Because the custodian does not calculate the amount of the fee to be deducted, it is important for clients to carefully review their custodial statements to verify the accuracy of the calculation, among other things. Clients should contact us directly if they believe that there may be an error in their statement.

Typically, we have only restricted access to client accounts which includes the ability to place trades, to discuss accounts with the client's custodian, to directly debit advisory fees from client accounts, and to distribute funds directly to clients. To simplify the management of our clients' complex financial lives, we may also provide additional assistance to certain clients, including for example some or all of the following services:

- Sending quarterly estimated tax payments to the IRS;
- Transferring annual IRA contributions, gifts, or charitable contributions;
- Making insurance premium payments;
- Distributing funds to a third party on a regular basis or as needed upon client request; or
- Having one of our affiliated CPAs serve as co-trustee for client accounts.

These services provide us with additional access to such client accounts and assets and we are therefore deemed to have "custody" of those clients' assets. We are therefore required to provide additional safeguards for those client assets. Accordingly, in addition to the qualified custodian's obligation to send account statements at least quarterly directly to each LBA WM client (or the client's designated independent representative), LBA WM contracts with an independent public accountant to conduct an annual surprise examination of those clients' accounts for which LBA WM provides some or all of the aforementioned additional services.

In addition to the periodic statements that clients receive directly from their custodians, we also send account statements and management fee invoices directly to our clients on a quarterly basis. We urge our clients to carefully compare the information provided on these statements to ensure that all account transactions, holdings and values are correct and current.

## **ITEM 16**      **INVESTMENT DISCRETION**

Clients generally hire us to provide discretionary asset management services, in which case we place trades in a client's account without contacting the client prior to each trade to obtain the client's permission.

Our discretionary authority includes the ability to do the following without contacting the client:

- Determine the security to buy or sell, and/or
- Determine the amount of the security to buy and/or sell.

Clients give us discretionary authority when they sign a discretionary agreement with our firm, and may limit this authority by giving us written instructions. Clients may also change/amend such limitations by once again providing us with written instructions.

***Non-Discretionary Clients.*** An advisory client electing not to grant investment discretionary authority to LBA WM is advised that trades in his/her account may be executed subsequent to trades effected in discretionary accounts due to the additional time involved in obtaining the required client approval prior to executing any trade in such client's account. Furthermore, these clients may be excluded from participation in block trading and thus there may be a difference in the price per share of a given security and the commission rates paid between client accounts.

## **ITEM 17**      **VOTING CLIENT SECURITIES**

We offer to vote proxies for all client accounts; however, you always have the right to vote proxies yourself. You can exercise this right by instructing us in writing to not vote some or all proxies in your account.

We vote proxies in the best interests of our clients and in accordance with our established policies and procedures. Our firm retains all proxy voting books and records for the requisite period of time, including a copy of each proxy statement received, a record of each vote cast, a copy of any document created by us that was material to making a decision how to vote proxies, and a copy of each written client request for information on how specific proxies were voted. If our firm has a conflict of interest in voting a particular action, we advise the client of the conflict and request that the client instruct LBA WM on the vote to cast on the client's behalf. Under certain circumstances, we may retain an independent third-party to cast a vote.

With respect to ERISA accounts, we will vote proxies unless the plan documents specifically reserve the plan sponsor's right to vote proxies.

You can instruct us to vote proxies according to particular criteria (for example, to always vote with management, or to vote for or against a proposal to allow a so-called "poison pill" defense against a possible takeover). You can also instruct us on how to cast your vote in a particular proxy contest. These directives must be provided to LBA WM in writing.



Clients may request a copy of our complete proxy voting policies and procedures. If any client requests a copy of our complete proxy policies and procedures and/or how we voted specific proxies for his/her account(s), we will promptly provide the requested information.

Clients should direct proxy-related communications to Matthew B. Cochran, Portfolio Manager of LBA WM. Email communications should be addressed to [MCochran@lbawealth.com](mailto:MCochran@lbawealth.com); other written communications should be addressed to the firm and either mailed or faxed to his attention (see the cover page of this brochure for our address and fax information).

***Class Actions, Bankruptcies, and Other Legal Proceedings.*** We will neither advise nor act on behalf of the client in legal proceedings involving companies whose securities are held in the client's account(s), including, but not limited to, the filing of "Proofs of Claim" in class action settlements. If desired, clients may direct us to transmit copies of class action notices to the client or a third party or to relate requested claim form information to the client or a third party. Upon such direction, we will make commercially reasonable efforts to forward such notices in a timely manner.

## **ITEM 18**      **FINANCIAL INFORMATION**

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

As a registered investment adviser that maintains discretionary authority for client accounts and is deemed to have custody we are also required to disclose any financial condition that is reasonably likely to impair our ability to meet our contractual obligations. LBA WM has no such financial circumstances to report.

LBA WM has never been the subject of a bankruptcy petition.