



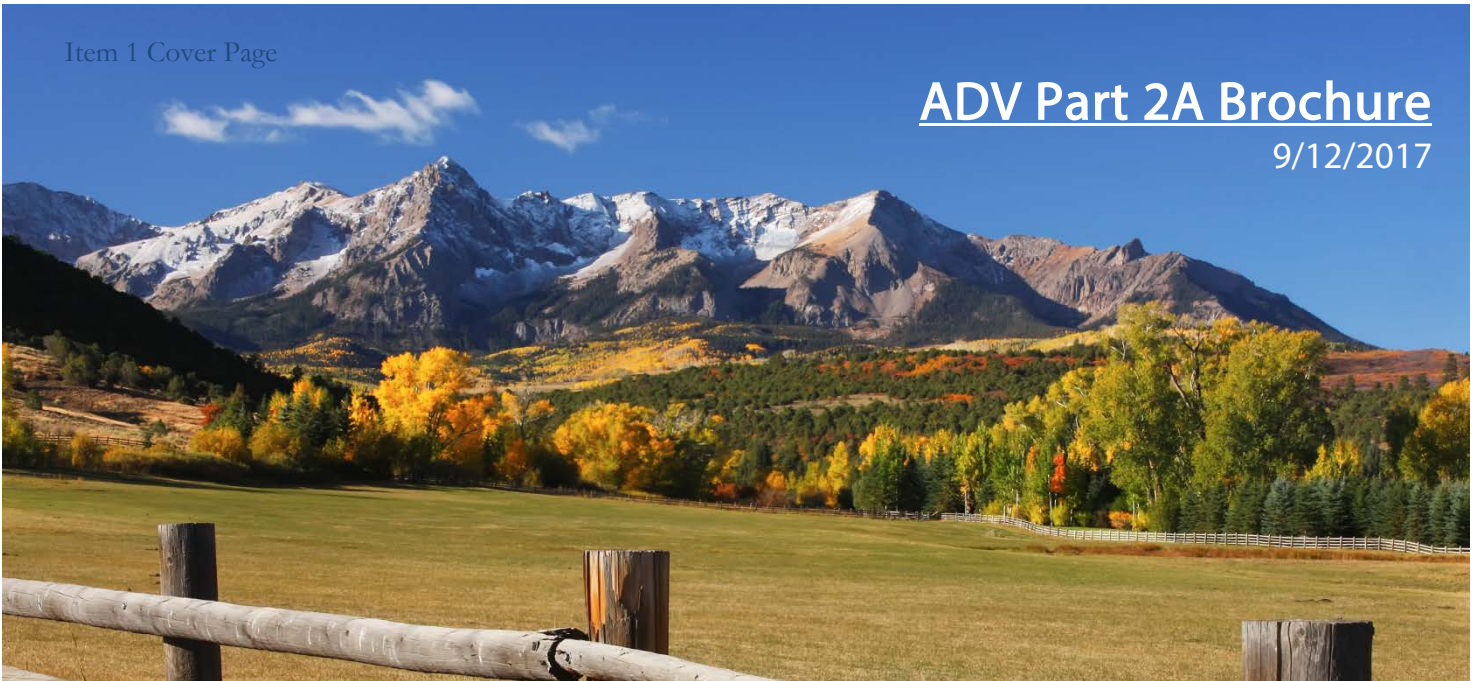
# Lara, May & Associates

A FOCUS FINANCIAL PARTNER | INDEPENDENT WEALTH MANAGEMENT

Item 1 Cover Page

## ADV Part 2A Brochure

9/12/2017



This brochure provides information about the qualifications and business practices of Lara, May & Associates, LLC (“LMA” or “Firm”) Member FINRA/SIPC. If you have any questions about the contents of this brochure, please contact us at (703)-827-2300 or [information@laramayllc.com](mailto:information@laramayllc.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

The complete ADV and additional information about LMA is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). LMA is a registered investment adviser with the SEC. The use of the terms “registered investment adviser” or “registered” by us does not imply by itself any level of skill or training. The advisory services described in this brochure are not insured or otherwise protected by the U.S. government, the Federal Deposit Insurance Corporation (FDIC), the Federal Reserve Board, or any other government agency and involve risk, including the possible loss of principal.

## Item 2 – Material Changes

This section will address only specific material changes that are made to this brochure and provides clients with a summary of such changes. It will also reference the date of the last annual update of this brochure. In the past, information about LMA's qualifications and business practices has been offered or delivered to clients on at least an annual basis. Pursuant to SEC rules, clients will receive a summary of any material changes to this and subsequent brochures within 120 days of the close of LMAs' fiscal year-end (12/31). Other ongoing disclosure information about material changes may be provided as necessary. A new Brochure will be provided as necessary based on changes or new information, at any time, without charge.

This Item discusses only the material changes that have occurred since the last annual amendment dated March 15, 2016:

- In July 2017, investment vehicles affiliated with Stone Point Capital LLC ("Stone Point") and Kohlberg Kravis Roberts & Co. L.P. ("KKR") each made an investment in Focus Financial Partners, LLC ("Focus"). This transaction resulted in certain funds managed by Stone Point collectively becoming a principal owner of Focus and the KKR investment vehicles collectively becoming a minority owner of Focus. Because [Partner Firm] is an indirect, wholly-owned subsidiary of Focus, the Stone Point and KKR investment vehicles are indirect owners of LMA. (see Items 4 & 10);
- Enhanced the description of our business as a dually-registered investment adviser and broker-dealer, and of our clearing agent, Wells Fargo Clearing Services, LLC, who conducts business as First Clearing (see Item 4);
- Included disclosure about Non-Investment Consulting/Implementation Services and that LMA and any persons affiliated with LMA who are registered, or are required to be registered, as Investment Adviser Representatives ("IAR") of LMA are not licensed tax or legal professionals (see Item 4);
- Clarified our disclosures regarding the compensation IARs receive for client investments in mutual funds and commission products held outside advisory programs(see Item 5);
- Clarified the costs associated with mutual funds for investment other than an advisory program (see Item 5);
- Enhanced risk factor disclosures to describe the risks of ProShares Ultrashort 20+ Year Treasury ETF (TBT), an inverse, leveraged exchange-traded product, and the risks of options (see Item 8);
- Enhanced our disclosures regarding our financial industry activities and associations (see Item 10);
- Details how the firm monitors product wholesaler events and third party sponsorships(see Item 14);
- Provided further disclosures regarding Cash Sweep Vehicles and financial benefits we receive (see Item 14);
- Provided further disclosures regarding rebates we receive as the broker/dealer from our clearing agent (see Item 14); and
- Enhanced our disclosures regarding our financial industry activities and associations (see Item 14)

We urge clients to review the entire Brochure. For any questions regarding the content of this Brochure, or to request a copy, please contact the Chief Compliance Officer at (703) 761-3907 or [information@laramayllc.com](mailto:information@laramayllc.com). This Brochure and additional information about LMA are available, both free of charge, via the SEC's web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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## Item 4 - Advisory Business

LMA is a dually registered, independent broker/dealer (Member FINRA/SIPC), registered with the Municipal Rule Making Board (“MSRB”) and a Registered Investment Advisor with the SEC. LMA provides investment supervisory and advisory services to its clients, including wealth management and comprehensive financial planning services. The services provided usually vary from client to client and from IAR to IAR. Typically services include client directed separate account management. IARs may recommend individual stocks, mutual funds, exchange-traded funds and other types of securities depending on the client situation, objectives and the IAR’s expertise. Some advisors offer discretionary account management built around models per account investment objectives. Advisors may provide personal and/or business planning, asset allocation, portfolio management, educational planning, advisory services for businesses and retirement planning. LMA may advise clients directly and/or recommend client utilize unaffiliated third party managers and/or sub-advisors. As LMA is also an insurance agency registered with various state Divisions of Insurance, IAR’s with proper insurance licensing may offer clients insurance products such as life, long-term care and variable annuity products, which have separate compensation in addition to any advisor program fees.

The foundation of LMA began in 1981 with E. Ronald Lara, CFP®. On October 1, 2007 LMA became part of the Focus Financial Partners, LLC (“Focus”) partnership. As such, LMA is a wholly-owned subsidiary of Focus Operating, LLC (“Focus Operating”), which is a wholly-owned subsidiary of Focus. Focus also owns other registered investment advisers, broker-dealers, pension consultants, insurance firms, and other financial service firms (the “Focus Partners”), most of which provide wealth management, benefit consulting and investment consulting services to individuals, families, employers, and institutions. Some Focus Partners also manage or advise limited partnerships, private funds, or investment companies as disclosed on their respective Form ADVs.

In July 2017, investment vehicles affiliated with Stone Point Capital LLC (“Stone Point”) and Kohlberg Kravis Roberts & Co. L.P. (“KKR”) each made an investment in Focus Financial Partners, LLC (“Focus”). This transaction resulted in certain funds managed by Stone Point collectively becoming a principal owner of Focus and the KKR investment vehicles collectively becoming a minority owner in Focus. Because LMA is an indirect, wholly-owned subsidiary of Focus, the Stone Point and KKR investment vehicles are indirect owners of LMA.

Pursuant to a management agreement between LMA, Focus and LS Management, LLC (the “Management Company”), the Management Company has agreed to provide persons to serve as officers of LMA who, in such capacity, will be responsible for the management, supervision and oversight of LMA. The primary member of the Management Company is E. Ronald Lara, who is an executive of LMA. LMA’s Advisory assets on a non-discretionary basis are \$230 million and \$93 million on a discretionary basis as of 12/31/2016.

### INVESTMENT MANAGEMENT AND ADVISORY SERVICES

IARs provide recommendations and supervision for clients’ investment advisory accounts. IARs provide ongoing management and advice regarding the investment of client funds based on the individual needs and suitability of the client. Through personal discussions and/or documentation a client's particular circumstances, goals, profile and objectives are identified. IARs will make recommendations based on these factors and other information provided by the client. IARs may manage advisory accounts on a discretionary or nondiscretionary basis. Account

supervision is guided by the stated objectives and risk tolerance of the client. Clients may impose restrictions regarding specific securities or types of securities and should bring these to the attention of their IAR.

LMA also offers specific comprehensive, planning processes: The Lifetime Success Solution<sup>®</sup> ("LSS") and The Retirement Success Solution<sup>®</sup> ("RSS"). The Success Solutions are planning processes intended to identify an individual's or a couple's personal and lifestyle goals and develop strategies targeted to achieve them. Investment plans created in response to these goals are not guaranteed and are subject to market and investment risk. There is a possibility of principal loss, and no assurance of appreciation is made. The investment management plan and/or services provided may have separate charges or commissions, and the investment products used may have separate expenses and fees associated with them. Please take time to read the respective account-related documentation, agreements, and product material. *The Lifetime Success Solution<sup>®</sup> and The Retirement Success Solution<sup>®</sup> are registered trademarks of E. Ronald Lara, Inc. and used with permission by LMA.*

*Non-Discretionary Service Limitations.* Clients who determine to engage non-discretionary investment advisory basis must be willing to accept that the IAR cannot effect account transactions without obtaining prior verbal or written consent to any such transaction(s) from the client. Thus, in the event of a market correction during which the client is unavailable, the IAR will be unable to effect account transactions (as they would for a discretionary client) without first obtaining the client's consent. If the IAR feels the authorized account holder's mental capacity is in question, they may request that a power of attorney relationship be established with a trusted individual of the account holder.

## **WRAP FEE PROGRAMS**

As a dually registered broker/dealer LMA has a clearing agreement with First Clearing for the execution, clearance, settlement and custody of client assets. First Clearing is a trade name used by Wells Fargo Clearing Services, LLC, Member SIPC, a registered broker-dealer and non-bank affiliate of Wells Fargo & Company ("Clearing Agent") LMA sponsors several wrap fee programs at the Clearing Agent whereby the client pays one fee that includes the advisory fees/costs for the IAR and custodial transaction charges– thus the term “wrap” as the fees are considered wrapped together into one annual fee percentage, paid quarterly. This includes programs where the IAR is the portfolio manager and has an agreement in place with the client for providing discretionary asset management responsibilities or a program by which is client directed, meaning the client needs to provide consent for all trades recommended by the IAR. LMA has an agreement with Wells Fargo Advisors ("WFA"), a trade name used by Wells Fargo Clearing Services, LLC ("WFCS"), pursuant to which WFA provides advisory and/or other services with respect to the Programs custodied at the Clearing Agent. It is a non-bank affiliate of Wells Fargo & Company ("Wells Fargo"). Those clients electing to have their assets managed by an unaffiliated investment manager of LMA may participate in a variety of wrap fee programs offered by LMA. LMA is not related to or affiliated with WFA or the Clearing Agent. Unless otherwise specified, Clearing Agent will maintain custody of client assets. Clearing Agent qualifies as a “qualified custodian” as described by Rule 206(4)-2 of the Investment Advisers Act. WFA and Clearing Agent each reserves the right to reject and not provide services to any client or with respect to any client account for any reason. WFA provides advisory and other services to LMA and our clients with respect to the following programs: Masters, Diversified Managed Allocations (“DMA”), Wells Fargo Compass Advisory, Allocation Advisors, Customized Portfolios, and FundSource.



**Please review the respective WFA Wrap Fee Program Brochure Disclosure Documents for a complete description of each program.** Read the program agreements carefully as they provided details on the servicing of the account, what costs are included, what costs aren't included and the fee billing details. **A separate LMA Form ADV Part 2A Appendix 1 Wrap Fee Program Brochure ("Wrap Fee Program Brochure") is provided along with the program agreement.** The Wrap Fee Program Brochure is made available free of charge by using the contact information on the cover page of this document.

## **ADVISORY CONSULTATION WITHOUT ASSET MANAGEMENT**

IARs are able to provide clients with consultation services of client assets held outside of LMA. The client and IAR would enter into a consultation agreement based on a pre-determined fee payable per the agreement.

## **PROJECT BASIS**

Financial planning, investment analysis and other services may be provided by an IAR on a "per project" basis. The IAR and client will discuss the scope of the project and agree upon a set fee. The client is then invoiced for the service upon completion.

## **MISCELLANEOUS**

### Non-Investment Consulting/Implementation Services

To the extent specifically requested by a client, LMA may provide limited consulting services regarding non-investment related matters, such as estate planning and tax planning. LMA and IARs are not licensed tax or legal professionals. Materials provided by LMA or an IAR are not intended or written to be used, and cannot be used by any taxpayer, for the purpose of avoiding penalties that may be imposed on the taxpayer under U.S. federal tax laws. Individuals should consult their personal tax or legal professional regarding any transactions that have tax consequences, tax filings, such that may be required for certain trusts, retirement and ERISA plans, and any tax- or legal-related investment decisions.

To the extent requested by a client, LMA may recommend the services of third party professionals for certain non-investment implementation purposes (i.e. attorneys, accountants, insurance specialists, etc.). The client is under no obligation to engage the services of any such recommended professional and those professionals may charge fees separate from the IAR for which the client will be responsible for. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from the IAR. If the client engages any such recommended professional and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional.

### Client Obligations

In performing its services, the IAR shall not be required to verify all information received from the client or from the client's other professionals, and is expressly authorized to rely thereon on the information provided ( this is not referring to Customer Identity Policies). Moreover, each client/entity is advised that it remains his/her/its responsibility to promptly notify the IAR if there is ever any change in the information provided in the New Account form or Client Profile or material changes arise in his/her/its financial situation, risk tolerance, or investment objectives. Changes may require revising the IAR's previous recommendations and/or services.

## Item 5 – Fees and Compensation

### FEES AND COMPENSATION

LMA currently does not implement a firm wide fee schedule. Fees schedules may be recommended by the custodians and based on the services provided, the investments selected, the program agreement and/or the managers selected, asset level, industry standards, and are negotiated between the IAR and the client. LMA may offer programs provided through the Clearing Agent and with third party managers such as those with Morningstar Managed Portfolios, Charles Schwab, or other separate account managers and platforms as well as with the IAR serving as the portfolio manager. Fees and compensation details are provided in the respective program agreements, so please read them carefully. Neither the IAR or LMA may directly debit or withdrawal fees from a client's account, nor do they have authority to do so.

Clients will pay different fee annual percentages as IARs have different compensation structures. Most of the IARs work independently from one another and have their own style of services, fee plans and offerings. The fee percentage is typically based on a sliding scale depending on the total assets under management. As such, households with higher total assets under management, such as over \$1million, will likely pay a lower percentage annual fee respectively. IARs may offer their immediate family or related accounts a lower or no-fee option and/or choose to cover the costs themselves.

A program agreement must include: the services offered, the terms of management, authority of IAR and/or sub-advisor, fees charged and how they will be calculated, applicable disclosures, arbitration clause, address custody status, reporting, liability and standard of care, brokerage (if applicable), risks, assignment, termination terms, and other standard contractual requirements. The client, IAR, and an LMA principal must sign and date the agreement. Should the account fee at a later date need to be changed, a Fee Schedule Change amendment must be completed and signed by the client, IAR and a Firm principal in order for the new fee to take effect. Typically, the effective date will be the date the Fee Schedule Change amendment is submitted to the custodian.

IARs may not receive brokerage product commission compensation and investment advisory compensation on the same assets. We realize however, the situation can occur when it would be advantageous for a client to hold a commission position in a fee-based account that is ineligible to be included in the managed account program. The Asset Advisor program is a client directed program managed by the IAR and may enable clients, as allowed by the custodian, to hold positions such as A, B or C open-end mutual fund share classes, or other commission positions that would be considered ineligible. Such a position will be coded by the custodian as a Non-Program Asset and will be excluded from the performance reporting and billable asset value of the account program fee calculation. Other wrap programs and accounts managed by a third party manager may prohibit holding positions not selected and managed by the program or respective manager.

**LMA offers investment advisory services for compensation in the following manners:**

#### **A. A PERCENTAGE OF ASSETS UNDER MANAGEMENT**

LMA is able to offer fee-based investment management with a typical annual fee range of 0.75% - 2.50% and sub-advisory or 3rd party manager programs with a typical fee range of 1.00% - 3.00% through LMA's Clearing Agent and other custodians/platforms as mentioned herein.

Programs where the custodial transaction charge is billed to the client separately, such as Charles Schwab and Morningstar Managed Portfolios are not considered wrap programs. Please refer to the specific platform new account documentation for pricing.

The fee provides for: the IAR's initial analysis of the client's investment objectives and needs, periodic re-evaluations, consulting services as to an appropriate investment strategy, trading execution costs and monitoring. There may be other fees associated with the client's account charged by the custodian for maintenance, client account requests, or other specific account fees. These are typically incidental and are detailed in the client's Program Agreement and custodial New Account Agreement. If the IAR is performing additional services and comprehensive planning, a higher annual fee or project based fee may be applied. The IAR will discuss this with you beforehand.

### **Fee Based Accounts at Clearing Agent**

You should be aware that program fees charged may be higher or lower than those otherwise available if you were to select a brokerage type account with trading /sales commissions applied instead of an annual advisory fee. Your annual fee may be subject to negotiation with the IAR depending upon a range of factors including, but not limited to, account sizes and overall range of services provided. You should consider the value of these advisory services when making such comparisons. The combination of custodial, advisory and brokerage services may not be available separately or may require multiple accounts, documentation and fees. You should also consider the amount of anticipated trading activity when selecting among the programs and assessing the overall cost. Advisory programs typically assume a normal amount of trading activity and, therefore, under particular circumstances, prolonged periods of inactivity or asset allocations with significant fixed income or cash weightings may result in higher fees than if commissions were paid separately for each transaction.

A portion of the fees charged for the programs described here may be paid to an IAR in connection with the introduction of accounts as well as for providing client-related services within the programs. This compensation may be more or less than an IAR would receive if you paid separately for investment advice, brokerage, and other services, and may vary, depending on the program or services offered.

Fees for accounts at the Clearing Agent are calculated and deducted by the Clearing Agent from the respective account, or from an alternate account as provided, and applied in advance on a quarterly basis paid to LMA generally within the first ten business days of each succeeding calendar quarter in accordance with the billable asset value and fee calculation methodology in the Program Agreement. Client may direct LMA to debit fees from an alternate account, this election will continue until the client provides notice of revocation of this election. Please refer to the Program Agreement itself for more details regarding fee calculations. Fee based programs at the Clearing Agent are structured as Wrap accounts. Please refer to LMA's WRAP Brochure for more information.

### **Fee Based Accounts at Charles Schwab & Co, Inc. ("Schwab")**



LMA offers advisory accounts custodied at Schwab. The client will set up a separate agreement with Schwab to pay for custodial account and trading transaction fees either on a per-transaction charge or percentage of assets in the account. This agreement is separate from any agreement with a third party manager and the IAR. Upon written notification, either LMA or the client may terminate the agreement. Prorated manager fees will be charged based on the market value on the date the notice is received. The annual fee is billed quarterly at the end of the calendar quarter. The calculation is conducted by LMA, based on taking the average of the account value from the custodial statement value on the first and last day of the quarter. The fee will be submitted to Schwab for processing and deducted from the clients account by Schwab in arrears, usually the next month after the end of the billable quarter. The client will receive monthly statements from Schwab indicating their account holdings. We recommend clients review the fee applied and contact their IAR with any questions.

A quarterly report is also available if the client elects to receive it. This would include: the market value, cash flows, gains and losses, asset allocation, and performance as it relates to market indices. Annually, the client will receive a tax report for the account from Schwab. Advisory contracts may be terminated by the client without penalty by giving written notice of termination within five business days. After the five-day period, clients may terminate the agreement at any time with written notice.

### **Fee Based Accounts at Morningstar Managed Portfolios**

LMA offers portfolios managed by Morningstar Investment Services (“MIS”): Mutual Fund Portfolios, Exchange Traded Fund (“ETFs”) Portfolios, and Select Stock Baskets. The following firms provide custodial and administrative services for the Morningstar Managed Portfolios program sponsored by MIS: BNY Mellon Investment Servicing Trust Company (“BNY Mellon”), Fidelity Brokerage Services LLC and National Financial Services, LLC (collectively, “Fidelity”) and Schwab. The annual program fees and structure vary depending on the Portfolio and custodian selected.

There is a separate MIS manager charge and custodian charge that may either be in the form of a “per transaction” charge or as a flat percentage basis point “bps”. The individual fees and terms are outlined and described in the MIS Proposal and Application.

The LMA advisory fees range from 0.75% - 1.10%, the MIS fees range from 0.30% – 0.55%, and the custodians charges range from \$7.95/trade to \$10.95 or 0.10% in a flat basis point format (minimum fees apply).

The specifics of what the fees cover and how they are billed are detailed in the respective Account Proposal, Application and Custodial Agreement. The Agreement may be terminated at any time (including within five business days of entering into the agreement) without the imposition of any penalty upon written notice by the client or MIS to the other and termination will become effective on receipt of such notice. If the value of an account falls below the minimum size of \$50,000 due to withdrawals or market action, MIS may terminate the account. Any termination by MIS or the client will not, however, affect the liabilities or obligations of the parties incurred or arising from transactions in Fund Shares initiated under the Agreement before such termination.

### **Costs of Investing in Mutual Funds**

In addition to the LMA program and manager fees, as a shareholder of an open end mutual fund, closed-end fund or exchange traded fund (“ETF”), you will bear a proportionate share of the fund's investment management fees and expenses. Mutual fund fees and expenses, including asset-based sales charges known as “12b-1 fees,” vary based on the share class that is offered. Typically, clients who purchase open-end mutual funds under one of our fee-based programs are able to purchase lower expense share classes that do not impose 12b-1 fees. Clients who purchase open-end mutual funds in other types of accounts at LMA, such as a brokerage or non-wrap fee based accounts, typically must purchase a share class that imposes a higher fee and expense structure, including 12b-1 fees. As a result, some clients may be able to purchase the lowest expense ratio advisory or institutional share class, while others may only purchase a non -advisory or commission share class. For more information about the respective share class offerings and their fee and expense structure, please refer to the fund’s prospectus and account agreement.

You should be aware that you may be able to invest in money market funds, mutual funds or ETFs directly with the fund company or through a brokerage account at LMA without incurring the fee charged for participation in a wrap fee program. In addition, certain institutional investors may directly purchase a class of shares of certain funds that do not charge shareholder services, sub-accounting or other related fees. If you do, however, you will not receive the various program services provided under the program agreement and service and some mutual funds may impose a sales load on direct investments. You will receive a prospectus for each fund purchased, as required by securities regulations.

### **Account Termination**

Your account agreements may be terminated by either party at any time upon written notice. If you terminate your Agreement, a pro rata refund will be made, less reasonable start-up costs. You have the right, within five (5) days of execution, to terminate the Client Agreement without penalty. In the event of cancellation of Client Agreements, fees previously paid pursuant to the fee schedule will be refunded on a pro rata basis, as of the date notice of such cancellation is received by the non-canceling party, less reasonable start-up costs. If a client chooses to terminate his/her Agreement with an investment advisory program, the IAR can liquidate the client account if instructed to do so. If so instructed, he/she will liquidate your account in an orderly and efficient manner. LMA does not charge for such redemptions; however, you should be aware that certain mutual funds impose redemption fees as stated in their fund prospectus. You should also keep in mind that the decision to liquidate security issues or mutual funds may result in tax consequences that should be discussed with your tax professional. LMA will not be responsible for market fluctuations in your account from the time of written notice for termination until complete liquidation. All efforts will be made to process the termination in an efficient and timely manner. Factors that may affect the orderly and efficient liquidation of an account might be size and types of issues, liquidity of the markets, and market makers' abilities. Should the necessary securities' markets be unavailable and trading suspended, efforts to trade will be done as soon as possible following their reopening. Due to the administrative processing time needed to terminate an advisory account, termination orders cannot be considered market orders. It may take several business days under normal market conditions to process your request.

Upon termination of the advisory program, the client will receive a refund of the portion of the prepaid asset-based fee which has not been earned. Please refer to the individual program agreement for details regarding termination of fees and pro-rated fee calculations. If a program account is terminated, but you maintain a

brokerage account with us, the money market fund used in a “sweep” arrangement may be changed and/or your shares may be exchanged for shares of another series of the same fund. You will bear a proportionate share of the money market fund's fees and expenses. You are subject to the customary brokerage charges for any securities positions sold in your account after the termination of program services.

## **B. HOURLY AND FIXED CHARGES**

For current investment or financial analysis, financial planning or services that are out of the normal investment advisory or management service, or for individuals who are currently not advisory clients, such as, but not limited to, estate planning, insurance needs, investment consultation, in-depth financial planning and analysis, lifetime transition planning, or for *The Lifetime Success Solution*<sup>®</sup> and *The Retirement Success Solution*<sup>®</sup> Programs, a fixed or hourly fee may be applied for the services provided payable as determined between the client and the IAR. For the Retirement and Lifetime Success Solutions, Program Planning fees typically range from \$500 to \$5,000, depending on the complexity of the project. We recommend a minimum assets level of \$500k for RSS and LSS programs. For the delivery of an Estate Plan Flow Chart the fee ranges from \$500 to \$1,500. For the Retirement Funding Analysis fees begin at \$500. For fee based wealth management consultation the fee typically ranges from .25% to 1.00% of assets under consultation as discussed between the client and IAR.

For the projects such as those mentioned above, an hourly fee may be applied as negotiated between the client and the IAR which can range from \$100 - \$250/hour. Unless otherwise agreed upon, the fee is paid via an invoice at the beginning or end of the engagement- depending on the project selected and scope of project as discussed between the client and IAR. The project is outlined and the total fee is presented before the project is initiated. Agreement is necessary from the client before work is commenced. If the client is not satisfied with the completed service, a full refund of the fee paid, less any out-of-pocket LMA expenses, may be obtained upon the client's written request to LMA within thirty (30) days of the receipt of completed service.

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

LMA does not charge performance-based fees (fees based on a share of capital gains or capital appreciation of the assets of a client).

## **Item 7 – Types of Clients**

LMA offers wealth management and financial planning services to individuals, high net worth individuals, homeowner associations, businesses, corporate pension and profit-sharing plans, ERISA plans, charitable institutions, foundations, endowments, and trusts. LMA does not establish a firm wide minimum asset requirement for opening an account. However, each IAR may set their own client account minimums and each custodian has account/program value thresholds that may trigger additional fees for low account balances or inactive accounts. In addition, third party managers may have minimum asset requirements for inclusion in a program. Generally, yet with exceptions, most fee-based program minimums are \$25,000 or \$50,000.

## Item 8 – Methods of Analysis, Investment Strategies and Risks

We choose our Clearing Agent's platform, program offerings and WFA for portfolio management and advisory services with respect to certain unaffiliated wrap fee programs. WFA is a non-bank affiliate of Wells Fargo & Company that provides advisory services, asset management, brokerage services, estate planning strategies, retirement planning, portfolio analysis and monitoring and other financial services.

After extensive review, we selected WFA to provide these services to our clients as we feel the suite of wrap programs, research and due diligence capabilities and the extensive manager list they offer are best suited to meet our clients' needs. As part of our agreement with WFA, we outsource the due diligence of the outside managers participating in the unaffiliated wrap program to their investment professionals.

However, each IAR conducts their own independent research and review of a respective manager to assess the manager's suitability for the individual client that is recommended. This research may involve all or a combination of utilizing reputable third party research reports and rating services (such as Morningstar), publications about the managers, performance history, portfolio holdings, investment philosophy, commentary provided by the manager, the IAR's own experiences, and prospectus materials.

### Methods of Analysis

Investing in securities involves risk of loss that clients should be prepared to bear. IARs create an investment plan based on the client's unique needs and circumstances. This may include recommending a certain model portfolio or individualized holdings. As part of this process, IARs consider several factors when developing investment strategies and analyzing specific securities, categories, products or types of investment vehicles. IARs are able to conduct their analysis independently and based on their unique expertise, knowledge, experience and style. Generally, methods of analysis used by IARS are: industry research reports, access to subscription ranking and reporting services, public reports, facts sheets, product material produced by the investment company, discussions with product providers, trade shows, and industry events. However, the IARs may also use their own familiarity, education and comfort level with a product. They may have experiences with a certain product company that was favorable or not and this could affect their overall opinion. It is unrealistic to expect the IAR to have in-depth knowledge regarding every investment product available on the market.

### Investment Strategies and Due Diligence

Each IAR at LMA has developed their own areas of expertise and has individual style preferences. In general, the more the IAR knows about the client, the better job they can do. As an independent firm, LMA's IARs are able to search the marketplace for available products and services. LMA has an extensive list of selling agreements and established relationships to provide clients with a variety of investment vehicles to address their needs. If there is interest in a product that is not offered through one of our custodians or a 3rd party sub-manager, it may require LMA to enter into a selling agreement. If not for a specific client, the product and the company/manager must be reviewed and approved by the LMA Investment & Risk Management Committee ("Committee"). The Committee is comprised of members from the LMA management team, Operations, Accounting, Compliance and a selection of IARs. The Committee collaborates to conduct due diligence and to review product details to the best of their ability and knowledge, and determine if it should be offered to clients at LMA, and if so, if any restrictions are to be made. LMA typically does not engage the services of outside council or other third party services when

reviewing new products through the Committee. However, we prefer to use the research services of entities experienced in the due diligence process when available.

We have discussed the following potential conflicts that could arise:

1. The occurrence of front running or trading ahead, whereby an IAR could enter an order with the knowledge that a pending order that has not yet been entered or executed and thus may affect the market price of the security in question.
2. The IAR recommending one advisory program over another will receive compensation as a result of the client's participation in the program. The amount of this compensation may be more than what the IAR would receive if the client participated in another program or paid separately for investment advice, brokerage, and other services. The IAR, therefore, may have a financial incentive to recommend the one program over other programs or services. The IAR's compensation also varies in connection with each program and custodial offering.

To mitigate and manage these risks, we employ the following practices:

1. LMA has a Code of Ethics, which sets forth certain minimum expectations that we have for IARs. As detailed in this manual, employees may not engage in front running or trading ahead on their own behalf or on behalf of any customer or other person. We are committed to maintaining the highest standards of professional conduct and ethics in order to discharge our legal obligations to our clients, to protect our business reputation, and to avoid even the appearance of impropriety in our investment activities on behalf of clients. We have strict controls in place – such as discretionary block trading practices to average price a trade across multiple accounts - to prevent and monitor this behavior. All personnel, regardless of role, are expected to conduct the Firm's business in full compliance with both the letter and the spirit of the law, and any other policies and procedures that may be applicable.
2. The fee charged by the IAR is negotiated between the client and the IAR. While the Clearing Agent has a recommended fee schedule in place, the IAR is able to set their own fees based on the individual services provided to the client and the nature of the relationship. Under the wrap programs there are underlying costs that are covered by the client's annual fee. These costs include the IAR's fee, sub-manager(s) fee (if selected), custodial and trading costs. The costs vary depending on the program selected. Minimum quarterly fees also apply. Therefore the compensation to the IAR could vary depending on the program selected. The factors that could affect the recommendation for one program over another are vast. These can include: the account asset level, investment objective, liquidity needs, other holdings, diversification need, investor risk tolerance, investment restrictions or beliefs, market outlook, IAR's business model, and manager restrictions. We recommend the client discuss any concerns for a program recommendation or IAR discretionary program. LMA has procedures in place to monitor and restrict questionable influence by outside third parties, such as fund companies and product sponsors.

## **Risks**

Different types of investments involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by an IAR) will be profitable or equal any specific performance level(s).

### *Capital Risk*

Capital risk is one of the most basic, fundamental risks of investing; it is the risk that you may lose 100 percent of your money. All investments carry some form of risk and the loss of capital is generally a risk for any investment instrument.

### *Credit Risk*

Credit risk can be a factor in situations where an investment's performance relies on a borrower's repayment of borrowed funds. With credit risk, a client can experience a loss or unfavorable performance if a borrower does not repay the borrowed funds as expected or required. Investment holdings that involve forms of indebtedness (i.e. borrowed funds) are subject to credit risk.

### *Currency Risk*

Fluctuations in the value of the currency in which your investment is denominated may affect the value of your investment and thus, your investment may be worth more or less in the future. All currency is subject to swings in valuation and thus, regardless of the currency denomination of any particular investment owned, currency risk is a realistic risk measure. Currency risk is generally a much larger factor for investment instruments denominated in currencies other than the most widely used currencies (U.S. dollar, British pound, Euro, Japanese yen, etc.).

### *Economic Risk*

The prevailing economic environment is important to the health of all businesses. Some companies, however, are more sensitive to changes in the domestic or global economy than others. These types of companies are often referred to as cyclical businesses. Countries in which a large portion of businesses are in cyclical industries are thus also very economically sensitive and carry a higher amount of economic risk. If an investment is issued by a party located in a country that experiences wide swings from an economic standpoint or in situations where certain elements of an investment instrument are dependent on dealings in such countries, the investment instrument will generally be subject to a higher level of economic risk.

### *Financial Risk*

Financial risk is represented by internal disruptions within an investment or the issuer of an investment that can lead to unfavorable performance of the investment. Examples of financial risk can be found in cases like Lehman Brothers and Enron or many of the "dot com" companies that were caught up in a period of extraordinary market valuations that were not based on solid financial footings of the companies.

### *Higher Trading Costs*

For any investment or strategy that involves active or frequent trading, you may experience higher than usual transaction-related costs. Higher transaction-related costs can negatively affect overall investment performance.

### *Inflation Risk*

Inflation risk involves the concern that in the future, your investment or proceeds from your investment will not be worth what they are today. Throughout time, the prices of resources and end-user products generally increase and thus, the same general goods and products today will likely be more expensive in the future. The longer an investment is held, the greater the chance that the proceeds from that investment will be worth less in the future than what they are today. Said another way, a dollar tomorrow will likely get you less than what it can today.



### *Interest Rate Risk*

Certain investments involve the payment of a fixed or variable rate of interest to the investment holder. Once a client has acquired the rights to an investment that pays a particular rate (fixed or variable) of interest, changes in overall interest rates in the market could affect the value of the interest-paying investment(s) they hold. In general, changes in prevailing interest rates will have an inverse relationship to the value of existing, interest paying investments. In other words, as interest rates move up, the value of an instrument paying a particular rate (fixed or variable) of interest will go down. Likewise, the reverse is generally true as well.

### *Legal/Regulatory Risk*

Certain investments or the issuers of investments may be affected by changes in state or federal laws or in the prevailing regulatory framework under which the investment instrument or its issuer is regulated. Changes in the regulatory environment or tax laws can affect the performance of certain investments or issuers of those investments and thus, can have a negative impact on the overall performance of such investments.

### *Liquidity Risk*

Certain assets may not be readily converted into cash or may have a very limited market in which they trade. Thus, you may experience the risk that your investment or assets within your investment may not be able to be liquidated quickly, thus, extending the period of time by which you may receive the proceeds from your investment. Liquidity risk can also result in unfavorable pricing when exiting (i.e. not being able to quickly get out of an investment before the price drops significantly) a particular investment and therefore, can have a negative impact on investment returns.

### *Margin Risk*

- You can lose more funds than you deposit in a margin account. A decline in value of securities that are purchased on margin may require you to provide additional funds to the custodian holding your margin account in order to avoid a forced sale of those securities or other securities in your account.
- The custodian holding your margin account can force the sale of securities in your margin account. If the equity in your account falls below the margin maintenance level required by law or below the custodian's "house" requirement, the custodian can sell the securities in your account to cover the margin deficiency. You will be responsible for any shortfall in the account after such sale.
- Securities can be sold without contacting you prior to sale. Some clients mistakenly believe they must be contacted before a margin call becomes valid and that securities in their accounts cannot be liquidated to meet the call unless they have been contacted ahead of time. Most firms will attempt to notify you of margin calls; however, they are not required to do so. Even if the custodian has contacted you to provide a specific date by which you can meet a margin call, the custodian can still take necessary steps to protect its financial interests, including immediately selling the securities without notice to you.
- Unless you promptly respond to a notice call and direct your IAR which security to sell, you are not entitled to choose which securities in your margin account are liquidated or sold to meet your margin call. Because the securities are used as collateral for the margin loan, the custodian of your account has the right to decide which securities to sell in order to protect its interests.
- The custodian can increase its "house" maintenance requirements at any time and is not required to provide you with advance, written notice. These changes in policy can take effect immediately and may

result in the issuance of a margin maintenance call. Your failure to satisfy this call may cause a forced liquidation in your account.

- You are not entitled to an extension of time on a margin call. While an extension of time to meet margin requirements may be available to clients under certain conditions, a client does not have the right to the extension.

### *Market Risk*

The market value of an investment will fluctuate as a result of the occurrence of the natural economic forces of supply and demand on that investment, its particular industry or sector, or the market as a whole. Market risk may affect a single issuer, industry or sector of the economy or may affect the market as a whole. Market risk can affect any investment instrument or the underlying assets or other instruments held by or traded within that investment instrument.

### *Operational Risk*

Operational risk can be experienced when an issuer of an investment product is unable to carry out the business it has planned to execute. Operational risk can be experienced as a result of human failure, operational inefficiencies, system failures, or the failure of other processes critical to the business operations of the issuer or counter party to the investment.

### *Past Performance*

Charting and technical analysis are often used interchangeably. Technical analysis generally attempts to forecast an investment's future potential by analyzing its past performance and other related statistics. In particular, technical analysis frequently involves an evaluation of historical pricing and volume of a particular security for the purpose of forecasting where future price and volume figures may go. As with any investment analysis method, technical analysis runs the risk of not knowing the future and thus, clients should realize that even the most diligent and thorough technical analysis cannot predict or guarantee the future performance of any particular investment instrument or issuer.

### *Strategy Risk*

There is no guarantee that the investment strategies discussed in this document will work under all market conditions and you should evaluate your ability to maintain any investment you are considering in light of your own investment time horizon. Investments are subject to risk, including possible loss of principal.

### *Investment-specific Risks*

There is no single type of investment instrument that one can predominantly recommend, however, please be mindful that all investments carry some form and degree of risk. Certain types of investments carry greater types and levels of risk than others and clients should make sure that they fully understand not only the investment product itself but also the inherent risk factors associated with such products.

### *ProShares UltraShort 20+ Year Treasury (TBT)*

TBT is a leveraged and inverse exchange-traded product ("ETP"). ETPs are subject to market volatility and the risks of their underlying securities. Fixed income ETPs carry risks similar to those of bonds, including interest rate

risk (as interest rates rise bond prices usually fall, and vice versa), issuer or counterparty default risk, issuer credit risk, inflation risk and call risk. Unlike individual bonds, many fixed income ETPs do not have a maturity date, so a strategy of holding a fixed income security until maturity to try to avoid losses associated with bond price volatility is not possible with those types of ETPs. ETPs which use derivatives, leverage, or complex investment strategies are subject to additional risks. TBT entails unique risks and is intended for sophisticated investors. As an inverse ETP, TBT attempts to mimic the opposite of the performance of its stated benchmark. As a leveraged ETP, TBT seeks to generate a return that is a multiple of its benchmark index's performance. The use of leverage generally increases risk, as it magnifies potential losses.

TBT has a single day investment objective, and the Fund's performance for periods greater than a single day will be the result of each day's returns compounded over the period, which is likely to be either better or worse than the index performance times the stated multiple in the Fund's investment objective, before accounting for fees and expenses. Compounding affects all investments, but has a more significant impact on an inverse leveraged fund. Particularly during periods of higher index volatility, compounding will cause results of periods longer than a single day to vary from two times the inverse (-2x) of the return of the index. For leveraged fund investors, it is particularly important to understand that the effect of compounding on leveraged funds is significantly magnified and can cause gains and losses to occur much faster and to a greater degree. This effect becomes more pronounced as the volatility increases.

Investors should, therefore, monitor their holdings consistent with their strategies, as frequently as daily.

**Carefully consider the investment objectives, risks, charges and expenses of a leveraged fund before investing. This and other information can be found in the summary and full prospectuses.**

### *Risks Related to Options*

- *Call Options.* The seller (writer) of a call option which is covered (i.e., the writer holds the underlying security) assumes the risk of a decline in the market price of the underlying security below the purchase price of the underlying security less the premium received, and gives up the opportunity for gain on the underlying security above the exercise price of the option. The seller of an uncovered call option assumes the risk of a theoretically unlimited increase in the market price of the underlying security above the exercise price of the option. The securities necessary to satisfy the exercise of an uncovered call option may be unavailable for purchase, except at much higher prices, thereby reducing or eliminating the value of the premium. Purchasing securities to cover the exercise of an uncovered call option can cause the price of the securities to increase, thereby exacerbating the loss. The buyer of a call option assumes the risk of losing its entire premium investment in the call option.
- *Put Options.* The seller (writer) of a put option which is covered (i.e., the writer has a short position in the underlying security) assumes the risk of an increase in the market price of the underlying security above the sales price (in establishing the short position) of the underlying security plus the premium received, and gives up the opportunity for gain on the underlying security if the market price falls below the exercise price of the option. The seller of an uncovered put option assumes the risk of a decline in the market price of the underlying security below the exercise price of the option. The buyer of a put option assumes the risk of losing its entire investment in the put option.
- *Index or Index Options.* The value of an index or index option fluctuates with changes in the market values of the assets included in the index. Because the value of an index or index option depends upon movements in the level of the index rather than the price of a particular asset, whether the investor will realize appreciation

or depreciation from the purchase or writing of options on indices depends upon movements in the level of instrument prices in the assets generally or, in the case of certain indices, in an industry or market segment, rather than movements in the price of particular assets.

- *Time Decay* - All options have some kind of time value factored in to them, and typically the longer they have until expiration the higher that time value is. Therefore, options will always be losing some of their value as time goes on. Of course, this doesn't mean that they always go down in value, but time decay can negatively impact the value of any option that is held onto.
- *Liquidity* - Because there are so many different types of options, it's quite possible that any particular option might only be traded in very low volume. This can make it difficult to make the required trades at the right prices.

The Characteristics and Risks of Standardized Options booklet and supplements are written and published by The Options Clearing Corporation, and must be read by an investor prior to buying or selling options contracts. This booklet explains the purposes and risks of options transactions. You are encouraged to learn more about options at <http://www.cboe.com>. The booklet and supplements are offered free of charge and may be requested by asking your IAR or contacting Compliance at 7600 Leesburg Pike, Suite 120 East, Falls Church, VA 22043 or email [information@laramayllc.com](mailto:information@laramayllc.com).

## Item 9 – Disciplinary Information

The Firm and its employees have not been involved in any legal, financial or other "disciplinary" events that would be material to our clients when evaluating us to initiate a client/adviser relationship or to continue a client/adviser relationship with us. As most of our IARs are also registered with FINRA, we encourage you to view an IAR's Broker Check publication on the home page of [www.FINRA.org](http://www.FINRA.org). To view the entire ADV Part I and Part II brochures for the Firm, visit the Investment Advisory Public Disclosure site at <http://www.adviserinfo.sec.gov/>.

## Item 10 – Other Financial Industry Activities and Affiliations

### Broker Dealer (other business activity)

LMA is also a fully disclosed, introducing broker/dealer (Member FINRA/SIPC). Many IARs are also registered representatives of the broker dealer ("broker agents"). The Management Person, Mr. Lara, is also a broker agent. Broker agents may only execute securities transactions for residents of states in which they are registered or are exempt from registration. Broker agents typically receive compensation in the way of commissions for effecting transactions in brokerage accounts and/or for selling commission based products, some examples are: 529 plans, variable annuities, subscription based investment (non-traded REIT).

### Fee Based vs. Commission

As dually registered, IARs may be able to offer clients both brokerage and investment advisory services. Clients should consider the type of investment plan they wish to establish, the service level, and their foreseeable needs and activity. For some situations, one fee structure and arrangement may be more beneficial over the other (fee based vs. brokerage). An account with a 'buy and hold' strategy and no planning needs may cost the client less to establish a brokerage account where the client pays a broker commission and custodial transactional costs on trades in that account. The expectation is that there should be little servicing and trading activity in the account, thus lower costs. However, if a client wishes to utilize financial planning, ongoing review and monitoring,

rebalancing of investments and periodic changes, a fee-based program may be more suitable. Clients are encouraged to discuss these options with their IAR.

*What is a commission/brokerage relationship?*

Most of the IARs are also broker/dealer representatives (“broker”). Then a broker acts in a brokerage capacity, he/she does not enter into a fiduciary relationship with the client. For example, in a brokerage relationship, the broker learns the essential facts about the client and offers suitable recommendations at the time the recommendation is given. When acting as a broker, the primary service provided is the trading capabilities for the client’s account. The broker earns a commission for the transaction or sale of a brokerage product, which may include trailer commission, such as 12b-1 fees for certain share classes of open end mutual funds. The client directs all trading in his/her brokerage account. With this type of account, the broker may also provide recommendations to buy, sell, or hold assets in the account. It is the client’s obligation to accept or reject any of these recommendations. Clients may view broker/dealer firm and individual reports through FINRA’s BrokerCheck at [www.finra.org](http://www.finra.org).

*What is a fee based/ investment advisory relationship?*

When the IAR acts as an investment advisor representative (“IAR”), his/her primary service is investment advice and/or management of the client’s assets. Typically these services are paid for per an annual fee as outlined in an investment management agreement. As an investment advisory client, the IAR has a fiduciary duty, in accordance with the Investment Advisors Act of 1940, which means that the IAR must act in the client’s best interest. In addition, the IAR must make full and fair disclosure of all material facts, especially potential conflicts of interest, and place the client’s interests before their own. The following are other obligations associated with a fiduciary duty; to have a reasonable, independent basis for investment advice, to acquire the best execution possible for client trades when they are responsible for placing account trades, that investment advice is suited to the client’s account investment objectives, needs and circumstances, and to not give one client an unfair advantage in relation to another. To assist in communicating this information to clients, LMA provides a disclosure document, such as this brochure, describing the services LMA offers, fees, risks, affiliations and any conflicts between LMA’s interests and the clients, as well as the business backgrounds of key personnel. The 2B Supplement to the ADV brochure discloses information about the specific IAR.

Insurance Agency (other business activity)

LMA is also an insurance agency. Many IARs are also licensed insurance agents. LMA insurance agents may offer insurance products that have a selling agreement with LMA and which proper carrier appointments, educational and applicable state licensing requirements have been met. An insurance agent may receive commissions from the insurance company for products sold. The insurance commissions received are in addition to broker agent trading commissions for securities bought or sold or investment advisor fees earned as part of any other service at LMA.

The recommendation by an LMA representative that a client purchase a security or insurance commission product sold by the Firm presents a conflict of interest, as the receipt of commissions may provide an incentive to recommend investment products based on commissions to be received, rather than on a particular client’s need. However it is part of the Firm’s culture and policies that a recommendation should be based on the needs and suitability for the client, not on the compensation received by the representative. No client is under any obligation to purchase any security or insurance product from LMA and/or its representatives. Clients are reminded that

they may purchase securities and insurance products recommended by LMA through other, non-affiliated broker-dealers and/or insurance agencies.

#### Continuing Education Provider *(other business activity)*

LMA may offer continuing education seminars for certified public accountants (CPAs). Educational presentations that comply with the applicable state criteria are occasionally held for CPA attendance and qualify for the respective number of continuing education credits toward their CPA designation. LMA does not charge a fee for these services. CPAs could refer their clients to LMA for LMA services. Refer to Item 14 regarding current referral arrangements..

### **INDUSTRY AFFILIATIONS**

#### FOCUS OPERATING, LLC and FOCUS FINANCIAL PARTNERS, LLC

As noted above in response to Item 4, in July 2017, investment vehicles affiliated with Stone Point and KKR each made an investment in Focus. This transaction resulted in certain funds managed by Stone Point collectively becoming a principal owner of Focus and the KKR investment vehicles collectively becoming a minority owner in Focus. Because LMA is an indirect, wholly-owned subsidiary of Focus, the Stone Point and KKR investment vehicles are indirect owners of LMA. None of KKR, Stone Point, or any of their affiliates participates in the management or investment recommendations of our business. LMA has no business relationship with another Focus Partner that is material to our advisory business.

LMA clients are not solicited to invest in another Focus Partners' advisory services, and generally Focus Partners do not recommend securities, services, or other investment products of other Focus Partners, unless so disclosed on their respective Form ADVs and with the clients' informed consent, nor are any transactions executed through another Focus Partners' affiliated broker dealer. Further, the Focus Partners do not market their services or share client information amongst each other without prior client consent.

#### Outside Activities

IARs that are registered with FINRA as broker representatives are required to disclose on their U4 if they are currently engaged in any other business either as a proprietor, partner, officer, director, employee, trustee, agent or otherwise. They may exclude non-investment-related activity that is exclusively charitable, civic, religious or fraternal and is recognized as tax exempt. Please refer to an individual's BrokerCheck on [www.FINRA.org](http://www.FINRA.org).

### **Item 11 – Code of Ethics**

For purposes of this section the definition of "Access Person" means: any supervised person who: (1) has access to nonpublic information regarding any clients' purchase or sale of securities, or nonpublic information regarding the portfolio holdings of any reportable fund, or (2) is involved in making securities recommendations to clients, or who has access to such recommendations that are nonpublic. All directors, officers and partners of the Firm are presumed to be access persons and shall abide by the standards of fair and ethical conduct in all dealings with the public and others. The Code of Ethics addresses the following topics: prohibited activities, personal securities transactions, outside business activities and gifts.



In addition to the foregoing Firm standards, all Access Persons of LMA must adhere to the following industry standards in all dealings with the public and strive for fair and ethical dealing with clients: excessive and unauthorized trading are not permitted, excessive mark-ups or commissions are not permitted, use of margin accounts is only allowed after principal approval; under no circumstances may an IAR open a discretionary trading account for a client without the approval of the Firm's CCO or CEO; neither LMA, nor any employee, is permitted to receive securities or hold client funds (i.e. cash, checks) - checks should not be made payable to any individual person; Access Persons may not engage in any form of fraudulent activity, such as opening fictitious accounts to execute transactions that would otherwise be prohibited; in making recommendations to clients as to the purchase of securities or mutual funds access persons shall not make recommendations beyond a client's capability; free riding and withholding by clients is strictly prohibited (i.e. purchased securities must be paid for before they can be sold; sold securities must be delivered before cash proceeds can be used for other purposes); known or suspected illegal or unethical behavior must be promptly reported to a Firm principal, the Chief Compliance Officer ("CCO") or Chief Executive Officer ("CEO"); and no retaliatory action of any kind will be permitted against anyone making such a report, and the Firm's managing partners and officers will strictly enforce this prohibition.

#### *Fiduciary Principles*

All IARs must comply with all applicable federal securities laws, including the Securities Act of 1933 (the "Securities Act"), the Exchange Act, the Sarbanes-Oxley Act of 2002, the Investment Company Act of 1940, the Advisers Act, Title V of the Gramm-Leach-Bliley Act, Department of Labor ERISA rules, the Bank Secrecy Act as it applies to mutual funds and investment advisers, and any rules adopted thereunder by the SEC or the Department of the Treasury.

IARs must place clients' interests first and foremost. All IARs must comply with MSRB Rule G-17 in the conduct of their municipal securities or municipal advisory activities and shall deal fairly with all persons and shall not engage in any deceptive, dishonest, or unfair practice.

If any person covered by this Code becomes aware of any violation(s) or potential violation(s) of any of the provisions of this Code or any amendments thereto, they have an affirmative obligation to report such violation(s) or potential violation(s) promptly to the CCO. Failure to report in a prompt manner any violation of this Code or any amendments thereto of which a registered person is aware will be considered itself a violation of the Code and subject to possible disciplinary actions. In the event that a matter implicates the CCO, notice of the violation may be provided to the CEO and/or the General Counsel of Focus Financial Partners, LLC.

#### *Pre-Clearance Requirement for Certain Securities Transactions and Prohibited Securities Transactions*

IARs are required to obtain pre-clearance prior to making any and all securities transactions in LMA prohibited or restricted securities list. IARs may be prohibited from purchasing certain securities due to the access the IAR has to material and non-public information or LMA's affiliates' activities. LMA has policies and monitoring procedures in place with regard to purchasing securities for personal and related accounts, which are incorporated in LMA's Written Supervisory and Procedures Manual and the accompanying Investment Advisory Appendix.

NOTE: A complimentary copy of LMA's complete Code of Ethics will be provided upon request by contacting the CCO at 703-761-3907 or [information@laramayllc.com](mailto:information@laramayllc.com).

#### Participation or Interest in Client Transactions, other Client Transactions

LMA is an introducing broker-dealer and submits retail buy and sell orders for securities and mutual funds and may receive brokerage commissions on these trades. Trades are monitored for suitability, as pertaining to the client's goals and risk tolerance. All trades through FC are scanned through a trading filtering and alert system. A principal either approves, resolves, or cancels/corrects problematic trades. Trades are placed on an individual basis by each IAR based on the needs of the client or as part of a discretionary model either managed by an IAR or third party manager. LMA itself does not engage in "block trades" on a principal basis. IARs may affect a block trade, such as for discretionary programs, whereby multiple clients of the IAR are purchasing or selling the same security at the same time. The executed price would be averaged for all accounts.

As IARs operate independently of each other there could be disparity among clients between securities held, strategies implement and different trading price and execution times. It is possible that at any given time, while one IAR is recommending to a client to "buy" another IAR could be recommending to another client to "sell" the same security. Likewise, 3rd party managers may be buying or selling the same security without knowledge of the activity of the client's investments held elsewhere. Fee-based advisory clients do not pay broker commissions on assets eligible under the annual asset management fee of the program.

An agency cross transaction occurs when an investment adviser acting either as a registered broker-dealer or through an affiliated broker-dealer executes for a fee a transaction between an advised client and a client of the broker-dealer. If LMA recommends an agency cross transaction the IAR must first disclose to the client in writing the capacity in which it is acting and obtain the client's consent to the transaction. Where it is determined that restitution is called for or that a trade must be cancelled and/or corrected, all or part of the disputed trade will be placed in LMA's Error Account and corrected accordingly. Any profit resulting from subsequent trade(s) may go to LMA; if determined, losses will be the responsibility of the IAR at fault as determined at the exclusive discretion of the designated LMA principal.

Related persons of LMA (such as employees, IARs or broker agents of the Firm) may buy or sell for themselves or family accounts, securities that they also recommend to clients. When possible, if an IAR is buying or selling securities for a personal or related account at the same time they are trading for clients, the trades will be aggregated as a block trade with the average price applied to all trades. If there is a discrepancy and a security is bought/sold for a client at the same time it is bought/sold by the IAR, the lowest/highest price will go to the client. If the IAR is unable to block the trade for their personal account and the clients account (such as if the account types are different) the IAR will submit the client's trade first if the IAR is on the same side of the trade. If the client and IAR's activity is opposite, the IAR will submit their transaction first. Unsolicited trades will be executed per the client's request and will not apply to these practices. Trades that require the client's consent may hold up the IAR's submission of a recommended client trade and therefore the IAR may be permitted to trade their personal or related account prior to the client trade, and thus could receive a better price. Personal and related accounts are coded as such and trades are monitored by a Firm principal. Additionally, statements of IAR personal accounts outside of LMA are reviewed on a monthly or quarterly basis (as published) for trading conflicts of interest. Clients should consult with the IAR regarding any conflicts of interest or concerns.

## Item 12 – Brokerage Practices

LMA is a fully disclosed introducing broker-dealer (Member FINRA/SIPC) of the Clearing Agent. IARs are able to use this brokerage relationship and avoid paying additional commission or mark up charges that may otherwise be charged by a third party broker/dealer. LMA also has relationships with other custodians such as Charles Schwab and TD Ameritrade. Advisor programs may be held at these custodians depending on the managers selected and the investment plan needed. The client should discuss the advantages and disadvantages of these custodial and execution options in order to determine which is most suitable for their needs. LMA may receive referral fees for recruiting new advisors who bring new client assets to the Clearing Agent, Schwab and TD Ameritrade.

LMA advisory accounts held at the Clearing Agent use LMA as the fully disclosed, introducing broker/dealer and Clearing Agent, where the accounts are held, to execute trades for LMA's investment advisory accounts. Trades are generally expected to be executed only with the broker/dealer with which the client has entered into a contract. LMA does not receive research services from another broker/dealer. Clients should refer to their program agreement for details on what the investment fee covers and what the client is responsible for.

LMA sponsors wrap fee programs. By participating in the program, clients instruct the applicable sub-advisor(s) to its program account to direct all orders for the purchase and sale of securities for the client's account. In addition, clients may further direct LMA to execute, clear and settle all client orders received by LMA from the applicable sub- advisor(s) through a specified broker-dealer with whom LMA has entered into a clearing agreement.

By directing brokerage to LMA, or designated broker-dealer(s), the client may not necessarily receive best execution on each transaction. As a result of directing brokerage transactions to LMA and the designated broker-dealer(s), the client may pay higher brokerage fees or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the client's account than would otherwise be the case if the applicable sub-advisor(s) had the discretion to place orders for the purchase and sale of securities for the client's account through other broker-dealers. Furthermore, the sub-advisor(s) to the client's account may execute trades for the same securities for its other clients through other broker-dealers ahead of client's trades. By executing non-directed trades ahead of the client's directed trades, the client may receive less favorable executions prices to such sub-advisor's other clients due to, among other things, market movements. In addition, at times the sub-advisor(s) may aggregate trades ("Block Trades") of its other clients through other broker-dealers for the same securities as those being traded by the sub-advisor(s) through LMA for the client. Block Trades may obtain more favorable prices and brokerage charges than transactions excluded from the Block Trades.

In connection with its participation in various wrap programs (including those sponsored by LMA and by 3rd parties), LMA may recommend 3rd parties for custody or brokerage services. LMA may receive direct or indirect benefits through participation in these programs, such as receipt of client statements and confirmations, access to research related products and tools, discounts for conference attendance or prepared presentation materials and sales literature.

### Best Execution

LMA periodically distributes to the IARs the order routing Rule 606 statistics of the Firm's primary custodial broker/dealers to help IARs in their decision in recommending to clients which custodian to use. Other factors that are considered are: custodial and broker-dealer costs, skills, trade settlement, execution quality, dependability, other account costs, industry compliance practices, customer service, and compatibility with the client activity needs or holdings. LMA on a firm level does not aggregate customer orders.

### Unaffiliated Private Investment Funds

IARs, in their capacity as a broker representative of LMA, may also offer clients unaffiliated private investments on a non-discretionary commission basis. Private investment funds generally involve various risk factors, including, but not limited to, potential for complete loss of principal, liquidity constraints and lack of transparency, a complete discussion of which is set forth in each fund's offering documents, which will be provided to each client for review and consideration. Unlike other liquid investments that a client may maintain, private investment funds do not provide daily liquidity or pricing. Each prospective client will be required to complete a Subscription Agreement, pursuant to which the client shall establish that he/she meets the qualification standards set by the investment program, and acknowledges and accepts the various risk factors that are associated with such an investment.

Valuation. In the event that LMA references private investment funds owned by the client on any supplemental account reports prepared by LMA, the value(s) for all such private investment funds shall reflect either the initial purchase and/or the most recent valuation provided by the fund sponsor. If the valuation reflects the initial purchase price (and/or a value as of a previous date), the current value(s) (to the extent ascertainable) could be significantly more or less than the original purchase price. Clients are instructed to refer to the statements provided by the custodian for actual account balances and valuations.

## **Item 13 – Review of Accounts**

Investment advisory accounts are reviewed by the IAR on an annual, quarterly and/or as-needed basis to ascertain whether the current asset allocation is consistent with the client's objectives and goals. If a client has a significant change in their suitability profile, financial or lifestyle situation or goals, they should notify their IAR promptly so the IAR can ascertain if their current investment plan is still suitable or if changes need to be made. Likewise, if there are significant market changes or industry occurrences, these could also trigger an investment review. Each IAR is responsible for reviewing their clients' investment plan and making recommendations.

Clients may receive oral and/or written reports and updates regarding their accounts from the IAR. The IARs utilize third party software packages to generate reports for illustration purposes for the client. Client will receive account statements directly from the custodian of their account(s) on a quarterly and, if applicable, on a monthly basis. Clients should always refer to the reports and documents provided directly from the custodian for account values and tax reporting information. Clients may also receive confirmations of transactions directly from the custodian as generated. Clients may elect to receive custodial documents electronically. The Firm encourages all clients to view their account documents regularly. Clients participating in a LMA's Wrap Fee Program should refer to LMA's Form ADV Part 2A Appendix 1 for more information on the nature and frequency of reports they are to receive.

## Item 14 – Client Referrals and Other Compensation

Currently LMA does not have a solicitor/referral agreement in-force.

### Economic Benefits

LMA receives some economic benefit from non-clients in connection with giving advice to clients. From account custodians, such as the Clearing Agent, Schwab and Morningstar Managed Portfolios, LMA receives account statements, online reporting, performance reporting, proposal software, account activity portals, access to subscription based industry services, and custodial account information. Separate fees for additional services may be charged by the custodians and paid for by LMA directly. These charges and fees are detailed in LMA's agreements with the custodian.

### Wholesaler events and third party sponsorships

Mutual fund companies and product wholesalers often provide education opportunities, conferences and in-office meetings about their products and services, industry topics, and/or investment strategies for IARs and LMA employees. LMA has allocated Wednesdays at noon at the Falls Church branch for in-office wholesaler meetings. IARs outside of the Falls Church office are also invited to attend via webinar and conference call when available. These meetings are held for those employees and IARs that are interested in attending. The wholesaler typically provides lunch for meeting attendees. On occasion, wholesalers will also sponsor client events and may contribute a monetary amount directly to the venue location or vendor, which are indicated on the event invitation or notice. Wholesalers may make charitable contributions to events or organizations that an LMA employee is involved with. Employees may also attend fund company or product seminars or conferences that are paid by the fund company or product sponsor. When travel and event attendance costs are covered by the product company, prior firm approval is required by the LMA CCO. Wholesaler monetary contributions are monitored by LMA Compliance to review for material instances of favoritism or questionable activity. While these measures are in place, nevertheless this could create a conflict of interest in the selection of choosing one fund over the other. Per the LMA Code of Ethics and LMA's general guiding principles, an IAR should do what is in the client's interest. Therefore, should a client have any concerns about the reasoning for recommending one fund over another, please discuss any concerns with the IAR.

### Gifts

Throughout the year and usually around the holidays mutual fund wholesalers, product representatives and other vendors send the IARs and/or the LMA branch offices gift items such as gift baskets, food items, stationery items or logo company promotional products. Due to industry rules these are less than \$100 in value. Gifts received are reported to the CCO, logged and aggregated with any other contributions by the same company during the year to review for concerns of favoritism or potential conflicts. Typically gifts are shared with all employees at the branch office.

### Cash Sweep

You may earn a rate of return on the uninvested cash balances in your account by automatically placing or "sweeping" cash balances into a sweep vehicle until such balances are invested or otherwise needed ("Cash Sweep"). Cash Sweep vehicles currently consist of Money Market Mutual Funds and a Bank Deposit Sweep, which

is composed of interest-bearing deposit accounts at four banks affiliated with Wells Fargo & Company ("Bank Sweep"). Eligibility for each available sweep vehicle is determined by the Clearing Agent based on the type of account, although the Bank Deposit Sweep is the only available option for non-ERISA, non-discretionary IRAs or non-entity clients who elect the Cash Sweep Program.

The Firm benefits financially from the Cash Sweep. Our agreement with the Clearing Agent provides for a monthly payment to us calculated on the average monthly net assets invested in the Bank Sweep or Money Market Sweep, except for ERISA assets, at a rate that increases as customer balances increase. The Bank Sweep is significantly more profitable to us than any other cash sweep vehicle. The financial benefits are an incentive for us to encourage clients to elect the Cash Sweep Program. The IARs recommending investment accounts, investment products and allocations are not compensated from revenue we receive from Cash Sweep Balances. Advisory fees charged on account values will include cash sweep balances.

We believe that the Bank Sweep is a suitable cash vehicle for our clients because their cash is insured by the FDIC and protected from market risk. We note, however, that the interest paid to customers is lower than the interest paid on money market funds. **Important information regarding your options, bank aggregate amounts, FDIC and SIPC coverage and fees are available in the Cash Sweep Program Disclosure Statement provided when you opened your brokerage account and consult with us. Please read over this document carefully.**

You may elect not to participate in the Cash Sweep Program and/or periodically invest cash balances directly in available money market mutual funds or other products offered as direct investments outside of the Cash Sweep Program by providing instructions to your IAR.

#### Free credit & margin balances

The free credit balance is the cash held in a client's margin account that can be withdrawn by the client at any time without restriction. This balance is calculated as the total remaining money in a margin account after margin requirements, short sale proceeds and special miscellaneous accounts are taken into consideration. Our agreement with our Clearing Firm provides for us to receive a rebate on customer free credit balances. We charge interest on margin debit balances at a rate we determine as the broker/dealer in accordance with the margin agreement, new account agreement, margin disclosure statement and state of interest charges, and earn the difference between the interest rate charged to our clients and our cost of funds. Our agreement with our Clearing Firm increases the profitability of our margin lending as customer margin debit balances increase. Clients decide whether to maintain margin balances.

#### Conference Sponsorships

LMA's parent company is Focus. From time to time, Focus holds partnership meetings and other industry and best-practices conferences, which typically include LMA, other Focus firms and external attendees. These meetings are first and foremost intended to provide training or education to personnel of Focus firms, including LMA. However, the meetings do provide sponsorship opportunities for asset managers, asset custodians, vendors and other third party service providers. Sponsorship fees allow these companies to advertise their products and services to Focus firms, including LMA. Although the participation of Focus firm personnel in these meetings is not preconditioned on the achievement of a sales target for any conference sponsor, this practice could nonetheless be deemed a conflict as the marketing and education activities conducted, and the access granted, at



such meetings and conferences could cause LMA to focus on those conference sponsors in the course of its duties. Focus attempts to mitigate any such conflict by allocating the sponsorship fees only to defraying the cost of the meeting or future meetings and not as revenue for itself or any affiliate, including LMA. Conference sponsorship fees are not dependent on assets placed with any specific provider or revenue generated by such asset placement. The following entities have provided conference sponsorship to Focus in the last year: Fidelity Brokerage Services, J.P. Morgan Asset Management, Charles G. Schwab & Co., and Lord Abbett & Co.

## Item 15 – Custody

LMA, IARs and employees are prohibited from: accepting securities, holding client checks, serving as sole trustee for a client's assets, having check writing authority on behalf of clients, serving as general partner of a private placement/private fund or managing member of an LLC for a pooled vehicle, or be in possession of a client's username and password that would enable them to effect account transactions or withdraw funds. This would not apply to an IAR or employee whom, due to a spousal or family relationship, would serve in such a capacity. LMA will not have physical custody of any of the client assets. However due to certain authorities granted in custodial new account applications LMA is deemed by the applicable regulatory rules to have custody. LMA satisfies the applicable regulatory requirements related to custody by, among other things, ensuring that an annual surprise audit is conducted by an independent, PCAOB-registered accounting firm.

The clearing agent calculates and deducts LMA's advisory fees from the account per the Program Agreement. Charles Schwab allows LMA to submit the advisory fee calculation for certain billable client accounts – *See Item 5 for information on fee calculation*. Accountholders must authorize the custodian to pay the LMA advisor's fees from their account. It is the accountholder's responsibility to verify the accuracy of the fees. The custodians have no obligation to review or monitor these fees. It is recommended that the accountholder contact their IAR if they have any questions.

Clients should receive at least quarterly statements directly from the custodian that holds and maintains your investment assets. **LMA urges clients to carefully review such statements and compare such official custodial records to any report or information that LMA or an IAR provides or is viewed via a custodial feed in a third party software or online portal.** Statements from different custodians may vary from one to another based on their accounting procedures, reporting dates, or valuation methodologies of certain securities.

## Item 16 – Investment Discretion

For those clients wishing to participate in an established Discretionary Program offered by an IAR, LMA requires discretionary authority from the client at the onset of the advisory relationship via a written agreement. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account and in accordance to the Programs guidelines and strategy. When selecting securities and determining amounts, IARs observe the investment policies, limitations and restrictions of the clients they advise. Any investment guidelines or restrictions placed by the client must be provided to the respective IAR in writing.

## **Item 17 – Voting Client Securities**

As a matter of Firm policy and practice, IARs do not have the authority to vote proxies on behalf of clients. Either an account's respective third party manager or the client may be designated to vote proxies.

## **Item 18 – Financial Information**

LMA has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding. \*\*\*