

# **Legacy Advisors, LLC**

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**March 15, 2019**

## **FORM ADV PART 2A BROCHURE**

This brochure provides information about the qualifications and business practices of Legacy Advisors, LLC. If you have any questions about the contents of this brochure, please contact us at 610-943-3000. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Legacy Advisors, LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable IARD/CRD number for Legacy Advisors, LLC is 139830.

Legacy Advisors, LLC is a registered investment advisor. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

## Item 2 Material Changes

Form ADV Part 2 requires registered investment advisers to amend their brochure when information becomes materially inaccurate. If there are any material changes to an adviser's disclosure brochure, the adviser is required to notify you and provide you with a description of the material changes.

Since Legacy Advisors, LLC ("Legacy" and "Legacy Advisors") last annual updating amendment dated March 23, 2018, the following sections have been deemed material changes and have been updated as follows:

- Our annual portfolio management fee is billed and payable quarterly in arrears based on the balance at the end of the billing period. If the portfolio management agreement is executed at any time other than the first day of a calendar quarter our fees will apply on a pro rata basis, which means that the advisory fee is payable in proportion to the number of days in the month for which you are a client. Our advisory fee is negotiable, depending on individual client circumstances. Our fees shall be revised at the first anniversary of execution of your Agreement, and at every subsequent anniversary thereafter, based on the Consumer Price Index for Urban Wage Earners (CPI). Basis point fees are not subject to the CPI adjustment. This fee can otherwise be modified with mutual written consent of the Client and Legacy Advisors. For more information refer to Item 5.
- Our firm utilizes the brokerage and custodial services of Charles Schwab & Co, Inc. for certain client accounts. For more information regarding our relationship with Charles Schwab & Co, Inc., please refer to Item 12.

**ANY QUESTIONS:** Legacy's Chief Compliance Officer, James McCallister remains available to address any questions regarding this Part 2A, including the disclosure additions and enhancements below.

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## Item 4 Advisory Business

### Description of Services and Fees

We are a registered investment advisor based in Plymouth Meeting, Pennsylvania. We are organized as a limited liability company under the laws of the State of Delaware. We have been providing investment advisory services since 2006. Michael Piotrowicz is our principal owner. Currently, we offer the following investment advisory services, which are personalized to each individual client:

- Financial Planning and Consulting Services
- Portfolio Management Services

### Financial Planning Services

We offer to provide a broad-based, modular, and consultative financial planning services. Financial planning will typically involve providing a variety of advisory services to you regarding the management of your financial resources based upon an analysis of your individual needs. If you retain our firm for these services, we will meet with you to gather information about your financial circumstances and objectives. Once we specify your objectives (both financial and non-financial), we will work to implement your plan to help you achieve your stated financial goals and objectives.

Financial plans are based on your financial situation at the time we prepare the plan, and on the financial information you provide to us. It is recommended that you notify us if your financial situation, goals, objectives, or needs change.

You are under no obligation to act on our financial planning recommendations or use any of our services.

For initial comprehensive financial planning engagements, we will generally charge a fixed fee, which will be agreed upon at the start of the advisory relationship. This fee will be based upon various objectives and subjective criteria, including, but not limited to, the complexity of the financial planning and the assets under management. Based on these factors, fees generally range from \$10,000 to \$100,000 payable in advance. Initial planning services will be rendered within six months of the date of contract or any prepaid, unearned fees will be promptly refunded to you. Therefore, under no circumstances will we require prepayment of a fee more than six months in advance and in excess of \$1,200. The agreement between us will detail the scope of the services to be provided, the associated fees, and the agreed upon payment arrangements.

We also offer ongoing financial planning/consulting services that may include periodic meetings to review your progress towards stated goals, implementation services, and updates to the existing plan. In the event that you retain us for on-going planning services, we will charge an annual retainer fee. This fee will be determined based on the complexity of your circumstances, individualized needs, the scope of services requested, and the professionals rendering the services. Generally, fees will be billed semi-annually in advance. As our fees and payment arrangements for retainer services are negotiable, fees and arrangements with our other clients may differ. The agreement between us will detail the scope of the services to be provided, the associated fees, and the agreed upon payment arrangements.

If you are in need of continuing services but do not wish to contract with us on a retainer basis, we will, at our discretion, make ourselves available for such services based upon an hourly fee. In limited circumstances, you may only require advice on a single aspect of the management of your financial resources. In these instances, we offer financial plans and/or general consulting services that address only those specific areas of interest or concern. Generally, our hourly fee for financial planning services ranges from \$100 to \$400. The hourly fee is negotiable based on the scope of services requested, the

complexity of your individual circumstances, and the professionals providing the services. Such hourly fees are payable after services are completed. You may act on our recommendations with any firm you choose since you are under no obligation to act on our financial planning recommendations.

You may terminate the financial planning agreement within five business days after the date when all parties have signed the agreement without penalty. After this five-day period, either party may terminate the agreement upon written notice to the other. If a deposit has been collected by us, a pro rata refund will be sent to you. Conversely, you may incur a pro rata charge for bona fide financial planning and/or consulting services rendered prior to such termination.

### **Portfolio Management Services**

We offer discretionary and non-discretionary portfolio management services. Our investment advice is tailored to meet your needs and investment objectives. If you retain our firm for these services, we will meet with you to determine your investment objectives, risk tolerance, and other relevant information (the "suitability information") at the beginning of our advisory relationship. We will use the suitability information we gather to develop a strategy that enables our firm to give you continuous and focused investment advice and/or to make investments on your behalf. As part of our portfolio management services, we may customize an investment portfolio for you in accordance with your risk tolerance and investing objectives. Once we construct an investment portfolio for you, we will monitor your portfolio's performance on an ongoing basis, and will rebalance the portfolio as required by changes in market conditions and in your financial circumstances.

If you participate in our discretionary portfolio management services, we require you to grant our firm discretionary authority to manage your account. Discretionary authorization will allow our firm to determine the specific securities, and the amount of securities, to be purchased or sold for your account without prior approval for each transaction. Discretionary authority is typically granted by the investment advisory agreement you sign with our firm, a power of attorney, or trading authorization forms. You may limit our discretionary authority (for example, limiting the types of securities that can be purchased for your account) by providing our firm with your restrictions and guidelines in writing. If you enter into non-discretionary arrangements with our firm, we must obtain your approval prior to executing any transactions on behalf of your account.

Our fee for portfolio management services shall vary (generally, up to 1.25%) based upon various factors, including the total amount of assets placed under management/advisement-**see Fee Differentials** below). Our annual portfolio management fee is billed and payable quarterly in arrears based on the value of your account on the last day of the previous quarter.

If the portfolio management agreement is executed at any time other than the first day of a calendar quarter, our fees will apply on a pro rata basis, which means that the advisory fee is payable in proportion to the number of days in the quarter for which you are a client. Our advisory fee is negotiable, depending on your individual circumstances.

At our discretion, we may combine the account values of family members living in the same household to determine the applicable advisory fee. For example, we may combine account values for you and your minor children, joint accounts with your spouse, and other types of related accounts. Combining account values may increase the asset total, which may result in your paying a reduced advisory fee based on the available breakpoints in our fee schedule stated previously.

We will send you an invoice for the payment of our advisory fee, or we will deduct our fee directly from your account through the qualified custodian holding your funds and securities. We will deduct our advisory fee only when you have given our firm written authorization permitting the fees to be paid

directly from your account. Further, the qualified custodian will deliver an account statement to you at least quarterly. These account statements will show all disbursements from your account. You should review all statements for accuracy. We will also receive a duplicate copy of your account statements.

You may terminate the portfolio management agreement upon written notice to our firm. You will incur a pro rata charge for services rendered prior to the termination of the portfolio management agreement, which means you will incur advisory fees only in proportion to the number of days in the quarter for which you are a client.

### **RETIREMENT PLAN CONSULTING SERVICES**

We also provide retirement plan consulting services, pursuant to which we assist sponsors of self-directed retirement plans with the selection (on either a discretionary, or non-discretionary basis) and/or monitoring of investment alternatives (generally open-end mutual funds) from which plan participants choose in self-directing the investments for their individual plan retirement accounts. In addition, to the extent requested by the plan sponsor, we may also provide participant education designed to assist participants in identifying the appropriate investment strategy for their retirement plan accounts. The terms and conditions of the engagement are set forth in a retirement plan consulting agreement between us and the plan sponsor. Our negotiable annual fee for retirement plan consulting services varies (up to 1.25% of the value of plan assets) based upon several objective and subjective factors, including but not limited to: the level and scope of the overall services to be rendered, the amount of plan assets, the scope and complexity of the engagement, and the individual(s) rendering services. The annual fee is billed quarterly or monthly in arrears, depending upon the particular plan sponsor and/or the third party administrator's preference. Either party may terminate the retirement plan consulting agreement upon 30-days written notice. Upon termination, we will charge the plan for the pro-rated portion of the unpaid fee based upon the number of days that services were provided during the billing quarter or month, as applicable.

### **Wrap Fee Programs**

Legacy does not administer any wrap fee programs nor does it participate in any wrap fee programs as a money manager.

### **Types of Investments**

We primarily offer advice on unaffiliated mutual funds, exchange traded funds, independent investment managers, and private investment funds. However, we may advise you on any type of investment that we deem appropriate based on your stated goals and objectives. We may also provide advice on any type of investment held in your portfolio at the inception of our advisory relationship.

You may request that we refrain from investing in particular securities or certain types of securities. You must provide these restrictions to our firm in writing.

### **Assets Under Management**

As of December 31, 2018, we provide continuous management services for \$1,540,754,580 in client assets on a discretionary basis, and \$13,367,111 in client assets on a non-discretionary basis. We also administer an additional \$1,081,360,819 of assets that are not continuously managed and which are not, therefore, considered to be assets under management.

### **MISCELLANEOUS**

**Limitations of Financial Planning and Non-Investment Consulting/Implementation Services.** As indicated above, to the extent specifically requested by a client, we can be engaged to provide consulting services regarding non-investment related matters, such as estate planning, tax planning, insurance, etc., generally on an additional fee basis (i.e., separate from and in addition to our

investment adviser fee for portfolio management services described at Item 5 below) We do not serve as an attorney or accountant, and no portion of our services should be construed as same. To the extent requested by a client, we may recommend the services of other professionals for certain non-investment implementation purposes (i.e. attorneys, accountants, insurance, etc.), including our representatives in their separate individual capacities as representatives of M Holdings Securities, a FINRA member and SIPC member and SEC registered broker-dealer ("M Holdings") and as licensed insurance agents. The client is under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from us and/or our representatives. **Please Note:** If the client engages any unaffiliated recommended professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional. **Please Also Note-Conflict of Interest:** Our recommendation that a client consider the purchase of a securities or insurance commission product from firm representatives in their individual capacities as representatives of M Holdings and/or as insurance agents, 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. No client is under any obligation to purchase any securities or insurance commission products from our representatives. Clients are reminded that they may purchase securities and insurance products recommended by us through other, non-affiliated broker-dealers and/or insurance agencies. **Our Chief Compliance Officer, James McCallister, remains available to address any questions that a client or prospective client may have regarding the above conflict of interest.**

**Please Note: Fee Differentials.** As discussed above and indicated below at Item 5, we shall generally price our advisory services based upon various objective and subjective factors. As a result, our clients could pay diverse fees based upon the market value of their assets, the complexity of the engagement, the level and scope of the overall investment advisory services to be rendered, and negotiations. As a result of these factors, similarly situated clients could pay diverse fees, and the services to be provided by Legacy to any particular client could be available from other advisers at lower fees. All clients and prospective clients should be guided accordingly. **ANY QUESTIONS:** Legacy's Chief Compliance Officer, James McCallister, remains available to address any questions regarding Fee Differentials.

**Aggregated Reporting.** In conjunction with the services provided by ByAllAccounts, Inc., we may also provide periodic comprehensive reporting services which can incorporate all of the client's investment assets, including those investment assets that are not part of the assets that we have not been provided with discretionary authority to manage (the "Excluded Assets"). **The client and/or his/her/its other advisors that maintain trading authority, and not us, shall be exclusively responsible for the investment performance of the Excluded Assets.** Our service relative to the Excluded Assets is limited to reporting services, and, to the limited extent expressly requested, non-discretionary consulting services, which does not include investment implementation. We do not have trading authority for the Excluded Assets. As such, to the extent applicable to the nature of the Excluded Assets (assets over which the client maintains trading authority vs. trading authority designated to another investment professional), the client (and/or the other investment professional), and not us, shall be exclusively responsible for directly implementing any recommendations relative to the Excluded Assets. In the event the client desires that we provide discretionary investment management services with respect to the Excluded Assets, the client may engage us pursuant to the written terms and conditions of the Portfolio Management Services Agreement between us and the client.

**Please Note: Retirement Rollovers-Potential for Conflict of Interest:** A client or prospective client leaving an employer typically has four options regarding an existing retirement plan (and may engage in a combination of these options): (i) leave the money in the former employer's plan, if permitted, (ii) roll over the assets to the new employer's plan, if one is available and rollovers are permitted, (iii) roll



over to an Individual Retirement Account ("IRA"), or (iv) cash out the account value (which could, depending upon the client's age, result in adverse tax consequences). If Legacy recommends that a client roll over their retirement plan assets into an account to be managed by the Legacy, such a recommendation creates a conflict of interest if Legacy will earn an advisory fee on the rolled over assets. **No client is under any obligation to roll over retirement plan assets to an account managed by Legacy. Legacy's Chief Compliance Officer, James McCallister remains available to address any questions that a client or prospective client may have regarding the potential for conflict of interest presented by such rollover recommendation.**

**ERISA / IRC Fiduciary Acknowledgment.** If the client is: (i) a participant or beneficiary of a Plan subject to Title I of the Employee Retirement Income Security Act of 1974 ("ERISA") or described in section 4975(e)(1)(A) of the Internal Revenue Code, with authority to direct the investment of assets in his or her Plan account or to take a distribution; (ii) the beneficial owner of an IRA acting on behalf of the IRA; or (iii) a Retail Fiduciary with respect to a plan subject to Title I of ERISA or described in section 4975(e)(1)(A) of the Internal Revenue Code: then Legacy represents that it and its representatives are fiduciaries under ERISA or the Internal Revenue Code, or both, with respect to any investment advice provided by Legacy or its representatives or with respect to any investment recommendations regarding an ERISA Plan or participant or beneficiary account.

**Please Note-Use of Mutual Funds:** Most mutual funds are available directly to the public. Thus, a prospective client can obtain many of the mutual funds that may be recommended and/or utilized by Legacy independent of engaging Legacy as an investment advisor. However, if a prospective client determines to do so, he/she will not receive Legacy's initial and ongoing investment advisory services.

**Pershing/Schwab.** As discussed below at Item 12, Legacy recommends that Pershing and/or Schwab serve as the broker-dealer/custodian for client investment management assets. Broker-dealers such as Pershing and Schwab charge brokerage commissions and/or transaction fees for effecting securities transactions. In addition to Legacy's investment management fee, brokerage commissions and/or transaction fees, clients will also incur, relative to all mutual fund and exchange traded fund purchases, charges imposed at the fund level (e.g. management fees and other fund expenses). The fees charged by Pershing and Schwab, as well as the charges imposed at the mutual fund and exchange traded fund level, are in addition to Legacy's advisory fee referenced above and at Item 5 below.

**Independent Managers.** Legacy may allocate a portion of client assets among unaffiliated independent investment managers. In such situations, the *Independent Manager[s]* shall have day-to-day responsibility for the active discretionary management of the allocated assets. Legacy shall continue to render investment advisory services to the client relative to the ongoing monitoring and review of account performance, asset allocation and client investment objectives. **Please Note:** The investment management fee charged by the *Independent Manager[s]* is separate from, and in addition to, Legacy's advisory fee as set forth in the fee schedule at Item 5 below.

**Portfolio Activity.** Legacy has a fiduciary duty to provide services consistent with the client's best interest. As part of its investment advisory services, Legacy will review client portfolios on an ongoing basis to determine if any changes are necessary based upon various factors, including, but not limited to, investment performance, mutual fund manager tenure, style drift, and/or a change in the client's investment objective. Based upon these factors, there may be extended periods of time when Legacy determines that changes to a client's portfolio are neither necessary nor prudent. Of course, as indicated below, there can be no assurance that investment decisions made by Legacy will be profitable or equal any specific performance level(s).



**Client Obligations.** In performing its services, we shall not be required to verify any information received from the client or from the client's other professionals, and is expressly authorized to rely thereon. Moreover, each client is advised that it remains his/her/its responsibility to promptly notify us if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/revising our previous recommendations and/or services.

**Investment Risk.** 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 that we recommended or undertake) will be profitable or equal any specific performance level(s).

**Unaffiliated Private Investment Funds.** Legacy may also provide investment advice regarding unaffiliated private investment funds. Legacy, on a non-discretionary basis, may recommend that certain qualified clients consider an investment in unaffiliated private investment funds. Legacy's role relative to the private investment funds shall be limited to its initial and ongoing due diligence and investment monitoring services. If a client determines to become a private fund investor, the amount of assets invested in the fund(s) shall be included as part of "assets under management" for purposes of Legacy calculating its investment advisory fee. Legacy's clients are under absolutely no obligation to consider or make an investment in a private investment fund(s).

**Please Note:** 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 liquid investments that a client may maintain, private investment funds do not provide daily liquidity or pricing. Each prospective client investor will be required to complete a Subscription Agreement, pursuant to which the client shall establish that he/she is qualified for investment in the fund, and acknowledges and accepts the various risk factors that are associated with such an investment.

**Please Also Note: Valuation.** In the event that Legacy references private investment funds owned by the client on any supplemental account reports prepared by Legacy, the value(s) for all private investment funds owned by the client shall reflect the most recent valuation provided by the fund sponsor. If no subsequent valuation post-purchase is provided by the Fund Sponsor, then the valuation shall reflect the initial purchase price (and/or a value as of a previous date), or the current value(s) (either the initial purchase price and/or the most recent valuation provided by the fund sponsor). If the valuation reflects 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 original purchase price. The client's advisory fee shall be based upon reflected fund value(s).

## Item 5 Fees and Compensation

Please refer to the "Advisory Business" section in this brochure for information on our advisory fees, fee deduction arrangements, and refund policy according to each service we offer.

### Portfolio Management Services

If the client determines to engage Legacy to provide investment advisory services, Legacy's annual investment advisory fee shall vary (generally, up to 1.25%). Our annual portfolio management fee is billed and payable quarterly in arrears based on the balance at the end of the billing period. If the portfolio management agreement is executed at any time other than the first day of a calendar quarter our fees will apply on a pro rata basis, which means that the advisory fee is payable in proportion to the number of days in the month for which you are a client. Our advisory fee is negotiable, depending on individual client circumstances. Our fees shall be revised at the first anniversary of execution

of your Agreement, and at every subsequent anniversary thereafter, based on the Consumer Price Index for Urban Wage Earners (CPI). Basis point fees are not subject to the CPI adjustment. This fee can otherwise be modified with mutual written consent of the Client and Legacy Advisors.

**Please Note: Fee Differentials.** Because we shall generally price our advisory services based upon various objective and subjective factors, our clients could pay diverse fees based upon a combination of factors, including but not limited to the market value of their assets, the complexity of the engagement, the level and scope of the overall investment advisory services to be rendered, and negotiations, similarly situated clients could pay diverse fees, and the services to be provided by Legacy to any particular client could be available from other advisers at lower fees (**Also See** Item 7 below) All clients and prospective clients should be guided accordingly. **ANY QUESTIONS:** Legacy's Chief Compliance Officer, James McCallister remains available to address any questions regarding Fee Differentials.

### **Additional Fees and Expenses**

As part of our investment advisory services to you, we may invest, or recommend that you invest, in mutual funds and exchange traded funds. The fees that you pay to our firm for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds or exchange traded funds (described in each fund's prospectus) to their shareholders. These fees will generally include a management fee and other fund expenses. You will also incur transaction charges and/or brokerage fees when purchasing or selling securities. These charges and fees are typically imposed by the broker-dealer or custodian through whom your account transactions are executed. We do not share in any portion of the brokerage fees/transaction charges imposed by the broker-dealer or custodian. To fully understand the total cost you will incur, you should review all the fees charged by mutual funds, exchange traded funds, our firm, and others. For information on our brokerage practices, please refer to the "Brokerage Practices" section of this brochure.

### **Compensation for the Sale of Securities or Other Investment Products**

In the event that the client desires, the client can engage certain Legacy representatives, in their separate and individual capacities as registered representatives of M Holdings Securities, a FINRA member, SIPC member and SEC registered broker-dealer ("M Holdings"), to implement investment recommendations on a commission basis. If the client chooses to purchase investment products through M Holdings, then M Holdings will charge brokerage commissions to effect securities transactions, a portion of which commissions M Holdings pays to Legacy's representatives in their separate capacities, as applicable. The brokerage commissions charged by M Holdings may be higher or lower than those charged by other broker-dealers. In addition, M Holdings, as well as Legacy's representatives, relative to commission mutual fund purchases, may also receive 12b-1 trailing commission compensation directly from the mutual fund company during the period that the client maintains the mutual fund investment. However, Legacy's representatives do not collect 12b-1 trailing commissions on assets held in investment advisory accounts managed by Legacy, for which Legacy also charges an investment advisory fee. The recommendation that a client purchase a commission product from Legacy's representatives presents a conflict of interest, as the receipt of commissions provides an incentive to recommend investment products based on commissions to be received, rather than on a particular client's need. No client is under any obligation to purchase any commission products from Legacy's representatives. **Legacy's Chief Compliance Officer, James McCallister, remains available to address any questions that a client or prospective client may have regarding the noted conflict of interest.** Please note that clients may purchase investment products recommended by Legacy or its representatives through other, non-affiliated broker-dealers or agents.

Legacy does not receive more than 50% of its revenue from advisory clients as a result of commissions or other compensation for the sale of investment products Legacy recommends to its clients. When Legacy's representatives sell an investment product on a commission basis, Legacy does not charge an investment advisory fee in addition to the commissions paid by the client. When

providing services on an advisory fee basis, Legacy's representatives do not also receive commission compensation. However, a client may engage Legacy to provide investment advisory services on an advisory fee basis, and separate from these advisory services, purchase an investment product from Legacy's representatives on a commission basis through M Holdings.

Some persons providing investment advice on behalf of our firm are licensed as independent insurance agents. These persons may earn commission-based compensation for selling insurance products, including insurance products they may sell to you. Insurance commissions earned by these persons are separate and in addition to our advisory fees. This practice may present a conflict of interest because persons providing investment advice on behalf of our firm who are insurance agents may have an incentive to recommend insurance products to you for the purpose of generating commissions. However, you are under no obligation, contractually or otherwise, to purchase insurance products through any person affiliated with our firm. Brokerage Transactions initiated through M Holdings may be distinct from transactions initiated through our RIA Services.

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

We do not accept performance-based fees or participate in side-by-side management. Side-by-side management refers to the practice of managing accounts that are charged performance-based fees while at the same time managing accounts that are not charged performance-based fees. Performance-based fees are fees that are based on a share of capital gains or capital appreciation of a client's account. Our fees are calculated as described in the *Advisory Business* section above, and are not charged on the basis of a share of capital gains upon, or capital appreciation of, the funds in your advisory account.

## Item 7 Types of Clients

We offer investment advisory services to individuals, trusts, estates, charitable organizations, corporations, and other business entities.

Legacy generally requires a client to place a minimum of \$2 million under its management to commence a portfolio management engagement. Legacy, in its sole discretion, may waive its account minimum and/or charge different advisory fees based upon certain criteria (i.e. anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, type/scope of services to be rendered, negotiations with client, etc.).

**Please Note:** As result of the above, similarly situated clients could pay different fees. In addition, similar advisory services may be available from other investment advisers for similar or lower fees.

**See Fee Differential's at Item 5 above. ANY QUESTIONS: Legacy's Chief Compliance Officer, James McCallister, remains available to address any questions that a client or prospective client may have regarding the above.**

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

### Our Methods of Analysis and Investment Strategies

We may use one or more of the following methods of analysis or investment strategies when providing investment advice to you:

- Charting Analysis - involves the gathering and processing of price and volume information for a particular security. This price and volume information is analyzed using mathematical equations. The resulting data is then applied to graphing charts, which is used to predict future price movements based on price patterns and trends.

- **Fundamental Analysis** - involves analyzing individual companies and their industry groups, such as a company's financial statements, details regarding the company's product line, the experience and expertise of the company's management, and the outlook for the company's industry. The resulting data is used to measure the true value of the company's stock compared to the current market value.
- **Fund Analysis** - involves analyzing mutual funds, exchange traded funds, or Independent Managers as it relates to investment strategy, performance trends, risk characteristics, the experience of the portfolio management team, and the firm's structure and ownership. This analysis, which might include both quantitative and qualitative analysis, is used to measure and compare the investment merits of funds/managers within a given asset class.
- **Technical Analysis** - involves studying past price patterns and trends in the financial markets to predict the direction of both the overall market and specific stocks.
- **Long Term Purchases** - securities purchased with the expectation that the value of those securities will grow over a relatively long period of time, generally greater than one year.
- **Short Term Purchases** - securities purchased with the expectation that they will be sold within a relatively short period of time, generally less than one year, to take advantage of the securities' short-term price fluctuations.
- **Option Writing** - a securities transaction that involves selling an option. An option is the right, but not the obligation, to buy or sell a particular security at a specified price before the expiration date of the option. When an investor sells an option, he or she must deliver to the buyer a specified number of shares if the buyer exercises the option. The seller pays the buyer a premium (the market price of the option at a particular time) in exchange for writing the option.
- **Short Sales** - a securities transaction in which an investor sells securities he or she borrowed in anticipation of a price decline. The investor is then required to return an equal number of shares at some point in the future. A short seller will profit if the stock goes down in price.

Our investment strategies and advice may vary depending upon each client's specific financial situation. As such, we determine investments and allocations based upon your predefined objectives, risk tolerance, time horizon, financial horizon, financial information, liquidity needs, and other various suitability factors. Your restrictions and guidelines may affect the composition of your portfolio.

**Charting and Technical Analysis** - The risk of market timing based on technical analysis is that charts may not accurately predict future price movements. Current prices of securities may reflect all information known about the security and day-to-day changes in market prices of securities may follow random patterns and may not be predictable with any reliable degree of accuracy.

**Fund Analysis/Fundamental Analysis** - The risk of fund and fundamental analysis is that information obtained may be incorrect and the analysis may not provide an accurate estimate of future events, which may be the basis for a fund or security's value. If securities prices adjust rapidly to new information, utilizing fundamental analysis may not result in favorable performance.

**Trading:** We may use investment strategies that involve buying and selling securities frequently in an effort to capture significant market gains and avoid significant losses during a volatile market. However, frequent trading can negatively affect investment performance, particularly through increased brokerage and other transactional costs and taxes.

**Options:** Options are complex securities that *involve risks and are not suitable for everyone. Option trading can be speculative in nature and carry substantial risk of loss. It is generally recommended that you only invest in options with risk capital.* An option is a contract that gives the buyer the right, but not the obligation, to buy or sell an underlying asset at a specific price on or before a certain date (the "expiration date"). The two types of options are calls and puts;

A call gives the holder the right to buy an asset at a certain price within a specific period of time. Calls are similar to having a long position on a stock. Buyers of calls hope that the stock will increase substantially before the option expires.

A put gives the holder the right to sell an asset at a certain price within a specific period of time. Puts are very similar to having a short position on a stock. Buyers of puts hope that the price of the stock will fall before the option expires.

Selling options is more complicated and can be even riskier.

**Short Sales:** Short selling (also known as shorting or going short) is the practice of selling assets, usually securities, that have been borrowed from a third party (usually a broker) with the intention of buying identical assets back at a later date to return to the lender. It is a form of reverse trading. Mathematically, it is equivalent to buying a "negative" amount of the assets. The short seller hopes to profit from a decline in the price of the assets between the sale and the repurchase, as the seller will pay less to buy the assets than the seller received on selling them. Conversely, the short seller will incur a loss if the price of the assets rises. Other costs of shorting may include a fee for borrowing the assets and payment of any dividends paid on the borrowed assets. "Shorting" and "going short" also refer to entering into any derivative or other contract under which the investor profits from a fall in the value of an asset.

### **Risk of Loss**

Investing in securities involves risk of loss that you should be prepared to bear. We do not represent or guarantee that our services or methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to market corrections or declines. We cannot offer any guarantees or promises that your financial goals and objectives will be met. Past performance is in no way an indication of future performance.

### **Recommendation of Particular Types of Securities**

As disclosed under the "Advisory Business" section in this Brochure, we primarily recommend mutual funds however; we may recommend other types of securities since each client has different needs and different tolerance for risk. Each type of security has its own unique set of risks associated with it and it would not be possible to list here all of the specific risks of every type of investment. Even within the same type of investment, risks can vary widely. However, in very general terms, the higher the anticipated return of an investment, the higher the risk of loss associated with it.

Mutual funds are professionally managed collective investment systems that pool money from many investors and invest in stocks, bonds, short-term money market instruments, other mutual funds, other securities, or any combination thereof. The fund will have a manager that trades the fund's investments in accordance with the fund's investment objective. While mutual funds generally provide diversification, risks can be significantly increased if the fund is concentrated in a particular sector of the market, primarily invests in small cap or speculative companies, uses leverage (i.e., borrows money) to a significant degree, or concentrates in a particular type of security (i.e., equities) rather than balancing the fund with different types of securities. The returns on mutual funds can be reduced by the costs to manage the funds. Also, while some mutual funds are "no load" and charge no fee to buy into, or sell out of, other types of mutual funds do charge such fees which can also reduce returns.

**Legacy may also recommend private investment funds on a non-discretionary basis. Please see disclosure at Item 4.**



## Item 9 Disciplinary Information

Legacy Advisors, LLC has been registered and providing investment advisory services since 2006. Neither our firm nor any of our associated persons has any reportable disciplinary information.

## Item 10 Other Financial Industry Activities and Affiliations

### Registrations with Broker-Dealer

Persons providing investment advice on behalf of our firm are registered representatives with M Holdings, a FINRA and SIPC member, and SEC-registered broker-dealer ("M Holdings").

### Licensed Insurance Agents

Persons of our firm that offer investment advice on behalf of our firm are also licensed insurance agent(s). They will earn commission-based compensation for selling insurance products, including insurance products they sell to you. Insurance commissions earned by these individuals are separate from our advisory fees. See the *Fees and Compensation* section in this brochure for more information on the compensation received by insurance agents who are affiliated with our firm.

**Conflict of Interest:** As indicated above in Item 4, to the extent requested by a client, we may recommend the services of other professionals for certain non-investment implementation purposes (i.e. attorneys, accountants, insurance, etc.), including our representatives in their separate individual capacities as representatives of M Holdings Securities and as licensed insurance agents. The recommendation that a client consider the purchase of a securities or insurance commission product from one of our representatives presents *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. No client is under any obligation to purchase any securities or insurance commission products from our representatives. Clients are reminded that they may purchase securities and insurance products recommended by us or our representatives through other, non-affiliated broker-dealers and/or insurance agencies. **Our Chief Compliance Officer, James McCallister remains available to address any questions that a client or prospective client may have regarding the above conflict of interest.**

## Item 11 Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

### Description of Our Code of Ethics

We strive to comply with applicable laws and regulations governing our practices. Therefore, our Code of Ethics includes guidelines for professional standards of conduct for all of our Associated Persons. Our goal is to protect your interests at all times and to demonstrate our commitment to our fiduciary duties of honesty, good faith, and fair dealing with you. All of our Associated Persons are expected to adhere strictly to these guidelines. Our Code of Ethics also requires that all Associated Persons with our firm submit reports of their personal account holdings and transactions to qualified representatives of our firm who review these reports on a monthly basis. All Associated Persons with our firm are also required to report any violations of our Code of Ethics. Additionally, we maintain and enforce written policies reasonably designed to prevent the misuse or dissemination of material, non-public information about you or your account holdings by all Associated Persons with our firm.

Our Code of Ethics is available to you upon request. You may obtain a copy of our Code of Ethics by contacting James McCallister at 610-943-3000.



## **Participation or Interest in Client Transactions**

Neither our firm nor any of our Associated Persons has any material financial interest in client transactions beyond the provision of investment advisory services as disclosed in this brochure.

## **Personal Trading Practices**

All Associated Persons with our firm may buy or sell securities for themselves at the same time registered associates with our firm may buy or sell such securities for your own account. We may also combine our orders to purchase securities with your orders to purchase securities ("block trading"). Please refer to the "Brokerage Practices" section in this brochure for information on our block trading practices.

A conflict of interest may exist in such cases because we have the ability to trade ahead of you and potentially receive more favorable prices than you will receive. To eliminate this conflict of interest, it is our policy that all Associated Persons must submit a trading request form for pre-authorization to our Chief Compliance Officer, James McCallister. This prevents any Associated Person with our firm from having priority over your account in the purchase or sale of securities.

## **Item 12 Brokerage Practices**

In the event that the client requests that we recommend a broker-dealer/custodian for execution and/or custodial services (exclusive of those clients that may direct us to use a specific broker-dealer/custodian), we generally recommend the investment management accounts be maintained a Pershing, LLC ("Pershing") a FINRA and SIPC member, and SEC-registered broker-dealer, or the with the Schwab Advisor Services, a division of Charles Schwab & Co., Inc., a FINRA and SIPC member, and SEC-registered broker-dealer("Schwab"), to maintain custody of clients' assets and to effect trades for their accounts. We are not affiliated with Pershing or Schwab Advisor Services.

Before engaging our firm to provide investment advisory services, the client will be required to enter into a formal investment advisory agreement with our firm setting forth the terms and conditions under which we will manage the client's assets, and a separate custodial/clearing agreement with each designated broker-dealer/custodian.

Factors that we consider in recommending Pershing or Schwab (or any other broker-dealer/custodian to clients) include historical relationship with our firm, financial strength, reputation, execution capabilities, pricing, research, and service. Although the commissions and/or transaction fees paid by our clients shall comply with our duty to obtain best execution, a client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where we determine, in good faith, that the commission/transaction fee is reasonable. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although we will seek competitive rates, we may not necessarily obtain the lowest possible commission rates for client account transactions. The brokerage commissions or transaction fees charged by the designated broker-dealer/custodian are exclusive of, and in addition to, our investment advisory fee. Our best execution responsibility is qualified if securities that it purchases for client accounts are mutual funds that trade at net asset value as determined at the daily market close.

## **Non-Soft Dollar Research and Additional Benefits**

Although not a material consideration when determining whether to recommend that a client utilize the services of a particular broker-dealer/custodian, we may receive from Pershing, Schwab Advisor Services, or another broker-dealer/custodian, investment manager, platform or fund sponsor) without

cost (and/or at a discount) support services and/or products, certain of which assist Legacy to better monitor and service client accounts maintained at such institutions. The support services that we may obtain could include investment-related research, pricing information and market data, software and other technology that provide access to client account data, compliance and/or practice management-related publications, discounted or gratis consulting services, discounted and/or gratis attendance at conferences, meetings, and other educational and/or social events, marketing support, computer hardware and/or software and/or other products used by our firm in furtherance of its investment advisory business operations.

Certain of the support services and/or products that may be received may assist Legacy in managing and administering client accounts. Others do not directly provide such assistance, but rather assist Legacy to manage and further develop its business enterprise.

Our clients do not pay more for investment transactions effected and/or assets maintained at Pershing or Schwab as a result of this arrangement. There is no corresponding commitment made by Legacy to Schwab or any other any entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as result of the above arrangement.

Such research products and services are provided to all investment advisers that utilize the institutional services platforms of these firms, and are not considered to be paid for with soft dollars. However, you should be aware that the commissions charged by a particular broker for a particular transaction or set of transactions may be greater than the amounts another broker who did not provide research services or products might charge.

**Our Chief Compliance Officer, James McCallister, remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding perceived conflict of interest such arrangement may create**

#### **Additional Benefits from Pershing Advisor Solutions/Conflict of interest**

Pershing Advisor Solutions LLC is an introducing broker-dealer, a Delaware limited liability company, and an affiliate of Pershing. (For the purposes of this disclosure, we will refer to Pershing and Pershing Advisor Solutions LLC collectively as "Pershing.") As indicated above, we may generally recommend to clients that they maintain their investment management accounts with Pershing. We are not affiliated with or under common control with Pershing.

In addition to the services and/or products described above, Pershing has also made available various additional support services and economic benefits ("Additional Benefits") to Legacy. The Additional Benefits may: help us manage or administer our clients' accounts, help us manage and grow our business, or provide some combination of both. As part of the Additional Benefits, Pershing may provide monetary assistance to us, or monetary payments to third parties on our behalf to defray the cost of certain technology, compliance, legal, business consulting and other related expenses. Pershing's support services are generally available on an unsolicited basis (we do not have to request them) and at no charge to us. The availability of these services benefits us because we do not have to produce or purchase them. We are not required to pay for the Additional Benefits.

**Our receipt of the Additional Benefits is expressly contingent upon us maintaining a certain level of client assets with Pershing. Accordingly, the recommendation by Legacy or its representatives that a client select Pershing as designated broker-dealer/custodian for their accounts or transfer their account assets from another broker-dealer/custodian to Pershing presents a material conflict of interest, because we have the incentive to make such a recommendation based on our interest in receiving the Additional Benefits to benefit our business interests, rather than based on clients' interest in receiving the best value in custody**

services and the most favorable execution of transactions. To mitigate this conflict of interest, we will only recommend that a client select Pershing as broker-dealer/custodian if we reasonably believe that the arrangement is in the best interests of our clients based upon the factors discussed throughout this Item 12. Our Chief Compliance Officer, James McCallister, remains available to address any questions that a client or prospective client may have regarding the above arrangement and any the related conflict of interest such arrangement creates.

### **Broker Referrals**

Legacy does not receive referrals from broker-dealers.

### **Schwab - Your Custody and Brokerage Costs**

For our clients' accounts it maintains, Schwab generally does not charge you separately for custody services but is compensated by charging you commissions or other fees on trades that it executes or that settle into your Schwab account. Schwab's commission rates and/or asset-based fees applicable to our client accounts were negotiated based on our commitment to maintain \$250 million of our clients' assets statement equity in accounts at Schwab. This commitment benefits you because the overall commission rates and/or asset-based fees you pay are lower than they would be if we had not made the commitment. In addition to commission rates and/or asset-based fees Schwab charges you a flat dollar amount as a "prime broker" or "trade away" fee for each trade that we have executed by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into your Schwab account. These fees are in addition to the commissions or other compensation you pay the executing broker-dealer. Because of this, in order to minimize your trading costs, we have Schwab execute most trades for your account.

### **Schwab Advisor Services**

Schwab Advisor Services (formerly called Schwab Institutional) is Schwab's business serving independent investment advisory firms like us. They provide us and our clients with access to its institutional brokerage - trading, custody, reporting and related services - many of which are not typically available to Schwab retail customers. Schwab also makes available various support services. Some of those services help us manage or administer our clients' accounts while others help us manage and grow our business. Schwab's support services are generally available on an unsolicited basis (we don't have to request them) and at no charge to us.

#### *Services that Benefit You*

Schwab's institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through Schwab include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients. Schwab's services described in this paragraph generally benefit you and your account.

#### *Services that May Not Directly Benefit You*

Schwab also makes available to us other products and services that benefit us but may not directly benefit you or your account. These products and services assist us in managing and administering our clients' accounts. They include investment research, both Schwab's own and that of third parties. We may use this research to service all or some substantial number of our clients' accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab also makes available software and other technology that:

- provide access to client account data (such as duplicate trade confirmations and account statements);
- facilitate trade execution and allocate aggregated trade orders for multiple client accounts;

- provide pricing and other market data; o facilitate payment of our fees from our clients' accounts; and
- assist with back-office functions, recordkeeping and client reporting.

### *Services that Generally Benefit Only Us*

Schwab also offers other services intended to help us manage and further develop our business enterprise. These services include:

- educational conferences and events;
- technology, compliance, legal, and business consulting;
- publications and conferences on practice management and business succession;
- access to employee benefits providers, human capital consultants and insurance providers;
- discount of up to \$4,250 on PortfolioCenter® Reporting Software.

Schwab may provide some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to us. Schwab may also discount or waive its fees for some of these services or pay all or a part of a third party's fees. Schwab may also provide us with other benefits such as occasional business entertainment of our personnel.

### **Our Interest in Schwab's Services**

The availability of these services from Schwab benefits us because we do not have to produce or purchase them. These services may give us an incentive to recommend that you maintain your account with Schwab based on our interest in receiving Schwab's services that benefit our business rather than based on your interest in receiving the best value in custody services and the most favorable execution of your transactions. This is a potential conflict of interest. We believe, however, that our selection of Schwab as custodian and broker is in the best interests of our clients. It is primarily supported by the scope, quality and price of Schwab's services (based on the factors discussed above - see "The Custodian and Broker We Use") and not Schwab's services that benefit only us. We do not believe that maintaining our client's assets at Schwab for services presents a material conflict of interest.

### **Brokerage for Client Referrals**

We do not receive client referrals from broker-dealers in exchange for cash or other compensation, such as brokerage services or research.

### **Directed Brokerage**

We routinely require that you direct our firm to execute transactions through Pershing, and Schwab. As such, we may be unable to achieve the most favorable execution of your transactions and you may pay higher brokerage commissions than you might otherwise pay through another broker-dealer that offers the same types of services. .

Persons providing investment advice on behalf of our firm who are registered representatives of M Holdings Securities will recommend M Holdings Securities to you for brokerage services. These individuals are subject to applicable rules that restrict them from conducting securities transactions away from M Holdings Securities unless M Holdings Securities provides the representative with written authorization to do so. Therefore, these individuals are generally limited to conducting securities transactions through M Holdings Securities. It may be the case that M Holdings Securities charges higher transactions costs and/or custodial fees than another broker charges for the same types of services. If transactions are executed through M Holdings Securities, these individuals (in their separate capacities as registered representatives of M Holdings Securities) may earn commission-based compensation as result of placing the recommended securities transactions through M Holdings Securities. This practice presents a conflict of interest because these registered representatives have

an incentive to effect securities transactions for the purpose of generating commissions rather than solely based on your needs. You may utilize the broker-dealer of your choice and have no obligation to purchase or sell securities through such broker as, we recommend. However, if you do not use M Holdings Securities, we may not be able to accept your account. See the *Fees and Compensation* section in this brochure for more information on the compensation received by registered representatives who are affiliated with our firm.

### **Order Aggregation**

To the extent that Legacy provides investment management services to its clients, the transactions for each client account generally will be effected independently, unless Legacy decides to purchase or sell the same securities for several clients at approximately the same time. Legacy may (but is not obligated to) combine or "batch" such orders to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among Legacy's clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will be averaged as to price and will be allocated among clients in proportion to the purchase and sale orders placed for each client account on any given day. Legacy shall not receive any additional compensation or remuneration as a result of such aggregation.

## **Item 13 Review of Accounts**

James McCallister, Chief Compliance Officer of Legacy Advisors, LLC supervises the review of client accounts. The Associated person of our firm that is assigned to your account will monitor your accounts on an continuous basis and will conduct account reviews at least annually and upon your request to ensure that the advisory services provided to you and/or the portfolio mix are consistent with your current investment needs and objectives. Additional reviews may be conducted based on various circumstances, including, but not limited to:

- contributions and withdrawals,
- year-end tax planning,
- market moving events,
- security specific events, and/or,
- changes in your risk/return objectives.

We may provide you with additional or regular written reports in conjunction with account reviews. Reports we provide to you will contain relevant account and/or market-related information such as an inventory of account holdings and account performance, etc. In addition, you will receive trade confirmations and monthly or quarterly statements from your account custodian(s).

## **Item 14 Client Referrals and Other Compensation**

As indicated at Item 12 above, Legacy receives from *Pershing* and/or *Schwab* without cost (and/or at a discount), support services and/or products. Legacy's clients do not pay more for investment transactions effected and/or assets maintained at *Pershing* and/or *Schwab* as result of this arrangement. There is no corresponding commitment made by Legacy to *Pershing* and/or *Schwab* or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as a result of the above arrangements. **Legacy's Chief Compliance Officer, James McCallister, remains available to address any questions that a client or prospective client may have regarding the above arrangements and any corresponding perceived conflict of interest such arrangements may create.**



As disclosed under the *Fees and Compensation* section in this brochure, persons providing investment advice on behalf of our firm are licensed insurance agents, and are registered representatives with M Holdings Securities, a securities broker-dealer, and a member of the Financial Industry Regulatory Authority and the Securities Investor Protection Corporation. For information on the conflicts of interest this presents, and how we address these conflicts, refer to the *Fees and Compensation* section.

Legacy does not maintain any current arrangements with unaffiliated individuals or entities for prospective client introductions. Legacy continues to compensate one former solicitor for legacy referrals.

### **Employee Compensation**

We have entered into contractual arrangements with certain employees of our firm under which the individual receives compensation from our firm for the establishment and ongoing servicing of new client relationships. Employees who refer clients to our firm must comply with the requirements of the jurisdictions where they operate. The compensation is a percentage of the advisory fee you pay our firm for as long as you are a client of our firm, or until such time as our agreement with the referring employee expires. You will not be charged additional fees based on this compensation arrangement. Incentive-based compensation is contingent upon you entering into an advisory agreement with our firm. Therefore, the individual has a financial incentive to recommend our firm to you for advisory services. This creates a conflict of interest; however, you are not obligated to retain our firm for advisory services. Comparable services and/or lower fees may be available through other firms.

## **Item 15 Custody**

### **Direct Debiting of Fees**

Legacy shall have the ability to deduct its advisory fee from the client's *Pershing* and/or *Schwab* account on a quarterly basis. Clients are provided with written transaction confirmation notices, and a written summary account statement directly from *Pershing* and/or *Schwab*, at least quarterly

**Please Note:** To the extent that Legacy provides clients with periodic account statements or reports, the client is urged to compare any statement or report provided by Legacy with the account statements received from the account custodian. **Please Also Note:** The account custodian does not verify the accuracy of Legacy's advisory fee calculation.

### **Custody Due To Access to Client Funds and/or Securities**

The SEC defines custody as holding, directly or indirectly, client funds or securities, or having any authority to obtain possession of them. The ability for persons associated with Legacy Advisors to, directly or indirectly, have access to client funds through serving as Trustee on certain accounts under which Legacy is authorized or permitted to withdraw client funds or securities upon instruction to a custodian imputes custody to Legacy Advisors. Therefore, Legacy Advisors will comply with custody requirements of the Advisers Act and undergo an annual surprise exam by an independent public accountant.

These accounts will be held with a bank, broker-dealer, or other qualified custodian. If Legacy Advisors, LLC acts as trustee for any of your advisory accounts, you will receive account statements from the qualified custodian(s) holding your funds and securities at least quarterly. We encourage you to carefully review account statements for accuracy.



## Item 16 Investment Discretion

Before we can buy or sell securities on your behalf, you must first sign our discretionary management agreement, a power of attorney, and/or trading authorization forms.

You may grant our firm discretion over the selection and amount of securities to be purchased or sold for your account(s) without obtaining your consent or approval prior to each transaction. You may specify investment objectives, guidelines, and/or impose certain conditions or investment parameters for your account(s). For example, you may specify that the investment in any particular stock or industry should not exceed specified percentages of the value of the portfolio and/or restrictions or prohibitions of transactions in the securities of a specific industry or security. Please refer to the "Advisory Business" section in this brochure for more information on our discretionary management services.

If you enter into non-discretionary arrangements with our firm, we will obtain your approval prior to the execution of any transactions for your account(s).

## Item 17 Voting Client Securities

### Proxy Voting

We will not vote proxies on behalf of your advisory accounts. At your request, we may offer you advice regarding corporate actions and the exercise of your proxy voting rights. If you own shares of common stock or mutual funds, you are responsible for exercising your right to vote as a shareholder.

In most cases, you will receive proxy materials directly from the account custodian. However, in the event we were to receive any written or electronic proxy materials, we would forward them directly to you by mail, unless you have authorized our firm to contact you by electronic mail, in which case, we would forward any electronic solicitation to vote proxies.

## Item 18 Financial Information

We are not required to provide financial information to our clients because we do not:

- require the prepayment of more than \$1,200 in fees and six or more months in advance, or
- take custody of client funds or securities, or
- have a financial condition that is reasonably likely to impair our ability to meet our commitments to you.

## Item 19 Additional Information

### Your Privacy

We view protecting your private information as a top priority. Pursuant to applicable privacy requirements, we have instituted policies and procedures to ensure that we keep your personal information private and secure.

We do not disclose any non-public personal information about you to any non-affiliated third parties, except as permitted by law. In the course of servicing your account, we may share some information with our service providers, such as transfer agents, custodians, broker-dealers, accountants, consultants, and attorneys.

We restrict internal access to non-public personal information about you to employees, who need that information in order to provide products or services to you. We maintain physical and procedural safeguards that comply with regulatory standards to guard your non-public personal information and to ensure our integrity and confidentiality. We will not sell information about you or your accounts to anyone. We do not share your information unless it is required to process a transaction, at your request, or required by law.

You will receive a copy of our privacy notice prior to or at the time you sign an advisory agreement with our firm. Thereafter, we will deliver a copy of the current privacy policy notice to you on an annual basis. Please contact **James McCallister** at 610-943-3000, if you have any questions regarding this policy.

### **Trade Errors**

In the event a trading error occurs in your account, our policy is to restore your account to the position it should have been in had the trading error not occurred. Depending on the circumstances, corrective actions may include canceling the trade, adjusting an allocation, and/or reimbursing the account. If a trade error results in a profit, you will keep the profit.

### **Class Action Lawsuits**

We do not determine if securities held by you are the subject of a class action lawsuit or whether you are eligible to participate in class action settlements or litigation nor do we initiate or participate in litigation to recover damages on your behalf for injuries as a result of actions, misconduct, or negligence by issuers of securities held by you.

**ANY QUESTIONS: Our Chief Compliance Officer, James McCallister**, remains available to address any questions regarding this Part 2A.