



Lockton Investment Advisors, LLC

Part 2A of Form ADV The Brochure

444 W 47th Street, Suite 900
Kansas City, MO 64112
(816) 960-9000
<http://www.lockton.com/>



July 2019

Lockton Investment Advisors, LLC (“LIA” or the “Advisor”) is an investment adviser that is registered with the United States Securities and Exchange Commission (“SEC”). Registration with the SEC does not imply a certain level of skill or training.

This brochure provides information about the qualifications and business practices of LIA. If you have any questions about the contents of this brochure, please contact the LIA Compliance Department at 816-960-9000. 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.

Additional information about LIA is also available on the SEC’s website at: www.adviserinfo.sec.gov.

Material Changes

There are no material changes to this brochure since the update provided in August , 2019.

Table of Contents

Table of Contents	2
Material Changes	2
Fees and Compensation	3
Performance Based Fees and Side-by-Side Management	4
Types of Clients.....	4
Methods of Analysis, Investment Strategies and Risk of Loss	5
Disciplinary Information	5
Other Financial Industry Activities and Affiliations	5
Code of Ethics, Participation or Interest in Client Transactions and Personal Trading	6
Client Referrals and Other Compensation.....	8
Custody.....	9
Investment Discretion.....	9
Voting Client Securities	9
Financial Information.....	9

Advisory Business

LIA was founded and registered with the SEC as an investment adviser in April 2007. LIA is principally owned by Lockton Insurance Agency, Inc. which is owned by Lockton, Inc. LIA currently advises \$52.5 billion in assets.

Retirement Plan Advisory Services

LIA provides operational and investment consultation services to retirement plans clients on a non-discretionary and/or discretionary basis subject to the objectives and conditions set forth in the client written Investment Policy Statement (“IPS”). Services include fiduciary and non-fiduciary services as defined under ERISA. The terms and conditions governing services are set forth in the client’s Advisory Services Agreement, and are categorized as Non-Fiduciary Services, Non-Discretionary Fiduciary Services and/or Discretionary Fiduciary Services. LIA does not provide services with respect to the following types of assets: employer securities, real estate (but excluding real estate funds and publicly traded REITS), participant loans, non-publicly traded securities or assets; (other than Collective Investment Funds or non-publicly traded securities or assets recommended by LIA), other illiquid investments, or brokerage window programs.

LIA’s Non-Discretionary Fiduciary services may include the development and implementation of an IPS. If the client has an existing IPS, Advisor will review the provisions of the IPS and make recommendations for changes where appropriate. LIA will assist the client in the design of its investment architecture including portfolio strategies, recommend providers to service and manage the plan assets, and recommend the investment funds (i.e., mutual funds) that are selected for each program. LIA conducts a lengthy due diligence process on the providers as well as the mutual funds recommended to clients. On an ongoing basis, LIA will monitor and compare the performance of the investment fund choices against the objectives and conditions set forth in the IPS. Advisor will compare the performance of investment managers with criteria outlined in the IPS, as well as with established benchmarks and peer groups, and recommend changes when appropriate. LIA also provides clients and plan participants with educational sessions regarding the investments in the Plan.

LIA's Discretionary Fiduciary Services include the creation and management of the Plan's fund menu and/ or custom model portfolios (e.g. risk-based, target date portfolios). LIA's Discretionary Fiduciary Services include the development and implementation of an IPS, as well as the selection and monitoring of the Plan's investments in accordance with the IPS. Communications regarding our prudent due diligence process is available and delivered to clients no less frequent than annually.

While LIA provides recommendations regarding providers (i.e. record-keepers) to offer to clients, (which are Non-Discretionary Fiduciary Services), LIA's clients are responsible for making the ultimate decision to hire and/or terminate the plan providers. LIA may assist with the implementation of any recommended changes as agreed to with the client.

Separately Managed Accounts

LIA offers discretionary advisory services to separately managed accounts for individual investors as part of the management service, LIA will create a portfolio, consisting of individual stocks or bonds, exchange traded funds ("ETFs"), options, mutual funds and other public and private securities or investments. The client's individual investment strategy is tailored to their specific needs and may include some or all of the previously mentioned securities. Each portfolio will be invested with the aim of meeting the investment objectives of each client. The accounts will be subject to ongoing oversight and supervision and will be reviewed at least annually and if necessary, rebalanced, to ensure that the portfolio remains placed to pursue the client's individual needs, stated goals and objectives. Clients are permitted to place reasonable investment restrictions and mandates on the account as outlined in the IPS.

Fees and Compensation

Retirement Plan Advisory Services

LIA may charge a pre-determined fixed fee, hourly fee, or fee based upon a percentage of Plan assets. The exact fee will be negotiated in advance of services rendered and will be clearly set forth in the executed Advisory Services Agreement between LIA and the client. Annual fees will be billed in quarterly installments, generally in advance, within 30 days after the start of each quarter. Hourly fees will be billed in arrears generally within 30 days following the close of the period for which services are rendered. Fees calculated as a percentage of assets are payable quarterly in arrears and will be based on the market value of all assets in the Plan on the last trading day of each calendar quarter (or other regular period agreed upon by the parties). In special circumstances, other fee payment arrangements may be negotiated. In some cases, negotiation of fees may result in different fees being charged for similar services and may be more or less than the stated fee schedule. At the direction of the client, fees are collected directly from the Plan by the Plan record-keeper, or the client may be invoiced directly for fees outside of the Plan.

LIA may agree with a Client to a pre-determined increase in LIA's fees on an annual basis for a fixed period of time. When this occurs LIA notifies the Client at the time that the agreed upon increase occurs.

Separately Managed Retirement Accounts

The maximum annualized fee for these advisory services is 2.00% of the assets under management. The fees are billed on a pro-rata annualized basis quarterly in advance or based on the value of the client's account on the last day of the previous quarter. Fees listed here are the maximum fees charged for service and clients may negotiate lower fees on a case by case basis. Fees will be automatically deducted from the client's account. Upon termination, client shall receive a pro-rata refund of that portion of any prepaid fees that have yet to be earned by LIA. Such refund will be calculated from the effective date of termination as set forth in the written notice of termination.

Clients will also incur transaction and other brokerage charges for trades executed in their accounts. These transaction fees are separate from any fees charged by LIA. Clients will also pay all fees and expenses imposed by any mutual fund, index fund, or exchange traded fund which are disclosed in the fund's prospectus (i.e., fund management fees and other fund expenses). This may result in clients paying multiple management fees for their investments.

Referral Fees: LIA may receive compensation for the referral of an employer and a plan participant to a third-party broker-dealer. The amount of any such referral compensation is dependent on the products or services purchased by the employer or participant outside of the Plan, including but not limited to participant elections to invest outside of the Plan and/or distributions/rollovers with the third-party broker-dealer, all of which such products or services are unrelated to and outside of the scope of the Plan and LIA's services provided to the client or the Plan. The amount of any referral compensation paid is disclosed by such third-party to the employer or participants.

Fixed and Hourly Fees: Fees are based on scope of services agreed upon in the Advisory Services Agreement and must be reasonable in light of geographical location, complexity of engagement, size of Plan and other relevant factors.

RANGE: \$5,000 to \$300,000 fixed fee \$100 to \$750 per hour

Basis Points: Based on specific asset levels in Plan at dates provided in the engagement.

RANGE: \$0 to \$20,000,000	10-100 bps of Plan AUM
\$20,000,001 to \$40,000,000	5-50 bps of Plan AUM
\$40,000,001 and above	3-25 bps of Plan AUM

Plan assets are invested in funds that independently charge fees. Therefore, the client or the Plan also bear fees in addition to those described above. At the client's consent, LIA may bill out-of-pocket expenses (such as overnight mailings, messenger, translation fees, etc.) at cost to the client.

LIA or the client may terminate the agreement with 30 days' written notice to the other party. LIA will refund to the client a pro-rata portion of any advisory fees collected in advance of services being rendered.

Performance Based Fees and Side-by-Side Management

In certain scenarios, performance based fee arrangements may be structured for Plans with assets over \$1 million. Such fees are calculated in comparison to a recorded index (e.g. S&P 500, Russell 2000, Dow Jones Industrial Average) or other investment performance measure embraced by the SEC through rule, regulation, or order. Such fee consideration and calculation will be done at intervals of no less than one year. The imposition of performance based fees results in a conflict of interest for LIA in that there is an incentive for LIA to allocate investment opportunities to accounts which pay performance fees over accounts which do not. LIA has adopted investment allocation procedures to ensure that all clients are treated fairly and not disadvantaged on the basis of their fee structure.

Types of Clients

As discussed in the Advisory Business section, LIA provides operational and investment consultation services to qualified, defined benefit and defined contribution, pension plans as well as non-qualified deferred compensation plans and other employer sponsored benefit plans. LIA also provides investment advisory services to separately managed account clients. In addition, LIA may, on occasion, also provide investment consultation and management services to institutional trusts, endowments or foundations.

Methods of Analysis, Investment Strategies and Risk of Loss

Retirement Plan Management

LIA obtains a great deal of its information on the underlying managers and investment vehicles (e.g. mutual funds) through its due diligence process. Specific information generated as part of this process is compared to industry standards. LIA also obtains information via industry investment data service providers such as Morningstar. Once the provider and mutual funds are selected for the Plans, those securities and services of the provider are reviewed on an ongoing basis. LIA will conduct ongoing reviews as outlined in the Advisory Services Agreement. For a full description of LIA's services, please refer to the Advisory Business section above.

Separately Managed Accounts

LIA may recommend investments in stocks, bonds, derivatives, open-ended mutual funds, electronic traded funds ("ETF"), limited partnerships, commingled funds, structured products, variable or fixed rate annuity contracts, and cash and cash equivalents, among others.

Investment Risks

Investing in securities involves risk of loss that all clients and plan participants should be prepared to bear. Additionally, LIA will not have the opportunity to evaluate in advance the specific investments made by any third-party managers. As a result, the rates of return to clients will primarily depend upon the choice of investments and management decisions of third-party managers. Investment returns could be adversely affected by the unfavorable performance of such managers. LIA depends on third-party managers to develop the appropriate systems and procedures to control operational risks. Operational risks arising from mistakes made in the confirmation or settlement of transactions, from transactions not being properly booked, evaluated or accounted for or other similar disruption in operations, may cause the client accounts to suffer financial losses.

Disciplinary Information

LIA and its employees have not been involved in any legal or disciplinary events in the past 10 years that would be material to a client's evaluation of the Advisor or its personnel.

Other Financial Industry Activities and Affiliations

LIA is affiliated with Lockton Companies, LLC. LIA's related persons are licensed as insurance agents on behalf of Lockton Companies, LLC and may offer or sell a variety of insurance products (including property and casualty insurance, as well as health and welfare insurance services) to clients. Certain LIA member affiliates ("Solicitor Members") may act only as a solicitor and will not provide investment advice or act as a fiduciary. Such Solicitor Members may also be licensed as insurance agents on behalf of one or more series of Lockton Companies, LLC or an affiliated entity. In addition, related persons of Lockton Companies, LLC may also sell insurance products or provide insurance consulting services to the providers (i.e. money managers, investment companies or other service providers) or their affiliated entities that may also be recommended to clients of LIA. Compensation in the form of insurance commissions may be derived from the sale of insurance products. The Advisor is subject to conflicts of interest when providing investment advisory services and making insurance recommendations to clients. The management of conflicts of interest falls under LIA's Code of Ethics and is described below.

LIA is also affiliated with Lockton Financial Advisors, LLC ("LFA"), a broker-dealer registered with the SEC. LFA is a member of the Financial Industry Regulatory Authority, Securities Investor Protection Corporation, and Municipal Securities Rulemaking Board. Registered representatives of LFA, who also may be related persons of LIA, may receive commissions for the sale of certain variable insurance products and other securities. LIA's related persons do not execute trades or perform transactional brokerage services. Therefore, LIA does not receive commissions for effecting transactions on any securities that are recommended to advisory clients in

which fees are charged. Any cash compensation received by LIA is credited toward the advisory fees outlined in the client's Advisory Services Agreement.

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

LIA, its principals, officers, directors, members and employees ("Associates") are permitted to purchase securities for their personal accounts that may also be recommended to clients. However, in no case will these be Reportable Securities, as defined in the Investment Advisers Act of 1940 ("Advisers Act"). To avoid any potential conflicts of interest involving personal trades, LIA has adopted a formal Code of Ethics ("Code") and insider trading policy and procedure. LIA's Code requires, among other things that Associates:

- Act with integrity, competence, diligence, respect and in an ethical manner with the public, clients, prospective clients, employers, associates, colleagues in the investment profession and other participants in the global capital markets;
- Place the integrity of the investment profession, the interests of clients and the interests of Advisor above one's own personal interests;
- Adhere to the fundamental standard that you should not take inappropriate advantage of your position;
- Avoid any actual or potential conflict of interest;
- Conduct all personal securities transactions in a manner consistent with this policy;
- Use reasonable care and exercise independent professional judgment when conducting investment analysis, making investment recommendations, taking investment actions and engaging in other professional activities;
- Practice and encourage others to practice in a professional and ethical manner that will reflect credit on yourself and the profession;
- Promote the integrity of, and uphold the rules governing, capital markets;
- Maintain and improve your professional competence and strive to maintain and improve the competence of other investment professionals;
- Comply with applicable provisions of the federal securities laws.

LIA's Code also requires Associates to: 1) pre-clear certain personal securities transactions, 2) report personal securities transactions on at least a quarterly basis, and 3) provide LIA with a detailed summary of certain holdings (both initially upon commencement of employment or membership and annually thereafter) over which such Associates have a direct or indirect beneficial interest.

A copy of the Code shall be provided to any client or prospective client upon request. Copies may be requested through any Lockton associate or may be obtained by contacting LIA's Compliance Department at 444 W 47th Street, Suite 900, Kansas City, Missouri 64112, 816-960-9000.

Brokerage Practices

LIA does not perform trading activities or other transactional brokerage services for its advisor activities to retirement plans and sponsors. However, LIA does provide execution services for its separately managed account clients. The information discussed below is applicable to the management of those accounts.

LIA separate account clients are custodied with and traded through Charles Schwab & Co., Inc. (Schwab) registered broker-dealers, member SIPC, as qualified custodians. Schwab will hold client assets in a brokerage

account and execute securities transactions as the direction of LIA or the client. Clients will enter into account agreements directly with Schwab.

LIA seeks to execute transactions on behalf of clients in accordance with its Best Execution obligations. Best Execution of a client transaction is defined by LIA as execution at the lowest execution costs available, but taking into account a wide range of factors, including, the broker's capability to execute, clear and settle trades, the availability of investment research and tools that assist LIA in making investment decisions, the quality of services provided to LIA's clients, and competitiveness of pricing, among others. Schwab may charge a trade away fee for any transactions executed with brokers other than Schwab. Therefore, unless there is a benefit to be obtained by using a third party executing broker which outweighs the costs associated, LIA anticipates that all trades will be executed through Schwab. For LIA's clients' accounts that Schwab maintains, Schwab generally does not charge separately for custody services but is compensated by charging commissions or other fees on trades that it executes or that settle into the Schwab account.

Schwab may provide LIA and our clients with access to various support services. Some of those services help LIA manage or administer client accounts, while others may assist LIA with managing and growing its separately managed account business. Schwab's support services are provided at no charge to LIA, but would not be available absent the custody of LIA's client accounts.

Review of Accounts

Retirement Plan Clients

LIA monitors client accounts on a periodic basis as determined by the terms of the client's Advisory Services Agreement. LIA provides advice, which includes recommending changes in providers and/or mutual funds when necessary. Factors triggering recommendations may include the following: changes in the client's general circumstances, provider service issues related to the plan, performance of the mutual funds, expenses charged to the mutual funds, changes in the personnel involved in the portfolio management of the mutual funds, etc. client accounts are reviewed by the Associates that are assigned to those accounts.

On a periodic basis or as set forth in the client's Advisory Services Agreement, LIA shall assist in the selection and monitoring of investments. These investment reviews present information regarding potential providers/managers that may include, but are not limited to, the following pieces of information: performance returns, expense ratios, benchmarks, and fund rankings. At least annually, LIA will also provide clients with a written report detailing reviews of the following items: asset allocation, investment options, risk and return analysis, fees and expenses charged, style drift, correlation and performance returns.

For third parties in which LIA enters into a referral agreement, LIA will conduct periodic due diligence ensuring appropriateness of advice provided and fees charged in relation to industry practices.

Separately Managed Account Clients

Initially, LIA will consult with a client to review the client's financial situation and determine investment objectives. Based on information derived from this consultation, including but not limited to individual financial situation, investment objectives, risk tolerance, investment horizon and other client information, LIA will recommend an asset allocation model from among the Lockton Investment Adviser Portfolios ("Portfolio") for the Account.

Thereafter, as mentioned in Item 4, LIA will monitor client accounts on an ongoing basis for any material changes. A formal review of the account will take place at least annually and may result in a rebalance of the

account to meet the client's investment objectives. In the event that there are any material changes in the market environment or the client's investment objectives, an account review will be conducted.

Client Referrals and Other Compensation

LIA's advisory services include providing pension plan clients with recommendations of unaffiliated plan providers. As part of the due diligence process, clients may meet with representatives of the recommended plan providers. LIA's Associates generally attend these meetings to provide guidance and/or recommendations to the client. LIA's Associates may also attend conferences, educational meetings, or other industry events sponsored by unaffiliated plan providers and fund companies that may be recommended to clients. In addition, LIA's Associates may participate in steering and/or advisory committees of the plan providers. The plan providers or fund companies will often pay the travel expenses for LIA's Associates to attend these meetings and/or events which may include airfare, lodging, meals, and entertainment. LIA's Associates do not receive any other type of compensation related to these meetings and/or events.

LIA sponsors conferences in which unaffiliated plan providers, insurance carriers, broker-dealers, investment advisers and/or other unaffiliated third parties ("Vendors") are invited to present information about their services or proprietary products to LIA's Associates. LIA may also recommend these Vendors to its clients. Vendors pay a sponsorship fee to defer a portion of the costs associated with organizing and conducting LIA's conferences. A portion of these costs may be used to provide entertainment functions to the attendees of the conferences, including LIA's Associates.

One or more current LIA clients act as an investment company or may be affiliated with an investment company. The investment funds of these investment companies may be selected by LIA to be included on Plans for other LIA clients. Therefore LIA is compensated by firms that may be selected to act as a fund manager for other clients. In order to avoid conflicts related to these relationships, LIA has implemented an investment due diligence and review process that is applied consistently.

LIA may receive compensation up to 5 basis points of Plan assets from plan providers. Compensation is paid annually and calculated based on the market value of assets in the Plan on the last trading day of the calendar year. Such compensation is borne solely by the plan provider and is not calculated for Plans referred within the first calendar year held with such plan provider. The compensation is not charged to the Plan and upon receipt is credited to the LIA client fee.

In addition, LIA's Associates may receive consulting services, marketing support, training sessions and market research services that are provided by and paid for by unaffiliated plan providers or fund companies that may be recommended to clients. The management of conflicts of interest falls under the LIA's Code of Ethics, which is described above.

LIA's advisory services are marketed directly by Associates and/or Solicitor Members of LIA. LIA may compensate its Associates and/or Solicitor Members for obtaining clients for the Advisor. LIA's payment of such compensation does not affect the amount of fees paid by the client. The status of each "solicitor" as an Associate or Solicitor Member of LIA is disclosed to the client at the time of the referral. The referral of LIA's advisory services does not involve investment advice activity or fiduciary or non-fiduciary services requiring a license and a Solicitor Member may not be licensed but may receive a portion of the compensation received by LIA as a Solicitor Member, along with another licensed LIA member, for such marketing or referral efforts. Such referral compensation generally consists of a percentage of the fees earned by Advisor and represents no additional expense to client or the Plan. Such compensation may continue beyond the initial referral as long as LIA provides services to client and may also be paid for a past referral.

LIA or its LFA may receive compensation for the referral of an employer and a plan participant to a third-party broker-dealer. The amount of any such referral compensation is dependent on the products or services

purchased by the employer or participant outside of the Plan, including but not limited to participant elections to invest outside of the Plan and/or distributions/rollovers with the third-party broker-dealer, all of which such products or services are unrelated to and outside of the scope of the Plan and LIA's services provided to client or the Plan. The amount of any referral compensation paid is disclosed by such third-party broker dealer to the employer or participants.

LIA may compensate unaffiliated third parties for referring advisory clients. Such solicitation or referral fees generally consist of a percentage of the fees earned by LIA. The referral fees represent no additional expense to the client. All referral arrangements will conform to Rule 206(4)-3 under the Advisers Act.

LIA receives fees from other financial services firms in return for the referral of certain investment adviser representatives; for providing client leads to these representatives; and for providing facilities and ministerial services to these representatives. A portion of these fees are distributed to the relevant investment adviser representatives.

Custody

LIA does not maintain custody of Plan assets or securities, nor is any affiliate authorized to hold or receive any stock, bond or other security or investment certificate or cash (except in the payment of its advisory fee) that is part of the client's Plan. Custody of Plan assets will be maintained with the independent trustee or independent custodian selected by client.

For separately managed account clients, LIA is deemed to have custody over those accounts by virtue of the direct debiting authority of management fees. LIA addresses its custody by ensuring that all clients are receiving statements, at least quarterly, from Schwab, and limiting any authority over transacting in the account to the execution of trades and the debiting of fees. LIA will not conduct any fund transfers on behalf of clients, engage in bill paying, or other activities which would result in LIA having actual custody over those client accounts.

Investment Discretion

LIA provides advisory services to plan clients on both a discretionary and non-discretionary basis. For separately managed account clients, LIA retains full investment discretion over the selection and execution of client investments.

Voting Client Securities

Advisor will not exercise proxy voting authority over securities held in client accounts. The obligation to vote client proxies shall at all time rest with the client. Advisor shall not be deemed to have proxy voting authority solely as a result of providing advice or information about a particular proxy vote to a client. Clients will receive any proxies or other solicitations directly from their custodian or transfer agent. LIA does not provide any advice or recommendations to clients with regard to class action lawsuits (i.e., securities litigation).

Financial Information

LIA has never filed for bankruptcy and is not aware of any financial condition that is expected to affect its ability to manage client accounts.



**Lockton Investment Advisors, LLC
Privacy Policy Notice**

Purpose of this Notice

Title V of the Gramm-Leach-Bliley Act (GLBA) generally prohibits any financial institution, directly or through its affiliates, from sharing nonpublic personal information about you with a nonaffiliated third party unless the institution provides you with a notice of its privacy policies and practices, such as the type of information that it collects about you and the categories of persons or entities to whom it may be disclosed. In compliance with the GLBA, we are providing you, as the employer, with this document, which notifies you of the privacy policies and practices of Lockton Investment Advisors, LLC.

Our Privacy Policies and Practices

1. INFORMATION WE COLLECT:

We collect nonpublic personal information about our customers from forms or other documentation that may include name, address, phone number, social security number, beneficiary information, and date of birth.

2. INFORMATION WE MAY DISCLOSE TO AFFILIATED THIRD PARTIES:

We may disclose all of the personal information we collect about our customers, as described above, in order to provide certain services to the accounts.

3. NONAFFILIATED THIRD PARTIES TO WHOM DISCLOSURES MAY BE MADE:

We may disclose nonpublic personal information about our customers to financial service providers, such as plan sponsors and their affiliates and representatives, as needed to service the accounts. We do not disclose non-public personal information to any other unaffiliated third parties, except as permitted or required by law.

4. OUR PRACTICES REGARDING INFORMATION CONFIDENTIALITY AND SECURITY:

We restrict access to nonpublic personal information about our customers to those associates who need to know that information in order to provide services to the account. We maintain physical, electronic, and procedural safeguards that comply with federal regulations to guard such nonpublic personal information.

5. OUR POLICY REGARDING DISPUTE RESOLUTION:

Any controversy or claim arising out of or relating to our privacy policy, or the breach thereof, shall be settled by arbitration in accordance with the rules of the American Arbitration Association, and judgment upon the award rendered by the arbitrator(s) may be entered in any court having jurisdiction thereof.

6. PERSONAL INFORMATION OF FORMER CUSTOMERS:

Our personal information privacy policy also applies to former customers.

7. CHANGES IN PRIVACY POLICY:

We may modify our privacy policy at any time. We will notify you of such changes at least annually.

