

# LWM Advisors, Inc.

## dba Larsen Wealth Management

### Firm Brochure - Form ADV Part 2A

*This brochure provides information about the qualifications and business practices of LWM Advisors, Inc. If you have any questions about the contents of this brochure, please contact us at (916) 939-6860 or by email at: [mike@lwmcfp.com](mailto:mike@lwmcfp.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.*

*Additional information about LWM Advisors, Inc. is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). LWM Advisors, Inc.'s CRD number is: 146620.*

5180 Golden Foothill Pkwy Suite 220  
El Dorado Hill, CA 95762  
(916) 939-6860  
[mike@lwmcfp.com](mailto:mike@lwmcfp.com)  
<https://larsenwealthmanagement.com>

*Registration as an investment adviser does not imply a certain level of skill or training.*

Version Date: 01/16/2024

## **Item 2: Material Changes**

LWM Advisors, Inc. dba Larsen Wealth Management has the following material changes to report. Material changes relate to LWM Advisors, Inc. dba Larsen Wealth Management's policies, practices or conflicts of interests.

- LWM Advisors, Inc. dba Larsen Wealth Management has updated their Assets Under Management (Item 4.E).
- LWM Advisors, Inc. dba Larsen Wealth Management has updated their email address (Front Page).

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## Item 4: Advisory Business

### A. Description of the Advisory Firm

LWM Advisors, Inc. dba Larsen Wealth Management (hereinafter “LAI”) is a Corporation organized in the State of California as is a Registered Investment Adviser with the SEC.

Kayle Larsen, CFP® and Michael Haskins, CFP® began what is now LWM Advisors, Inc. in August 2007. LWM Advisors, Inc. was incorporated in 2022 and became an independent registered investment advisor in 2023.

### B. Types of Advisory Services

#### *Portfolio Management Services*

LAI offers ongoing portfolio management services based on the individual goals, objectives, time horizon, and risk tolerance of each client. LAI creates an Investment Policy Statement and/or a financial plan for each client, which outlines the client’s current situation (income, tax levels, and risk tolerance levels). Portfolio management services include, but are not limited to, the following:

- Investment strategy
- Asset allocation
- Risk tolerance
- Personal investment policy
- Asset selection
- Regular portfolio monitoring

LAI evaluates the current investments of each client with respect to their risk tolerance levels and time horizon. LAI will require discretionary authority from clients in order to select securities and execute transactions without permission from the client prior to each transaction. Risk tolerance levels are documented in the Investment Policy Statement, which is given to each client.

LAI seeks to provide that investment decisions are made in accordance with the fiduciary duties owed to its accounts and without consideration of LAI’s economic, investment or other financial interests. To meet its fiduciary obligations, LAI attempts to avoid, among other things, investment or trading practices that systematically advantage or disadvantage certain client portfolios, and accordingly, LAI’s policy is to seek fair and equitable allocation of investment opportunities/transactions among its clients to avoid favoring one client over another over time. It is LAI’s policy to allocate investment opportunities and transactions it identifies as being appropriate and prudent among its clients on a fair and equitable basis over time.

## ***Financial Planning***

Financial plans and financial planning may include, but are not limited to: investment planning; life insurance; tax concerns; retirement planning; college planning; and debt/credit planning.

## ***Services Limited to Specific Types of Investments***

LAI generally limits its investment advice to mutual funds, fixed income securities, real estate funds, insurance products including annuities, equities, ETFs (including ETFs in the gold and precious metal sectors) and treasury inflation protected/inflation linked bonds. LAI may use other securities as well to help diversify a portfolio when applicable.

## ***Written Acknowledgement of Fiduciary Status***

When we provide investment advice to you regarding your retirement plan account or individual retirement account, we are fiduciaries within the meaning of Title I of the Employee Retirement Income Security Act and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. The way we make money creates some conflicts with your interests, so we operate under a special rule that requires us to act in your best interest and not put our interest ahead of yours. Under this special rule's provisions, we must:

- Meet a professional standard of care when making investment recommendations (give prudent advice);
- Never put our financial interests ahead of yours when making recommendations (give loyal advice);
- Avoid misleading statements about conflicts of interest, fees, and investments;
- Follow policies and procedures designed to ensure that we give advice that is in your best interest;
- Charge no more than is reasonable for our services; and
- Give you basic information about conflicts of interest.

## **C. Client Tailored Services and Client Imposed Restrictions**

LAI offers the same suite of services to all of its clients. However, specific client investment strategies and their implementation are dependent upon the client Investment Policy Statement which outlines each client's current situation (income, tax levels, and risk tolerance levels). Clients may impose restrictions in investing in certain securities or types of securities in accordance with their values or beliefs. However, if the restrictions prevent LAI from properly servicing the client account, or if the restrictions would require LAI to deviate from its standard suite of services, LAI reserves the right to end the relationship.

## D. Wrap Fee Programs

A wrap fee program is an investment program where the investor pays one stated fee that includes management fees and transaction costs. LAI does not participate in wrap fee programs.

## E. Assets Under Management

LAI has the following assets under management:

Discretionary Amounts:	Non-discretionary Amounts:	Date Calculated:
\$104,243,000	\$0	November 2023

# Item 5: Fees and Compensation

## A. Fee Schedule

### *Portfolio Management Fees*

Total Assets Under Management	Annual Fees
\$0 - \$249,999	2.25%
\$250,000 - \$299,999	2.00%
\$300,000 - \$349,999	1.75%
\$350,000 - \$399,999	1.50%
\$400,000 - \$499,999	1.25%
\$500,000 - \$4,999,999	1.00%
\$5,000,000 - \$5,999,999	0.95%
\$6,000,000 - \$6,999,999	0.90%
\$7,000,000 - \$7,999,999	0.85%
\$8,000,000 - \$8,999,999	0.80%
\$9,000,000 - \$9,999,999	0.75%
\$10,000,000 - AND UP	0.70%

The advisory fee is calculated using the value of the assets in the Account on the last business day of the prior billing period.

The final fee schedule will be memorialized in the client's advisory agreement. Clients may terminate the agreement without penalty for a full refund of LAI's fees within five business days of signing the Investment Advisory Contract. Thereafter, clients may terminate the Investment Advisory Contract generally with 3 days' written notice.

### ***Financial Planning Fees***

#### **Fixed Fees**

The fixed rate for creating client financial plans is between \$1,500 and \$2,500.

Clients may terminate the agreement without penalty, for full refund of LAI's fees, within five business days of signing the Financial Planning Agreement. Thereafter, clients may terminate the Financial Planning Agreement generally upon written notice.

### **B. Payment of Fees**

#### ***Payment of Portfolio Management Fees***

Asset-based portfolio management fees are withdrawn directly from the client's accounts with client's written authorization or may be invoiced and billed directly to the client to be paid via ACH or check. Client may select the method in which they are billed. Fees are paid quarterly in advance.

#### ***Payment of Financial Planning Fees***

Financial planning fees are paid via check and wire.

Fixed financial planning fees are paid 100% in advance, but never more than six months in advance.

### **C. Client Responsibility For Third Party Fees**

Clients are responsible for the payment of all third-party fees (i.e. custodian fees, brokerage fees, mutual fund fees, transaction fees, etc.). Those fees are separate and distinct from the fees and expenses charged by LAI. Please see Item 12 of this brochure regarding broker-dealer/custodian.

## **D. Prepayment of Fees**

LAI collects fees in advance. Refunds for fees paid in advance but not yet earned will be refunded on a prorated basis and returned within fourteen days to the client via check, or return deposit back into the client's account.

For all asset-based fees paid in advance, the fee refunded will be equal to the balance of the fees collected in advance minus the daily rate\* times the number of days elapsed in the billing period up to and including the day of termination. (\*The daily rate is calculated by dividing the annual asset-based fee rate by 365.)

Fixed fees that are collected in advance will be refunded based on the prorated amount of work completed at the point of termination.

## **E. Outside Compensation For the Sale of Securities to Clients**

Neither LAI nor its supervised persons accept any compensation for the sale of investment products, including asset-based sales charges or service fees from the sale of mutual funds.

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

LAI does not accept performance-based fees or other fees based on a share of capital gains on or capital appreciation of the assets of a client.

## **Item 7: Types of Clients**

LAI generally provides advisory services to the following types of clients:

- ❖ Individuals
- ❖ High-Net-Worth Individuals
- ❖ Corporations or Business Entities

**Minimum Relationship Size:** The services of LAI are best suited to the unique needs of clients whose nest egg exceeds \$500,000. This minimum may be waived by LAI based on the needs of the client, the complexity of the client's financial situation, and/or other factors we deem relevant.



## Item 8: Methods of Analysis, Investment Strategies, & Risk of Loss

### A. Methods of Analysis and Investment Strategies

#### *Methods of Analysis*

LAI's methods of analysis include modern portfolio theory.

**Modern portfolio theory** is a theory of investment which attempts to maximize portfolio expected return for a given amount of portfolio risk, or equivalently minimize risk for a given level of expected return, by carefully choosing the proportions of various assets.

#### *Investment Strategies*

LAI uses long term investing.

**Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

### B. Material Risks Involved

#### *Methods of Analysis*

**Modern Portfolio Theory** assumes that investors are risk averse, meaning that given two portfolios that offer the same expected return, investors will prefer the less risky one. Thus, an investor will take on increased risk only if compensated by higher expected returns. Conversely, an investor who wants higher expected returns must accept more risk. The exact trade-off will be the same for all investors, but different investors will evaluate the trade-off differently based on individual risk aversion characteristics. The implication is that a rational investor will not invest in a portfolio if a second portfolio exists with a more favorable risk-expected return profile – i.e., if for that level of risk an alternative portfolio exists which has better expected returns.

#### *Investment Strategies*

**Long term investing** is designed to capture market rates of both return and risk. Due to its nature, the long-term investment strategy can expose clients to various types of risk that will typically surface at various intervals during the time the client owns the investments. These risks include but are not limited to inflation (purchasing power) risk, interest rate risk, economic risk, market risk, and political/regulatory risk.

**Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

### C. Risks of Specific Securities Utilized

Clients should be aware that there is a material risk of loss using any investment strategy. The investment types listed below (leaving aside Treasury Inflation Protected/Inflation Linked Bonds) are not guaranteed or insured by the FDIC or any other government agency.

**Mutual Funds:** Investing in mutual funds carries the risk of capital loss and thus you may lose money investing in mutual funds. All mutual funds have costs that lower investment returns. The funds can be of bond “fixed income” nature (lower risk) or stock “equity” nature.

**Equity** investment generally refers to buying shares of stocks in return for receiving a future payment of dividends and/or capital gains if the value of the stock increases. The value of equity securities may fluctuate in response to specific situations for each company, industry conditions and the general economic environments.

**Fixed income** investments generally pay a return on a fixed schedule, though the amount of the payments can vary. This type of investment can include corporate and government debt securities, leveraged loans, high yield, and investment grade debt and structured products, such as mortgage and other asset-backed securities, although individual bonds may be the best known type of fixed income security. In general, the fixed income market is volatile and fixed income securities carry interest rate risk. (As interest rates rise, bond prices usually fall, and vice versa. This effect is usually more pronounced for longer-term securities.) Fixed income securities also carry inflation risk, liquidity risk, call risk, and credit and default risks for both issuers and counterparties. The risk of default on treasury inflation protected/inflation linked bonds is dependent upon the U.S. Treasury defaulting (extremely unlikely); however, they carry a potential risk of losing share price value, albeit rather minimal.

**Exchange Traded Funds (ETFs):** An ETF is an investment fund traded on stock exchanges, similar to stocks. Investing in ETFs carries the risk of capital loss (sometimes up to a 100% loss in the case of a stock holding bankruptcy). Areas of concern include the lack of transparency in products and increasing complexity, conflicts of interest and the possibility of inadequate regulatory compliance. Risks in investing in ETFs include trading risks, liquidity and shutdown risks, risks associated with a change in authorized participants and non-participation of authorized participants, risks that trading price differs from indicative net asset value (iNAV), or price fluctuation and disassociation from the index being tracked. With regard to trading risks, regular trading adds cost to your portfolio thus counteracting the low fees that one of the typical benefits of ETFs. Additionally, regular trading to beneficially “time the market” is difficult to achieve. Even paid fund managers struggle to do this every year, with the majority failing to beat the relevant indexes. With regard to liquidity and shutdown risks, not all ETFs have the same level of liquidity. Since ETFs are at least as liquid as their underlying assets, trading conditions are more accurately reflected in implied liquidity rather than the

average daily volume of the ETF itself. Implied liquidity is a measure of what can potentially be traded in ETFs based on its underlying assets. ETFs are subject to market volatility and the risks of their underlying securities, which may include the risks associated with investing in smaller companies, foreign securities, commodities, and fixed income investments (as applicable). Foreign securities in particular are subject to interest rate, currency exchange rate, economic, and political risks, all of which are magnified in emerging markets. ETFs that target a small universe of securities, such as a specific region or market sector, are generally subject to greater market volatility, as well as to the specific risks associated with that sector, region, or other focus. ETFs that use derivatives, leverage, or complex investment strategies are subject to additional risks. Precious Metal ETFs (e.g., Gold, Silver, or Palladium Bullion backed “electronic shares” not physical metal) specifically may be negatively impacted by several unique factors, among them (1) large sales by the official sector which own a significant portion of aggregate world holdings in gold and other precious metals, (2) a significant increase in hedging activities by producers of gold or other precious metals, (3) a significant change in the attitude of speculators and investors. The return of an index ETF is usually different from that of the index it tracks because of fees, expenses, and tracking error. An ETF may trade at a premium or discount to its net asset value (NAV) (or indicative value in the case of exchange-traded notes). The degree of liquidity can vary significantly from one ETF to another and losses may be magnified if no liquid market exists for the ETF’s shares when attempting to sell them. Each ETF has a unique risk profile, detailed in its prospectus, offering circular, or similar material, which should be considered carefully when making investment decisions.

**Real estate** funds (including REITs) face several kinds of risk that are inherent in the real estate sector, which historically has experienced significant fluctuations and cycles in performance. Revenues and cash flows may be adversely affected by: changes in local real estate market conditions due to changes in national or local economic conditions or changes in local property market characteristics; competition from other properties offering the same or similar services; changes in interest rates and in the state of the debt and equity credit markets; the ongoing need for capital improvements; changes in real estate tax rates and other operating expenses; adverse changes in governmental rules and fiscal policies; adverse changes in zoning laws; the impact of present or future environmental legislation and compliance with environmental laws.

**Annuities** are a retirement product for those who may have the ability to pay a premium now and want to guarantee they receive certain monthly payments or a return on investment later in the future. Annuities are contracts issued by a life insurance company designed to meet requirement or other long-term goals. An annuity is not a life insurance policy. Variable annuities are designed to be long-term investments, to meet retirement and other long-range goals. Variable annuities are not suitable for meeting short-term goals because substantial taxes and insurance company charges may apply if you withdraw your money early. Variable annuities also involve investment risks, just as mutual funds do.

**Past performance is not indicative of future results. Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

## **Item 9: Disciplinary Information**

### **A. Criminal or Civil Actions**

There are no criminal or civil actions to report.

### **B. Administrative Proceedings**

There are no administrative proceedings to report.

### **C. Self-regulatory Organization (SRO) Proceedings**

There are no self-regulatory organization proceedings to report.

## **Item 10: Other Financial Industry Activities and Affiliations**

### **A. Registration as a Broker/Dealer or Broker/Dealer Representative**

Michael Brian Haskins and Kayle Erik Larsen are registered representative of Cambridge Investment Research Advisors, Inc.

### **B. Registration as a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor**

Neither LAI nor its representatives are registered as or have pending applications to become either a Futures Commission Merchant, Commodity Pool Operator, or Commodity Trading Advisor or an associated person of the foregoing entities.

### **C. Registration Relationships Material to this Advisory Business and Possible Conflicts of Interests**

Michael Brian Haskins is an independent licensed insurance agent. This activity creates a conflict of interest since there is an incentive to recommend insurance products based on commissions or other benefits received from the insurance company, rather than on the client's needs. Additionally, the offer and sale of insurance products by supervised persons of LAI are not made in their capacity as a fiduciary, and products are limited to only those offered by certain insurance providers. LAI addresses this conflict of interest by requiring its supervised persons to act in the best interest of the client at all times, including when acting as an insurance agent. LAI periodically reviews recommendations by its supervised persons to assess whether they are based on an

objective evaluation of each client's risk profile and investment objectives rather than on the receipt of any commissions or other benefits. LAI will disclose in advance how it or its supervised persons are compensated and will disclose conflicts of interest involving any advice or service provided. At no time will there be tying between business practices and/or services (a condition where a client or prospective client would be required to accept one product or service conditioned upon the selection of a second, distinctive tied product or service). No client is ever under any obligation to purchase any insurance product. Insurance products recommended by LAI's supervised persons may also be available from other providers on more favorable terms, and clients can purchase insurance products recommended through other unaffiliated insurance agencies.

Michael Brian Haskins is a registered representative of Cambridge Investment Research Advisors, Inc. From time to time, he will offer clients advice or products from those activities. Clients should be aware that these services pay a commission or other compensation and involve a conflict of interest, as commissionable products conflict with the fiduciary duties of a registered investment adviser. LAI always acts in the best interest of the client, including with respect to the sale of commissionable products to advisory clients. Clients always have the right to decide whether or not to utilize the services of any LAI representative in such individual's outside capacities.

Michael Brian Haskins is an investment adviser representative with Cambridge Investment Research Advisors, Inc. From time to time, he may offer clients advice or products from those activities and clients should be aware that these services may involve a conflict of interest. LAI always acts in the best interest of the client and clients always have the right to decide whether or not to utilize the services of any LAI representative in such individual's outside capacities.

Kayle Erik Larsen is an independent licensed insurance agent. This activity creates a conflict of interest since there is an incentive to recommend insurance products based on commissions or other benefits received from the insurance company, rather than on the client's needs. Additionally, the offer and sale of insurance products by supervised persons of LAI are not made in their capacity as a fiduciary, and products are limited to only those offered by certain insurance providers. LAI addresses this conflict of interest by requiring its supervised persons to act in the best interest of the client at all times, including when acting as an insurance agent. LAI periodically reviews recommendations by its supervised persons to assess whether they are based on an objective evaluation of each client's risk profile and investment objectives rather than on the receipt of any commissions or other benefits. LAI will disclose in advance how it or its supervised persons are compensated and will disclose conflicts of interest involving any advice or service provided. At no time will there be tying between business practices and/or services (a condition where a client or prospective client would be required to accept one product or service conditioned upon the selection of a second, distinctive tied product or service). No client is ever under any obligation to purchase any insurance product. Insurance products recommended by LAI's supervised persons may also be available from other providers on more favorable terms, and clients can

purchase insurance products recommended through other unaffiliated insurance agencies.

Kayle Erik Larsen is a registered representative of Cambridge Investment Research Advisors, Inc. From time to time, he will offer clients advice or products from those activities. Clients should be aware that these services pay a commission or other compensation and involve a conflict of interest, as commissionable products conflict with the fiduciary duties of a registered investment adviser. LAI always acts in the best interest of the client, including with respect to the sale of commissionable products to advisory clients. Clients always have the right to decide whether or not to utilize the services of any LAI representative in such individual's outside capacities.

Kayle Erik Larsen is an investment adviser representative with Cambridge Investment Research Advisors, Inc. From time to time, he may offer clients advice or products from those activities and clients should be aware that these services may involve a conflict of interest. LAI always acts in the best interest of the client and clients always have the right to decide whether or not to utilize the services of any LAI representative in such individual's outside capacities.

William Dalton Henley is an investment adviser representative with another investment advisory firm. From time to time, he may offer clients advice or products from those activities and clients should be aware that these services may involve a conflict of interest. LAI always acts in the best interest of the client and clients always have the right to decide whether or not to utilize the services of any LAI representative in such individual's outside capacities.

#### **D. Selection of Other Advisers or Managers and How This Adviser is Compensated for Those Selections**

LAI does not utilize nor select third-party investment advisers.

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

#### **A. Code of Ethics**

LAI has a written Code of Ethics that covers the following areas: Prohibited Purchases and Sales, Insider Trading, Personal Securities Transactions, Exempted Transactions, Prohibited Activities, Conflicts of Interest, Gifts and Entertainment, Confidentiality, Service on a Board of Directors, Compliance Procedures, Compliance with Laws and Regulations, Procedures and Reporting, Certification of Compliance, Reporting Violations, Compliance Officer Duties, Training and Education, Recordkeeping, Annual Review, and Sanctions. LAI's Code of Ethics is available free upon request to any client or prospective client.

## **B. Recommendations Involving Material Financial Interests**

LAI does not recommend that clients buy or sell any security in which a related person to LAI or LAI has a material financial interest.

## **C. Investing Personal Money in the Same Securities as Clients**

From time to time, representatives of LAI may buy or sell securities for themselves that they also recommend to clients. This may provide an opportunity for representatives of LAI to buy or sell the same securities before or after recommending the same securities to clients resulting in representatives profiting off the recommendations they provide to clients. Such transactions may create a conflict of interest. LAI will always document any transactions that could be construed as conflicts of interest and will never engage in trading that operates to the client's disadvantage when similar securities are being bought or sold.

## **D. Trading Securities At/Around the Same Time as Clients' Securities**

From time to time, representatives of LAI may buy or sell securities for themselves at or around the same time as clients. This may provide an opportunity for representatives of LAI to buy or sell securities before or after recommending securities to clients resulting in representatives profiting off the recommendations they provide to clients. Such transactions may create a conflict of interest; however, LAI will never engage in trading that operates to the client's disadvantage if representatives of LAI buy or sell securities at or around the same time as clients.

# **Item 12: Brokerage Practices**

## **A. Factors Used to Select Custodians and/or Broker/Dealers**

Custodians/broker-dealers will be recommended based on LAI's duty to seek "best execution," which is the obligation to seek execution of securities transactions for a client on the most favorable terms for the client under the circumstances. Clients will not necessarily pay the lowest commission or commission equivalent, and LAI may also consider the market expertise and research access provided by the broker-dealer/custodian, including but not limited to access to written research, oral communication with analysts, admittance to research conferences and other resources provided by the brokers that may aid in LAI's research efforts. LAI will never charge a premium or commission on transactions, beyond the actual cost imposed by the broker-dealer/custodian.

LAI will prefer and recommend that clients use Schwab Institutional, a division of Charles Schwab & Co., Inc.

### ***1. Research and Other Soft-Dollar Benefits***

LAI has access to research, products, or other services from its broker/dealer in connection with client securities transactions (“soft dollar benefits”) consistent with (and not outside of) the safe harbor contained in Section 28(e) of the Securities Exchange Act of 1934, as amended, and may consider these benefits in recommending brokers. There can be no assurance that any particular client will benefit from any particular soft dollar research or other benefits. LAI benefits by not having to produce or pay for the research, products or services, and LAI will have an incentive to recommend a broker dealer based on receiving research or services. Clients should be aware that LAI’s acceptance of soft dollar benefits may result in higher commissions charged to the client.

### ***2. Brokerage for Client Referrals***

LAI receives no referrals from a broker-dealer or third party in exchange for using that broker-dealer or third party.

### ***3. Clients Directing Which Broker/Dealer/Custodian to Use***

LAI may permit clients to direct it to execute transactions through a specified broker-dealer. Clients must refer to their advisory agreements for a complete understanding of how they may be permitted to direct brokerage. If a client directs brokerage, the client will be required to acknowledge in writing that the client’s direction with respect to the use of brokers supersedes any authority granted to LAI to select brokers; this direction may result in higher commissions, which may result in a disparity between free and directed accounts; and trades for the client and other directed accounts may be executed after trades for free accounts, which may result in less favorable prices, particularly for illiquid securities or during volatile market conditions. Not all investment advisers allow their clients to direct brokerage.

## **B. Aggregating (Block) Trading for Multiple Client Accounts**

LAI does not aggregate or bunch the securities to be purchased or sold for multiple clients. This may result in less favorable prices, particularly for illiquid securities or during volatile market conditions.



## **Item 13: Review of Accounts**

### **A. Frequency and Nature of Periodic Reviews and Who Makes Those Reviews**

All client accounts for LAI's advisory services provided on an ongoing basis are reviewed at least Quarterly by Michael Haskins, CCO, and their respective adviser(s) with regard to clients' respective investment policies and risk tolerance levels. All accounts at LAI are assigned to this reviewer.

All financial planning accounts are reviewed upon financial plan creation and plan delivery by Michael, Kayle, and/or Dalton. Clients who receive financial planning services in conjunction with investment supervisory services receive periodic reviews and updates to our financial planning recommendation as needed. Stand-alone financial planning clients do not receive updates or account reviews following delivery of our investment planning recommendations unless specifically agreed.

### **B. Periodic Review of Client Accounts**

Reviews of accounts and financial plans may be triggered by material market, economic or political events, or by changes in client's financial situations (such as retirement, termination of employment, physical move, or inheritance).

### **C. Content and Frequency of Regular Reports Provided to Clients**

Each client of LAI's advisory services provided on an ongoing basis will receive a monthly report detailing the client's account, including assets held, and asset value. This written report will come from the custodian.

Each financial planning client will receive the financial plan upon completion.

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

### **A. Economic Benefits Provided by Third Parties for Advice Rendered to Clients (Includes Sales Awards or Other Prizes)**

LAI does not receive any economic benefit, directly or indirectly from any third party for advice rendered to LAI's clients.

With respect to Schwab, LAI receives access to Schwab's institutional trading and custody services, which are typically not available to Schwab retail investors. These services generally are available to independent investment advisers on an unsolicited

basis, at no charge to them so long as a total of at least \$10 million of the adviser's clients' assets are maintained in accounts at Schwab Advisor Services. Schwab's services include brokerage services that are related to the execution of securities transactions, custody, research, including that in the form of advice, analyses and reports, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment. For LAI client accounts maintained in its custody, Schwab generally does not charge separately for custody services but is compensated by account holders through commissions or other transaction-related or asset-based fees for securities trades that are executed through Schwab or that settle into Schwab accounts.

Schwab also makes available to LAI other products and services that benefit LAI but may not benefit its clients' accounts. These benefits may include national, regional or LAI specific educational events organized and/or sponsored by Schwab Advisor Services. Other of these products and services assist LAI in managing and administering clients' accounts. These include software and other technology (and related technological training) that provide access to client account data (such as trade confirmations and account statements), facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts, if applicable), provide research, pricing information and other market data, facilitate payment of LAI's fees from its clients' accounts (if applicable), and assist with back-office training and support functions, recordkeeping and client reporting. Many of these services generally may be used to service all or some substantial number of LAI's accounts. Schwab Advisor Services also makes available to LAI other services intended to help LAI manage and further develop its business enterprise. These services may include professional compliance, legal and business consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance, employee benefits providers, human capital consultants, insurance and marketing. In addition, Schwab may make available, arrange and/or pay vendors for these types of services rendered to LAI by independent third parties. Schwab Advisor Services may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to LAI. LAI is independently owned and operated and not affiliated with Schwab.

#### **B. Compensation to Non - Advisory Personnel for Client Referrals**

LAI does not directly or indirectly compensate any person who is not advisory personnel for client referrals.

### **Item 15: Custody**

When advisory fees are deducted directly from client accounts at client's custodian, LAI will be deemed to have limited custody of client's assets and must have written authorization from the

client to do so. Clients will receive all account statements and billing invoices that are required in each jurisdiction, and they should carefully review those statements for accuracy.

### **Item 16: Investment Discretion**

LAI provides discretionary investment advisory services to clients. The advisory contract established with each client sets forth the discretionary authority for trading. Where investment discretion has been granted, LAI generally manages the client's account and makes investment decisions without consultation with the client as to when the securities are to be bought or sold for the account, the total amount of the securities to be bought/sold, what securities to buy or sell, or the price per share.

### **Item 17: Voting Client Securities (Proxy Voting)**

LAI may accept voting authority for client securities if requested by the client. Clients will receive proxies directly from the issuer of the security or the custodian. Clients should direct all proxy questions to the issuer of the security.

### **Item 18: Financial Information**

#### **A. Balance Sheet**

LAI neither requires nor solicits prepayment of more than \$1,200 in fees per client, six months or more in advance, and therefore is not required to include a balance sheet with this brochure.

#### **B. Financial Conditions Reasonably Likely to Impair Ability to Meet Contractual Commitments to Clients**

Neither LAI nor its management has any financial condition that is likely to reasonably impair LAI's ability to meet contractual commitments to clients.

#### **C. Bankruptcy Petitions in Previous Ten Years**

LAI has not been the subject of a bankruptcy petition in the last ten years.