

**LIGHTHOUSE FINANCIAL ADVISORS, INC.**  
**SEC # 801-78290**

**ADV Part 2A, Firm Brochure**  
**Dated: October 15, 2024**

**Contact: Brennan Guli, Chief Compliance Officer**  
**3 Harding Road, Suite B**  
**Red Bank, NJ 07701**  
**732-747-6680**  
**[brennan@lfadvisors.com](mailto:brennan@lfadvisors.com)**  
**[www.lfadvisors.com](http://www.lfadvisors.com)**

This brochure provides information about the qualifications and business practices of Lighthouse Financial Advisors, Inc. (“Lighthouse”). If you have any questions about the contents of this brochure, please contact us at 732-747-6680. 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 Lighthouse Financial Advisors, Inc. also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

References to Lighthouse as a “registered investment adviser” or any reference to being “registered” does not imply a certain level of skill or training.

## **Item 2            Material Changes**

There have been no material changes to this ADV Part 2A Brochure since the February 1, 2023, annual updating amendment filing.

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#### **Item 4      Advisory Business**

- A. Lighthouse Financial Advisors, Inc. (“Lighthouse”) is a New Jersey corporation formed in May 1999, which became a registered investment adviser in June 1999. Robert B. Walsh, President, is Lighthouse’s principal owner.
- B. Lighthouse offers to provide comprehensive financial planning and investment advisory services, tax, estate planning, risk management, retirement planning, and business development services to its clients. Lighthouse’s clients generally include individuals, high net worth individuals (along with affiliated trusts and estates), and charitable organizations.

#### **WEALTH MANAGEMENT SERVICES**

Clients can engage Lighthouse to provide holistic comprehensive financial planning and implementation services on a fixed, fee only basis (collectively, “Wealth Management Services”) subject to the terms and conditions of a written agreement. This program is designed for clients seeking ongoing advice, education, and implementation assistance, which also includes four to eight scheduled meetings during the initial year, and two to four scheduled meetings during future years. It also includes additional in-person, email, and phone consultations for no additional charge.

Wealth Management Services may include discretionary or non-discretionary investment advisory services, tax preparation, tax planning, insurance review, budgeting & cash flow, inventory of assets and liabilities, analysis of financial goals, portfolio analysis, development of an asset allocation strategy and recommended investments, retirement planning and estate plan reviews.

Lighthouse’s Wealth Management Services are specifically tailored to the needs of each client. To begin the engagement, an investment adviser representative will collaborate with the client to develop investment objectives, which are based upon an assessment of factors that typically include capital preservation, risk tolerance, income production, liquidity requirements, client preferences, asset and liability levels, and investment preferences and restrictions. After developing and typically documenting the client’s investment objectives, Lighthouse will execute its customized investment strategy. Generally, Lighthouse allocates client investment assets among mutual funds and exchange traded funds (“ETFs”), and to a lesser extent individual equities, individual bonds, cash, and cash equivalents. Once allocated, Lighthouse provides ongoing monitoring and review of account performance and asset allocation as compared to client investment objectives and may periodically execute or recommend account transactions based upon those reviews or other triggering events. Clients may impose written restrictions at any time about investing in certain securities or types of securities.

#### **FINANCIAL REVIEW SERVICES**

For clients without complex financial objectives and on a limited basis, Lighthouse may offer to provide a financial review session held over the course of a three-hour meeting in exchange for a single payment.

#### **RETIREMENT PLAN CONSULTING SERVICES**

Lighthouse also offers to provide retirement plan consulting services to sponsors of self-directed retirement plans and defined benefit plans organized under the Employee Retirement Security Act of 1974 (“ERISA”). Lighthouse performs these services in an ERISA Section 3(21) capacity, by assisting with the development of investment policy statements, and then the selection and monitoring of investment alternatives from which plan participants may choose in self-directing the investments for their individual plan retirement accounts. Upon request by the plan sponsor, Lighthouse 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 will be set forth in a written agreement between Lighthouse and the plan sponsor.

## TAX PREPARATION SERVICES

Upon client request, Lighthouse may agree to provide tax preparation services on a stand-alone separate fee basis.

## MISCELLANEOUS

Limitations of Financial Planning and Non-Investment Consulting/Implementation Services. Lighthouse may provide financial planning and related consulting services generally as part of its Wealth Management Services or in limited cases or according to the terms and conditions of a stand-alone financial planning agreement. While Lighthouse's representative, Brennan Guli, is a licensed attorney, he does not provide legal services to Lighthouse's clients. Therefore, there is no attorney / client relationship established between Mr. Guli and any Lighthouse client by virtue of the investment advisory engagement. Without limiting the above, Lighthouse does not serve as a law firm, accounting firm, or insurance agency, and no portion of Lighthouse's services should be construed as legal, accounting, or insurance implementation services. Lighthouse does not prepare estate planning documents or sell insurance products. Unless specifically agreed in writing, neither Lighthouse nor its representatives are responsible to implement any financial plans or financial planning advice; provide ongoing financial planning services; or provide ongoing monitoring of financial plans or financial planning advice. The client is solely responsible to revisit the financial plan or financial planning advice with Lighthouse, if desired. The client retains absolute discretion over all financial planning and related implementation decisions and is free to accept or reject any recommendation from Lighthouse and its representatives in that respect. Lighthouse's financial planning and consulting services are completed upon communicating its recommendations to the client, upon delivery of the written financial plan, or upon termination of the applicable agreement. To the extent requested by a client, Lighthouse may recommend the services of other professionals for certain non-investment implementation purposes (i.e., attorneys, accountants, insurance agents, etc.). Clients are under no obligation to engage the services of any recommended professional who is responsible for the quality and competency of the services they provide.

Non-Discretionary Service Limitations. Clients that determine to engage Lighthouse on a non-discretionary basis acknowledge that Lighthouse cannot execute any account transactions without obtaining the client's prior consent to the transactions. Therefore, if Lighthouse would like to make a transaction for a client's account (including removing a security that Lighthouse no longer believes is appropriate or adding a security that Lighthouse believes is appropriate), and the client is unavailable, Lighthouse will be unable to execute the account transactions (as it would for its discretionary clients) without first obtaining the client's consent. Affected clients may suffer investment losses or miss potential investment gains as a result.

Portfolio Trading Activity / Inactivity. As part of its investment advisory services, Lighthouse will review client portfolios on an ongoing basis to determine if any trades are necessary based upon various factors, including but not limited to investment performance, market conditions, fund manager tenure, style drift, account additions/withdrawals, the client's financial circumstances, and changes in the client's investment objectives. Based upon these and other factors, there may be extended periods when Lighthouse determines that upon review, trades within a client's portfolio are not prudent. Clients nonetheless remain subject to the fees described in Item 5 during periods of portfolio trading inactivity.

ERISA / IRC Fiduciary Acknowledgment. When Lighthouse provides investment advice to a client about the client's retirement plan account or individual retirement account, it does so as a fiduciary within the meaning of Title I of the Employee Retirement Income Security Act ("ERISA") and/or the Internal Revenue Code ("IRC"), as applicable, which are laws governing retirement accounts. Because the way Lighthouse makes money creates certain conflicts with client interests, Lighthouse operates under a special rule that requires it to act in the client's best interest and not put its interests ahead of the client's. Under this special rule's provisions, Lighthouse must: meet a professional standard of care when making investment recommendations (give prudent advice); never put its financial interests ahead of the client's when making recommendations (give loyal

advice); avoid misleading statements about conflicts of interest, fees, and investments; follow policies and procedures designed to ensure that Lighthouse gives advice that is in the client's best interest; charge no more than is reasonable for Lighthouse's services; and give the client basic information about conflicts of interest.

Retirement Plan Rollovers – No Obligation / 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 Lighthouse recommends that a client roll over their retirement plan assets into an account to be managed by Lighthouse, such a recommendation creates a conflict of interest if Lighthouse will earn a new (or increase its current) advisory fee as a result of the rollover. No client is under any obligation to roll over retirement plan assets to an account managed by Lighthouse.

Client Obligations. When performing its services, Lighthouse is not required to verify any information received from the client or from the client's designated professionals and is expressly authorized to rely on that information. Clients are responsible to promptly notify Lighthouse if there is ever any change in their financial situation or investment objectives for the purpose of reviewing or amending Lighthouse's services or previous recommendations.

Asset Aggregation / Reporting Services. Lighthouse may provide access to reporting services through one or more third-party aggregation / reporting platforms that can reflect all of the client's investment assets, including those investment assets that the client has not engaged Lighthouse to manage (the "Excluded Assets"). Lighthouse's service for the Excluded Assets is strictly limited to reporting, and specifically excludes investment management or implementation. Because Lighthouse does not have trading authority for the Excluded Assets, the client (and/or a designated investment professional), and not Lighthouse, will be exclusively responsible for implementing any recommendations for the Excluded Assets and the resulting performance or related activity (such as timing and trade errors) pertaining to the Excluded Assets. The third-party aggregation / reporting platforms may also provide access to financial planning information and applications, which should not be construed as services, advice, or recommendations provided by Lighthouse. Accordingly, Lighthouse will not agree to be responsible for any adverse results a client may experience if the client engages in financial planning or other functions available on the third-party reporting platforms without Lighthouse's participation or oversight.

- C. Lighthouse tailors its investment advisory services specifically to the needs of each client. To begin the investment advisory process, an investment adviser representative will coordinate with each client to develop their investment objectives. Then, Lighthouse allocates or recommends that the client allocate investment assets consistent with the designated investment objectives. The client may, at any time, impose reasonable restrictions, in writing, on Lighthouse's services.
- D. Lighthouse does not participate in a wrap fee program.
- E. As of December 31, 2023, Lighthouse managed \$713,848,786, of which, Lighthouse managed \$203,410,611 on a discretionary basis and \$510,438,175 on a non-discretionary basis.

## **Item 5        Fees and Compensation**

### **A. WEALTH MANAGEMENT SERVICES**

Clients can engage Lighthouse to provide Wealth Management Services subject to the terms and conditions of a written agreement that describes the services to be provided and the applicable fee for those services. Lighthouse's negotiable annual fee for Wealth Management Services is dependent on various objective and subjective factors, including but not limited to the scope and complexity of the service being offered, the amount of assets under management or advisement, anticipated future earning capacity, anticipated future additional assets, related / family accounts, account composition, prior relationships with Lighthouse or its representatives, negotiations with the client and the qualifications of the professional providing services. Lighthouse generally requires a minimum annual fee of \$6,000 for Wealth Management Services. Unless otherwise agreed, the fee compensates for cash and cash equivalent positions under advisement. This fee will not, at any time, exceed an amount that is equal to more than 2% of the client's investment assets under Lighthouse's advisement. Based on the above, similarly situated clients could pay diverse fees, and the services to be provided by Lighthouse to any particular client could be available from other advisers at lower fees. Certain legacy clients may have accepted different pre-existing service offerings from Lighthouse and may therefore receive different services under different fee schedules than as set forth in this section. Subject to the above, the Wealth Management Services fee schedule is generally as follows:

First year: The annual fee for the first year of Wealth Management Services generally ranges between \$6,000 and \$60,000, which is payable quarterly, in advance, at the beginning of each quarter.

Future Years: Lighthouse's annual fee for ongoing Wealth Management Services may be reduced in future years, at Lighthouse's sole discretion, with a minimum fee of \$6,000. These fees are billed in quarterly installments at the beginning of each quarter.

Add-ons, Credits, and Miscellaneous Adjustments: Upon review and a separate written agreement with the client, additional charges may be assessed for the preparation of an amended tax return prepared or for additional tax returns prepared for dependents of the client.

### **FINANCIAL REVIEW SERVICES**

Lighthouse charges \$900 for a three-hour financial review consultation, or \$720 if an existing client refers the financial review client. The fee is payable in two equal installments, one-half at the signing of the agreement and the other half at the time of the consultation. Clients may cancel the financial review services at any time by providing written notice. Upon cancellation, Lighthouse will present the client with an invoice for time spent, which is payable upon receipt.

### **RETIREMENT PLAN CONSULTING**

The terms and conditions of Lighthouse's retirement plan consulting engagement are set forth in a Retirement Plan Consulting Agreement between Lighthouse and the plan sponsor. Lighthouse's negotiable annual fee for retirement plan consulting services is based upon a percentage of the market value of assets held by the plan. This fee generally ranges between \$5,000 and \$50,000 per year on a flat fee basis, depending on the size of the plan, anticipated future additional assets, related accounts, complexity and scope of the engagement, and negotiations with the plan. The fee is generally payable quarterly, in advance.

### **TAX PREPARATION SERVICES**

Lighthouse may agree to provide tax preparation services on a stand-alone, separate flat-fee basis ranging between \$200 and \$10,000 depending upon the complexity of the engagement. Lighthouse and the client will

agree upon the specific fee before Lighthouse begins tax preparation services. Lighthouse reserves the right to reduce or waive tax preparation fees.

- B. Clients may elect to have Lighthouse's advisory fees deducted from their custodial account. The applicable form of agreement including addenda, as well as the custodial/clearing agreement, may authorize the custodian to debit the account for the amount of Lighthouse's advisory fee and to directly remit that fee to Lighthouse in compliance with regulatory procedures. If Lighthouse bills the client directly, payment is due upon receipt of Lighthouse's invoice. Unless otherwise agreed, Lighthouse will deduct fees and/or bill clients quarterly in advance, based upon the agreed annual retainer amount stated in the applicable agreement.
- C. Unless the client directs otherwise or an individual client's circumstances require, Lighthouse generally recommends that Fidelity Brokerage Services LLC and its affiliates ("Fidelity"), serve as the broker-dealer/custodian for client investment advisory assets. Broker-dealers such as Fidelity charge transaction fees for executing certain securities transactions according to their fee schedule. Clients may also be required to pay certain charges and administrative fees related to their investment advisory accounts, including, but not limited to, custodial fees, transaction charges (including mark-ups and mark-downs) resulting from trades effected through or with a broker-dealer other than Fidelity, transfer taxes, transfer or wiring fees, odd lot differentials, exchange fees, interest charges, American Depository Receipt agency processing fees, and any charges, taxes or other fees mandated by any federal, state or other applicable law or otherwise agreed to with regard to client accounts. When Lighthouse deems it beneficial to the client, it may execute individual transactions (typically, for fixed income products) through other broker-dealers besides Fidelity. In those instances, clients may incur the transaction fee from the executing broker-dealer and a separate "tradeaway" or "prime brokerage fee" from Fidelity. For mutual fund and ETF purchases, clients will incur charges imposed by the respective fund, which represent the client's pro rata share of the fund's management fee and other fund expenses. These fees and expenses are described in each fund's prospectus or other offering documents. Lighthouse does not share in those funds or expenses.
- D. Lighthouse's annual fixed fees will be prorated as applicable for the first and last billing quarters and are payable quarterly, in advance. Lighthouse generally requires a minimum Wealth Management Services fee of \$6,000 for the first year, but may, in its sole discretion, charge a lesser minimum fee based upon certain criteria including but not limited to anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, and negotiations with the client. Similar advisory services may be available from other investment advisers for similar or lower fees. The Wealth Management Agreement between Lighthouse and the client will continue in effect until terminated by either party by written notice in accordance with the terms of the Wealth Management Agreement. Upon termination, Lighthouse will refund the pro-rated portion of the advanced advisory fee paid based upon the number of days remaining in the billing quarter.
- E. Neither Lighthouse nor any of its representatives accept compensation from the sale of securities or other investment products.

## **Item 6            Performance-Based Fees and Side-by-Side Management**

Lighthouse is not a party to any performance or incentive-related compensation arrangements with its clients.

## **Item 7            Types of Clients**

Lighthouse's clients generally include individuals, high net worth individuals (along with affiliated trusts and estates), and charitable organizations. Lighthouse generally requires a minimum annual fee of \$6,000 for Wealth Management Services. This fee will not, at any time, exceed an amount that is equal to more than 2% of the client's investment assets under Lighthouse's advisement.

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

A. Lighthouse may utilize the following methods of security analysis:

- Fundamental - (analysis performed on historical and present data, with the goal of making financial forecasts)
- Technical – (analysis performed on historical and present data, focusing on price and trade volume, to forecast the direction of prices)
- Cyclical – (analysis performed on historical relationships between price and market trends, to forecast the direction of prices)

Lighthouse may utilize the following investment strategies when offering investment advice given to clients:

- Long Term Purchases (securities held at least a year)
- Short Term Purchases (securities sold within a year)

Investment Risk in General. Investing in securities involves risk of loss that clients should be prepared to bear, including the loss of principal investment. Past performance does not guarantee future results. Different types of investments involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by Lighthouse) will be profitable or equal any specific performance level. Investment strategies such as asset allocation, diversification, or rebalancing do not assure or guarantee better performance and cannot eliminate the risk of investment losses. There is no guarantee that a portfolio employing these or any other strategy will outperform a portfolio that does not engage in such strategies. While asset values may increase and client account values could benefit as a result, it is also possible that asset values may decrease, and client account values could suffer a loss.

B. Lighthouse's methods of analysis and investment strategies do not present any significant or unusual risks. However, every method of analysis has its own inherent risks. To perform an accurate market analysis Lighthouse must have access to current/new market information. Lighthouse has no control over the dissemination rate of market information; therefore, unbeknownst to Lighthouse, certain analyses may be compiled with outdated market information, severely limiting the value of Lighthouse's analysis. Furthermore, an accurate market analysis can only produce a forecast of the direction of market values. There can be no assurances that a forecasted change in market value will materialize into actionable and/or profitable investment opportunities.

Lighthouse's primary investment strategies are fundamental investment strategies. However, every investment strategy has its own inherent risks and limitations. For example, longer term investment strategies require a longer investment time period to allow for the strategy to potentially develop. Shorter-term investment strategies require a shorter investment time period to potentially develop but, as a result of more frequent trading, may incur higher transactional costs when compared to a longer-term investment strategy. Trading, an investment strategy that requires the purchase and sale of securities within a thirty (30) day investment time period, involves a short investment time period but will incur higher transaction costs when compared to a short-term investment strategy and substantially higher transaction costs than a longer-term investment strategy.

Margin / Pledged Asset Loans. Lighthouse does not recommend the use of margin for investment purposes. However, if a client determines to take a margin loan or pledged asset loan that collateralizes a portion of the assets that Lighthouse is managing, Lighthouse's investment advisory fee will be computed based upon the full value of the assets, without deducting the amount of the loan.



Without limiting the above, upon specific client request and generally in a financial planning context, Lighthouse may help clients evaluate and establish a margin or pledged asset loan (collectively, “PAL”) with the client’s broker-dealer/custodian or their affiliated banks (each, an “PAL Lender”) to access cash flow. Compared to real estate-backed loans, PALs can provide access to funds in a shorter time, provide greater repayment flexibility, and may also result in the borrower receiving certain tax benefits. Clients interested in learning more about the potential tax benefits of PALs should consult an accountant or tax advisor. The terms and conditions of each PAL are contained in a separate agreement between the client and the PAL Lender selected by the client, which terms and conditions may vary from client to client. PALs are not suitable for all clients and are subject to certain risks, including but not limited to increased market risk, increased risk of loss, especially in the event of a significant downturn, liquidity risk, the potential obligation to post collateral or repay the PAL if the PAL Lender determines that the value of collateralized securities is no longer sufficient to support the value of the PAL, the risk that the PAL Lender may liquidate the client’s securities to satisfy its demand for additional collateral or repayment, and the risk that the PAL Lender may terminate the PAL at any time. Before agreeing to participate in PAL programs, clients should carefully review the applicable PAL agreement and all risk disclosures provided by the PAL Lender including the initial margin and maintenance requirements for the specific program in which the client enrolls, and the procedures for issuing “margin calls” and liquidating securities and other assets in the client’s accounts.

If Lighthouse recommends that a client apply for PALs instead of selling securities that Lighthouse manages for a fee to meet liquidity needs, the recommendation presents an ongoing conflict of interest because selling those securities (instead of leveraging those securities to access PALs) would reduce the amount of assets to which Lighthouse’s investment advisory fee is applied, and thereby reduce the amount of investment advisory fees collected by Lighthouse. Likewise, the same ongoing conflict of interest is present if a client determines to apply for PALs on their own initiative. These ongoing conflicts of interest would persist as long as Lighthouse has an economic disincentive to recommend that the client terminate the use of PALs. If the client were to invest any portion of the PAL proceeds in an account that Lighthouse manages, Lighthouse could receive an advisory fee on the invested amount depending upon when the fee is calculated, which could compound this conflict of interest. If a client accesses a PAL through its relationship with Lighthouse and the client’s relationship with Lighthouse is terminated, clients may incur higher (retail) interest rates on the outstanding loan balance. Clients are not under any obligation to employ the use of PALs, and are solely responsible for determining when to use, reduce, and terminate the use of PALs. Although Lighthouse seeks to disclose all conflicts of interest related to its recommended use of PALs and related business practices, there may be other conflicts of interest that are not identified above. Clients are therefore reminded to carefully review the applicable PAL agreement, and all risk disclosures provided by the PAL Lender as applicable and contact Lighthouse’s Chief Compliance Officer with any questions about the use of PALs.

- C. Currently, Lighthouse primarily allocates client investment assets among mutual funds and ETFs, and to a lesser extent individual equities, individual bonds, cash, and cash equivalents on a discretionary or non-discretionary basis in accordance with the client’s designated investment objectives. Each type of investment has its own unique set of associated risks. The following therefore provides a non-exhaustive description of the underlying risks commonly associated with the types of investments that Lighthouse uses or recommends, or with respect to the investment advisory process itself:

Market Risk. The price of a security may drop in reaction to tangible and intangible events and conditions. This type of risk may be caused by external factors (such as economic or political factors) but may also be incurred because of a security’s specific underlying investments. Additionally, each security’s price can fluctuate based on market movement, which may or may not be due to the security’s operations or changes in its true value. For example, political, economic, and social conditions may trigger market events which are temporarily negative, or temporarily positive.

Unsystematic Risk. Unsystematic risk is the company-specific or industry-specific risk in a portfolio that the investor bears. Unsystematic risk is typically addressed through diversification. However, as indicated above, diversification does not guarantee better performance and cannot eliminate the risk of investment losses.

Value Investment Risk. Value stocks may perform differently from the market as a whole and following a value-oriented investment strategy may cause a portfolio to underperform growth stocks.

Growth Investment Risk. Prices of growth stocks tend to be higher in relation to their companies' earnings and may be more sensitive to market, political and economic developments than other stocks, making their prices more volatile.

Small Company Risk. Securities of small companies are often less liquid than those of large companies and this could make it difficult to sell a small company security at a desired time or price. As a result, small company stocks may fluctuate relatively more in price. In general, small capitalization companies are more vulnerable than larger companies to adverse business or economic developments and they may have more limited resources.

Commodity Risk. The value of commodity-linked derivative instruments may be affected by changes in overall market movements, commodity index volatility, changes in interest rates, or factors affecting a particular industry or commodity, such as drought, floods, weather, livestock disease, embargoes, tariffs, and international economic, political, and regulatory developments.

Foreign Securities and Currencies Risk. Foreign securities prices may decline or fluctuate because of: (a) economic or political actions of foreign governments, and/or (b) less regulated or liquid securities markets. Investors holding these securities are also exposed to foreign currency risk (the possibility that foreign currency will fluctuate in value against the U.S. dollar).

Interest Rate Risk. Fixed income securities and fixed income-based securities are subject to interest rate risk because the prices of fixed income securities tend to move in the opposite direction of interest rates. When interest rates rise, fixed income security prices tend to fall. When interest rates fall, fixed income security prices tend to rise. In general, fixed income securities with longer maturities are more sensitive to these price changes.

Inflation Risk. When any type of inflation is present, a dollar at present value will not carry the same purchasing power as a dollar in the future, because that purchasing power erodes at the rate of inflation.

Reinvestment Risk. Future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e., interest rate), which primarily relates to fixed income securities.

Credit Risk. The issuer of a security may be unable to make interest payments and/or repay principal when due. A downgrade to an issuer's credit rating or a perceived change in an issuer's financial strength may affect a security's value and impact performance. Credit risk is considered greater for fixed income securities with ratings below investment grade. Fixed income securities that are below investment grade involve higher credit risk and are considered speculative.

Call Risk. During periods of falling interest rates, a bond issuer will call or repay a higher-yielding bond before its maturity date, forcing the investment to reinvest in bonds with lower interest rates than the original obligations.

Regulatory Risk. Changes in laws and regulations from any government can change the market value of companies subject to such regulations. Certain industries are more susceptible to government regulation. For example, changes in zoning, tax structure or laws may impact the return on investments.

**Pandemic Risk.** Large-scale outbreaks of infectious disease can greatly increase morbidity and mortality over a wide geographic area, crossing international boundaries, and causing significant economic, social, and political disruption.

**Mutual Fund Risk.** Mutual funds are operated by investment companies that raise money from shareholders and invest it in stocks, bonds, and/or other types of securities. Each fund will have a manager that trades the fund's investments in accordance with the fund's investment objective. Mutual funds charge a separate management fee for their services, so the returns on mutual funds are reduced by the costs to manage the funds. While mutual funds generally provide diversification, risks can be significantly increased if the fund is concentrated in a particular sector of the market. Mutual funds come in many varieties. Some invest aggressively for capital appreciation, while others are conservative and are designed to generate income for shareholders. In addition, the client's overall portfolio may be affected by losses of an underlying fund and the level of risk arising from the investment practices of an underlying fund (such as the use of derivatives).

**Exchange Traded Fund Risk.** ETFs are marketable securities that are designed to track, before fees and expenses, the performance or returns of a relevant index, commodity, bonds, or basket of assets, like an index fund. Unlike mutual funds, ETFs trade like common stock on a stock exchange. ETFs experience price changes throughout the day as they are bought and sold. In addition to the general risks of investing, there are specific risks to consider with respect to an investment in ETFs, including, but not limited to: (a) an ETF's shares may trade at a market price that is above or below its net asset value; (b) the ETF may employ an investment strategy that utilizes high leverage ratios; or (c) trading of an ETF's shares may be halted if the listing exchange's officials deem such action appropriate, the shares are de-listed from the exchange, or the activation of market-wide "circuit breakers" (which are tied to large decreases in stock prices) halts stock trading generally.

**Cash and Cash Equivalent Risk.** Lighthouse may hold a portion of a client's assets in cash or cash equivalent positions (such as but not limited to money market funds) typically for defensive and liquidity purposes. Investments in these assets may cause a client to miss upswings in the markets. Lighthouse's advisory fee could exceed the interest income from holding cash or cash equivalents. Clients can advise Lighthouse not to maintain (or to limit the amount of) cash or cash equivalent positions in their account.

**Dimensional Fund Advisors.** Lighthouse may allocate client investment assets to funds issued by Dimensional Fund Advisors ("DFA"), some of which are only available through selected registered investment advisers. Therefore, upon the termination of Lighthouse's services, a client may experience restrictions on the transfer, additional purchases, or reallocation among DFA funds.

**ESG / Socially Responsible Investing Risks and Limitations.** Socially Responsible Investing involves the incorporation of environmental, social and governance (generally referred to as "ESG") considerations into the investment process. While ESG is not a fundamental investment strategy that Lighthouse employs without specific client request, those clients who seek exposure to ESG-focused investments must be willing to accept the inherent risks and limitations of that strategy, including without limitation those risks and limitations described below. The investment universe of ESG related investment vehicles is by nature narrower in scope and therefore the investment options may be limited when compared to non-ESG mandated securities. By narrowing the scope of investment options, clients may miss the opportunity to invest in a non-ESG mandated security or sector, which could contribute to their overall portfolio performance. ESG securities could underperform broad market indexes. ESG mandated investment funds may have higher expense ratios than non-ESG mandated investment vehicles. ESG considerations may vary from person to person, so the client's opinion about what constitutes valid and valuable ESG principles may differ from those of the security issuer. ESG scores and ratings may also differ between two different ESG securities because of the way the respective fund managers analyze and identify ESG factors. The underlying holdings of some ESG investment vehicles may not disclose the same level or scope of ESG information as other companies. As a result, some investments may

not capture ESG concepts with 100% accuracy. Therefore, Lighthouse may rely on portfolio managers to establish their own system of ranking and sustainable factors in coordination with their mandate.

Digital Asset-based Securities. Lighthouse does not recommend or invest client assets directly in virtual currencies, blockchain assets, crypto-currencies, and digital coins and tokens (collectively, “Digital Assets”) for the reasons described below. However, in limited circumstances upon specific client request, Lighthouse may indirectly invest client assets in Digital Assets through corresponding exchange-traded securities. Digital Assets themselves present unique and substantial investment risk, including but not limited to volatility, regulatory uncertainty, technological challenges, and cybersecurity risk. Digital Assets are not backed by a central bank or a national, supra-national or quasi-national organization, any hard assets, human capital, or other form of credit. Rather, Digital Assets exist on an online, peer-to-peer, distributed network that acts as a public and immutable record of all transactions in the underlying digital currency. Digital Asset value is determined by supply and demand factors, the number of merchants that accept it, and/or the value that various market participants place on it through their mutual agreement, barter, or transactions. Digital Assets have experienced historical price volatility and may continue to rapidly fluctuate in market price. This volatility not only presents a direct risk to the Digital Asset investor, but it makes it less likely for Digital Assets to be accepted as a form of payment in the marketplace. Market perception, development of competing digital assets, changes in government regulation, adverse incidents relating to one or more Digital Assets, inflation rates, interest rate movements, and general economic and political conditions can all influence price volatility. Further, the lack of centralized pricing source for Digital Assets may pose valuation challenges. Digital Asset networks also face technological challenges that can lead to high fees or slow transaction settlement times. If the Digital Asset award for mining or validating blocks and transaction fees for recording transactions on a digital network are not sufficiently high to incentivize miners or validators, they may cease expanding processing power or demand high transaction fees, which could negatively impact the value of Digital Assets. The cryptography underlying certain Digital Assets could be flawed or ineffective, or developments in mathematics and technology, including advances in digital computing, algebraic geometry, and quantum computing, could result in such cryptography becoming ineffective. In any of these circumstances, a malicious actor may be able to abscond with an investor’s Digital Assets. Further, entities that custody or facilitate the transfers or trading of digital assets have been and may continue to be subjected to cybersecurity attacks, which can lead to significant theft of Digital Assets.

Cybersecurity Risk. The information technology systems and networks that Lighthouse and its third-party service providers use to provide services to Lighthouse’s clients employ various controls, which are designed to prevent cybersecurity incidents stemming from intentional or unintentional actions that could cause significant interruptions in Lighthouse’s operations and result in the unauthorized acquisition or use of clients’ confidential or non-public personal information. Clients and Lighthouse are nonetheless subject to the risk of cybersecurity incidents that could ultimately cause them to incur losses, including for example: financial losses, cost, and reputational damage to respond to regulatory obligations, other costs associated with corrective measures, and loss from damage or interruption to systems. Although Lighthouse has established its systems to reduce the risk of cybersecurity incidents from coming to fruition, there is no guarantee that these efforts will always be successful, especially considering that Lighthouse does not directly control the cybersecurity measures and policies employed by third-party service providers. Clients could incur similar adverse consequences resulting from cybersecurity incidents that more directly affect issuers of securities in which those clients invest, broker-dealers, qualified custodians, governmental and other regulatory authorities, exchange and other financial market operators, or other financial institutions.

## **Item 9            Disciplinary Information**

Lighthouse has not been the subject of a disciplinary action.

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

- A. Neither Lighthouse nor its representatives are registered or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.
- B. Neither Lighthouse, nor its representatives, are registered or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or a representative of the foregoing.
- C. Lighthouse has no other relationship or arrangement with a related person that is material to its advisory business. While not material, Lighthouse's Chief Compliance Officer and investment adviser representative, Brennan Guli, is a licensed attorney. He does not currently practice law, and he does not provide legal services to Lighthouse's clients. Accordingly, there is no attorney / client relationship established between Mr. Guli and any Lighthouse client by virtue of the investment advisory engagement.
- D. Lighthouse does not receive, directly or indirectly, compensation from investment advisors that it recommends or selects for its clients.

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

- A. Lighthouse maintains an investment policy relative to personal securities transactions. This investment policy is part of Lighthouse's overall Code of Ethics, which serves to establish a standard of business conduct for all of Lighthouse's Representatives that is based upon fundamental principles of openness, integrity, honesty and trust, a copy of the Code of Ethics is available upon request. In accordance with Section 204A of the Investment Advisers Act of 1940, Lighthouse also maintains and enforces written policies reasonably designed to prevent the misuse of material non-public information by Lighthouse or any person associated with Lighthouse.
- B. Neither Lighthouse nor any related person of Lighthouse recommends, buys, or sells for client accounts, securities in which Lighthouse or any related person of Lighthouse has a material financial interest.
- C. Lighthouse and/or representatives of Lighthouse may buy or sell securities that are also recommended to clients. This practice may create a situation where Lighthouse and/or representatives of Lighthouse are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a conflict of interest. Practices such as "scalping" (i.e., a practice whereby the owner of shares of a security recommends that security for investment and then immediately sells it at a profit upon the rise in the market price which follows the recommendation) could take place if Lighthouse did not have adequate policies in place to detect such activities. In addition, this requirement can help detect insider trading, "front-running" (i.e., personal trades executed prior to those of Lighthouse's clients) and other potentially abusive practices.

Lighthouse has a personal securities transaction policy in place to monitor the personal securities transactions and securities holdings of each of Lighthouse's "Access Persons." Lighthouse's securities transaction policy requires that Access Person of Lighthouse must provide the Chief Compliance Officer or his/her designee with a written report of their current securities holdings within ten (10) days after becoming an Access Person. Furthermore, Access Persons must provide the Chief Compliance Officer with a quarterly transaction report, detail all trades in the Access Person's account during the previous quarter; and on an annual basis, each Access Persons must provide the Chief Compliance Officer with a written report of the Access Person's current securities holdings.

- D. Lighthouse and/or representatives of Lighthouse may buy or sell securities, at or around the same time as those securities are recommended to clients. This practice creates a situation where Lighthouse and/or representatives

of Lighthouse are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a conflict of interest. As indicated above in Item 11C, Lighthouse has a personal securities transaction policy in place to monitor the personal securities transaction and securities holdings of each of Lighthouse's Access Persons.

## **Item 12 Brokerage Practices**

- A. If a client requests that Lighthouse recommend a broker-dealer/custodian for execution or custodial services, Lighthouse generally recommends that investment management accounts be maintained at Fidelity. Before engaging Lighthouse to provide investment management services, the client enters into an agreement with Lighthouse setting forth the terms and conditions for the management of the client's assets, and a separate custodial/clearing agreement with each designated broker-dealer/custodian. Depending on which broker-dealer/custodian the client selects to maintain their account, they may experience differences in customer service, transaction timing, the availability of sweep account vehicles and money market funds, and other aspects of investing that could cause differences in account performance.

When seeking "best execution," from a broker-dealer, the determinative factor is not always the lowest possible cost, but whether the transaction represents the best qualitative execution when considering the full range of a broker-dealer's services including the value of research provided, execution capability, commission rates, and responsiveness. Although Lighthouse cannot guarantee that clients will always experience the best possible execution available, Lighthouse seeks to recommend a broker-dealer/custodian that will hold client assets and execute transactions on terms that are, overall, most advantageous when compared with other available providers and their services. Lighthouse considers a wide range of factors when recommending a broker-dealer/custodian, including:

- Combination of transaction execution services and asset custody services (generally without a separate fee for custody);
- Capability to execute, clear and settle trades (buy and sell securities for client accounts);
- Capability to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.);
- Breadth of available investment products (stocks, bonds, mutual funds, ETFs, etc.);
- Quality of services (including research);
- Competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.) and willingness to negotiate the prices;
- Reputation, financial strength, and stability; and
- Prior service to Lighthouse and its other clients.

Fidelity is compensated for its services according to its fee schedule (which may vary), generally by charging clients commissions or other fees on trades that it executes or that settle into their Fidelity account. Although Lighthouse will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for all client account transactions. The fees charged by the designated broker-dealer/custodian are exclusive of, and in addition to, Lighthouse's investment advisory fees. Because Lighthouse seeks to minimize client trading costs, Lighthouse generally directs Fidelity to execute most if not all trades for client accounts. When doing so, Lighthouse has determined that having Fidelity execute most trades is consistent with the duty to seek "best execution" of client trades.

1. Research and Additional Benefits. While Lighthouse does not receive traditional "soft dollar benefits," Lighthouse and by extension, its clients, receive access to certain institutional brokerage services (trading, custody, reporting, and related services), many of which are not typically available to Fidelity retail customers. Fidelity also makes various support services available to Lighthouse. Some of those services help Lighthouse manage or administer its clients' accounts; while others help it manage and grow its

business. Fidelity's support services generally are available on an unsolicited basis (Lighthouse does not have to request them) and at no charge to Lighthouse.

Fidelity'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 Fidelity include some to which Lighthouse might not otherwise have access or that would require a significantly higher minimum initial investment by its clients. These services benefit Lighthouse's clients and their accounts.

Fidelity also makes other products and services available to Lighthouse that benefit Lighthouse but may only indirectly benefit its clients or their accounts, such as investment research developed by Fidelity or third parties that Lighthouse may use to service clients' accounts. In addition to investment research, Fidelity 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;
- Facilitate payment of our fees from other clients' accounts; and
- Assist with back-office functions, recordkeeping, and client reporting.

Fidelity also offers other services intended to help Lighthouse manage and further develop its business. These services include:

- Educational conferences and events;
- Consulting on technology, compliance, legal and business needs;
- Publications and conferences on practice management and business succession; and
- Access to employee benefits providers, human capital consultants, and insurance providers.

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

Lighthouse's Interest in Fidelity's Services and Benefits and Related Conflict of Interest. The availability of the services and products described above that Lighthouse receives from Fidelity (the "Services and Products") provides Lighthouse with an advantage, because Lighthouse does not have to produce or purchase them. However, Lighthouse does not have to pay Fidelity or any other entity for Services and Products that Fidelity provides. Lighthouse's clients do not pay more for investment transactions executed or assets maintained at Fidelity as a result of this arrangement. The receipt of Services and Products is not contingent upon Lighthouse committing any specific amount of business to Fidelity in trading commissions or assets in custody. There is no corresponding commitment made by Lighthouse to Fidelity or any other entity to invest any specific amount or percentage of client assets in any specific securities or investment products as a result of the above. However, this arrangement nonetheless incentivizes Lighthouse to recommend that clients maintain their account with Fidelity, based on its interest in receiving Fidelity's services that benefit its business rather than based on clients' interest in receiving the best value in custody services and the most favorable execution of their transactions. This presents a conflict of interest. When making such a recommendation, however, Lighthouse does so when it reasonably believes that recommending Fidelity to serve as broker-dealer/custodian is in the best interests of its clients. It is primarily supported by the scope, quality, and price of Fidelity's services and not Fidelity's services that only benefit Lighthouse.

2. Lighthouse does not receive referrals from broker-dealers.
  3. Directed Brokerage. Lighthouse does not generally accept directed brokerage arrangements (when a client requires that account transactions be executed through a specific broker-dealer). In those client-directed arrangements, the client will negotiate terms and arrangements for their account with that broker-dealer, and Lighthouse will not seek better execution services or prices from other broker-dealers. As a result, the client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case. If the client directs Lighthouse to execute securities transactions for the client's accounts through a specific broker-dealer, the client correspondingly acknowledges that such direction may cause the accounts to incur higher commissions or transaction costs than the accounts would otherwise incur had the client determined to execute account transactions through alternative clearing arrangements that may be available through Lighthouse. Higher transaction costs adversely impact account performance. Transactions for directed accounts will generally be executed following the execution of portfolio transactions for non-directed accounts.
- B. Lighthouse will generally execute account transactions for each client independently unless Lighthouse decides to purchase or sell the same securities for several clients at approximately the same time. Lighthouse may (but is not obligated to) combine or "bunch" such orders to seek best execution, to negotiate more favorable commission rates, or to equitably allocate differences in prices and commissions or other transaction costs among Lighthouse's clients, which might have been obtained if the orders were 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. Lighthouse will not receive any additional compensation or remuneration as a result of such aggregation. If a Lighthouse employee seeks to trade in the same security on the same day, the employee transaction is required to be either included in the "batch" transaction or transacted after all discretionary client transactions have been completed. Lighthouse will not receive any additional compensation or remuneration as a result of such aggregation.

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

- A. Lighthouse's representatives conduct account reviews on an ongoing basis for Wealth Management Services clients. Lighthouse reminds all clients that it remains their responsibility to advise Lighthouse of any changes in their investment objectives and/or financial situation. All clients (in person or via telephone) are encouraged to review financial planning issues (to the extent applicable), investment objectives and account performance with Lighthouse on an annual basis.
- B. Aside from periodic reviews, Lighthouse may also conduct account reviews based on triggering events, such as a change in client investment objectives and/or financial situation, market corrections and client request.
- C. Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts. Lighthouse may also provide a written periodic report summarizing account activity and performance. The information in these reports may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities. Lighthouse therefore urges clients to carefully review these reports and compare the reports to the custody statements they receive from their custodian.

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

- A. Lighthouse receives economic benefits from Fidelity. Lighthouse's clients do not pay more for investment transactions executed and/or assets maintained at Fidelity as a result of this arrangement. There is no commitment made by Lighthouse to Fidelity, 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 arrangement. Please refer to Item 12.A.1. for more information.

- B. Lighthouse does not compensate, directly or indirectly, any person other than its representatives for client referrals.

## **Item 15 Custody**

Lighthouse is deemed to have custody of clients' funds and securities within the meaning of Rule 206(4)-2 under the Investment Advisers Act of 1940. A qualified custodian sends quarterly, or more frequent, account statements directly to clients who should carefully review those statements.

Lighthouse may also provide a written periodic report summarizing account activity and performance. To the extent that Lighthouse provides clients with periodic account statements or reports, Lighthouse urges clients to carefully review those statements and compare them to custodial account statements. Lighthouse's statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities. The account custodian does not verify the accuracy of Lighthouse's advisory fee calculations.

## **Item 16 Investment Discretion**

Clients can engage Lighthouse to provide investment advisory services on a discretionary basis. Before Lighthouse assumes discretionary authority over a client's account, clients are required to execute an investment advisory agreement granting Lighthouse full authority to buy, sell, or otherwise execute investment transactions involving the assets in the client's name held in their discretionary account. Clients who engage Lighthouse on a discretionary basis may, at any time, impose restrictions, in writing, on Lighthouse's discretionary authority (i.e., limit the types/amounts of particular securities purchased for their account, exclude the ability to purchase securities with an inverse relationship to the market, limit or proscribe Lighthouse's use of margin, etc.).

## **Item 17 Voting Client Securities**

- A. Lighthouse does not vote client proxies. Clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities owned by the client will be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets.
- B. Clients will receive their proxies or other solicitations directly from their custodian. Clients may contact Lighthouse to discuss any questions they may have with a particular solicitation.

## **Item 18 Financial Information**

- A. Lighthouse does not solicit fees of more than \$1,200, per client, six months or more in advance.
- B. Lighthouse is unaware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments relating to its discretionary authority over certain client accounts.
- C. Lighthouse has not been the subject of a bankruptcy petition.

Lighthouse's Chief Compliance Officer, Brennan Guli, remains available to address any questions that a client or prospective client may have about this ADV Part 2A Brochure, including any conflicts of interest presented.