

## Form ADV, Part 2A: Firm Brochure

*LIG Capital Management, LLC*  
(LIG Capital Management, or LIGCM)

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This brochure provides information about the qualifications and business practices of LIG Capital Management. If you have any questions about the contents of this brochure, please contact us at (405) 463-3334 and / or by mail. 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.

LIG Capital Management is a Registered Investment Adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser.

Additional information about LIG Capital Management also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search for us by Firm Name or Firm IARD / CRD Number (130489).

## **Item 2 Summary of Material Changes**

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

Since the filing of our last annual updating amendment, dated February 17, 2023 we have the following material change to report:

- Item 10 of the Form ADV Part 2A has been amended to reflect that Mark R. Humphreys, Vice-President and Chief Compliance Officer of LIGCM has an arrangement in place with Peninsula Energy Logistics. Please refer to Item 10 of the Form ADV Part 2A for additional information on this arrangement.
- In addition, Item 13 of the Form ADV Part 2A has been amended to reflect Mark R. Humphreys will also assist with reviews of all accounts for conformity with clients investment objective at least once a year. Please refer to Item 13 of the Form ADV Part 2A for additional information on review of accounts.

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## Item 4 Advisory Business

### **Firm History and Ownership**

LIG Capital Management, LLC (LIGCM) is a SEC-registered investment adviser and is located in Oklahoma City, Oklahoma. LIGCM was founded in January, 2004.

The firm's principals are Michael J. Lorenzen, President, Christopher J. Lorenzen, Vice-President, and Mark R. Humphreys, Vice-President and Chief Compliance Officer. Stuart McCuan is a member of LIG Capital Management, LLC, each owning approximately 25% of the LLC.

For information about LIGCM's services, please contact any of the above listed principals at (405) 463-3334.

The following paragraphs describe our services and fees. Refer to the description of each investment advisory service listed below for information on how we tailor our advisory services to your individual needs. As used in this brochure, the words "LIGCM," "we," "our," and "us" refer to LIG Capital Management, LLC and the words "you," "your," and "client" refer to you as either a client or prospective client of our firm.

### **Overview**

LIGCM offers investment management, investment advisory, and consulting services to individuals, small businesses & institutional investors. The company may from time to time publish a market update newsletter.

*Investment Management Services include:*

- Target Stock Strategy
- Core Discretionary Program
- ETF Allocation Program

*Investment Advisory & Consulting Services Include:*

- Investment Advisory Services
- Retirement Plan Consulting & Advice
- Investment Allocation Services
- Other Advisory Services

### **Investment Management Services**

The Target Stock Strategy, ETF Allocation Program, and Core Discretionary Program are discretionary fee-based investment portfolios.

The Target Stock Strategy is an equity-based portfolio that we describe as employing "trend following with risk management techniques in an attempt to provide positive absolute returns consistent with preservation of capital". We use charting, fundamental and technical analyses to actively manage this portfolio.

The ETF Allocation Program has the same return objective and uses similar methodologies while utilizing a wide range of Exchange Traded Funds (ETFs).

The Core Discretionary Program is a comprehensive discretionary investment management solution with objectives tailored to each client.

For all programs, LIGCM uses domestic (US) exchange-traded and over-the-counter equity securities as well as cash and equivalents (generally money market funds). For further information about our investment philosophy and investment process, please see Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss.

### **Investment Advisory & Consulting Services**

The Investment Advisory & Investment Allocation Services are generally non-discretionary fee-based advisory accounts, with portfolio advice based on the broad principles of Modern Portfolio Theory (MPT), asset allocation & diversification.

Retirement Plan Consulting & Advice encompasses helping companies decide on an appropriate retirement plan for their business, finding & choosing a plan administrator (if the recommended plan requires one) and being available to advise enrolled employees on basic investment options, thus allowing them to then make informed investment decisions. Services to the Client (Plan sponsor) or Participants (employees of Client) can include:

- Retirement plan design consulting;
- Advice on selection of Third Party Administrator and/or custodian;
- Ongoing or on-demand liaison between plan provider, Third Party Administrator, and custodian; and,
- Participant education.

Other Advisory Services can include historical portfolio valuations, tailored asset allocation advice, transfer or registration services, or other contracted investment advisory services, billed hourly or by flat fee, including but not limited to:

- Asset allocation and diversification recommendations tailored to client's investment goals.
- Historical securities valuation, transfer and / or registration services.
- Other financial or investment advisory services.

### **Other Information**

- Target Stock, ETF & Core Discretionary accounts are managed on a discretionary basis. Client accounts are separately managed. Clients own the individual stocks and / or ETFs held in their account.
- Because we provide continuous asset management in our discretionary accounts, portfolios are regularly monitored. Where we use model portfolios, a change in the model portfolio leads to those changes being implemented in client accounts.
- Since individual securities have different risk profiles, they are only recommended to a client when consistent with the client's stated investment objective(s), risk tolerance, financial situation, and time horizon for investment.
- Our investment advice is not exclusive. We act as an adviser to other clients and may give advice and / or take action(s) for those clients different from the advice given to you as well as its timing and nature.
- We have no obligation to purchase or sell for your portfolio any security which the firm, its principals, or employees purchase or sell for themselves or for any other client(s).
- Transactions in a specific security may not be accomplished for all client accounts at the same time or at the same price.
- For detailed information on advisory services pricing, please see Item 5 - Fees & Compensation.

## **Wrap Fee Programs**

We do not participate in wrap fee programs.

## **IRA Rollover Recommendations**

Effective December 20, 2021 (or such later date as the US Department of Labor ("DOL") Field Assistance Bulletin 2018-02 ceases to be in effect), for purposes of complying with the DOL's Prohibited Transaction Exemption 2020-02 ("PTE 2020-02") where applicable, we are providing the following acknowledgment to you. 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.

We benefit financially from the rollover of your assets from a retirement account to an account that we manage or provide investment advice, because the assets increase our assets under management and, in turn, our advisory fees. As a fiduciary, we only recommend a rollover when we believe it is in your best interest.

## **Amount of Managed Assets**

As of December 31, 2023, we provide continuous management services for approximately \$51,589,786 in client assets on a discretionary basis, and \$97,105,805 in client assets on a non-discretionary basis.

## **Item 5 Fees and Compensation**

### **Investment Management Fee**

For the Target Stock Strategy, the ETF Allocation Program, and the Core Discretionary Program LIGCM charges an asset-based investment management fee - a percentage of each account's assets under management. Account minimums are noted, but are negotiable. The asset custodian may also charge an asset-based, or per trade, fee for trading - this fee never benefits LIGCM, directly or indirectly.

### **Target Stock Strategy & ETF Allocation Program Fees**

<b>Assets Under Management</b>		<b>Target Stock</b>	<b>ETF Allocation</b>
<b>First</b>	\$250,000	2.25 %	1.75 %
<b>Next</b>	\$250,000 to \$500,000	2.00 %	1.50 %
<b>Next</b>	\$500,000 - \$1,000,000	1.75 %	1.25 %
<b>above</b>	\$1,000,000	1.50 %	1.00 %

*Annualized fee based on account assets under management: In aggregate not to exceed 2.25 % (Target Stock) or 1.75% (ETF Allocation) annually. A minimum of \$100,000 (Target Stock) or \$50,000 (ETF Allocation) of assets under management is required unless Client and LIG Capital Management, LLC agree otherwise.*

#### **Core Discretionary Program Fees**

Assets Under Management		Annual Fee
<b>First</b>	\$250,000	1.25 %
<b>Next</b>	\$250,000 to \$500,000	1.00 %
<b>Next</b>	\$500,000 - \$1,000,000	0.80 %
<b>Next</b>	\$1,000,000 - \$2,000,000	0.65 %
<b>above</b>	\$2,000,000	0.50 %

*Annualized fee based on account assets under management. A minimum of \$250,000 of assets under management is required unless Client and LIG Capital Management, LLC agree otherwise.*

#### **Investment Advisory Fees**

For Investment Advisory or Investment Allocation accounts LIGCM charges an asset-based advisory fee - a percentage of each account's assets under management. Annual fee minimums are noted, but are negotiable. The asset custodian may also charge a fee per trade - this fee never benefits LIGCM, directly or indirectly.

#### **Investment Advisory Services**

Assets Under Management		Annual Fee
<b>First</b>	\$250,000	1.00 %
<b>Next</b>	\$250,000 to \$500,000	0.80 %
<b>Next</b>	\$500,000 - \$1,000,000	0.60 %
<b>Next</b>	\$1,000,000 - \$2,000,000	0.40 %
<b>above</b>	\$2,000,000	0.25 %

*Annualized fee based on account assets under management. A minimum of \$100,000 of assets under management is required unless Client and LIG Capital Management, LLC agree otherwise.*

#### **Investment Allocation Services**

Assets Under Management		Annual Fee
<b>First</b>	\$250,000	0.85 %
<b>Next</b>	\$250,000 to \$500,000	0.70 %
<b>Next</b>	\$500,000 - \$1,000,000	0.55 %
<b>Next</b>	\$1,000,000 - \$2,000,000	0.40 %
<b>above</b>	\$2,000,000	0.25 %

*Annualized fee based on account assets under management. A minimum of \$100,000 of assets under management is required unless Client and LIG Capital Management, LLC agree otherwise.*

#### **Retirement Plan Consulting & Advice Fees**

For Retirement Plan Consulting & Advice, LIGCM may charge administrative fees based on employee & participant numbers and an asset-based fee using a percentage of plan assets. The Plan Asset Fees may be paid by the Plan Sponsor or Participants.

**Plan Sponsor Fees**

<b>Employees</b>	<b>Initial Setup, Design, Takeover</b>
1-50	\$1,000
51-100	\$1,250
101-150	\$1,500
Over 150	<i>Negotiable</i>

<b>Active participants</b>	<b>Quarterly Administrative</b>
1-50	\$500
36-70	\$625
101-150	\$750
Over 150	Negotiable

**Asset Based Discount to Plan Sponsor Fees**

<b>Plan Assets</b>	<b>Quarterly Admin Discount</b>
\$100,000	10% (\$50 at base level)
\$250,000	20% (\$100 at base level)
\$500,000	40% (\$200 at base level)
\$1,000,000	60% (\$300 at base level)
Over 2,000,000	100% / No Plan Sponsor Fees

**Plan Asset Fees**

	<b>Plan Assets</b>	<b>Annual Fee</b>
<b>First</b>	\$10,000,000	0.250%
<b>Next</b>	\$10,000,000	0.225%
<b>Next</b>	\$10,000,000	0.200%
<b>Over</b>	\$30,000,000	Negotiable

*Fee Methodology: Quarterly fee = Account Balance x Annual Fee x Daily Rate x Number of Days in the period*

**Other Advisory Services Fees**

LIGCM may also charge hourly fees of \$250 (with a one hour minimum) for various financial or investment advisory services as requested by clients and agreed to by a signed consulting agreement.

**Valuation, Billing, & Invoicing**

*Valuation of Securities:* Where accounts are billed based upon market value, LIGCM shall determine the fair market value of the assets being billed upon. We use the closing price of exchange-traded and over-the-counter equity securities provided by each exchange, that is, their fair market value. Our portfolio accounting system is updated with the security prices provided by them each day. To ensure the accuracy of our invoice, we reconcile each account to the custodian's electronic record(s) or statement before calculating the investment management fee.

*Billing:* Accounts are generally billed quarterly in advance. Account valuations for billing purposes are based upon the previous quarter closing value (trade date valuation). The quarterly fee is approximately one quarter of the annual fee, but is calculated to precisely reflect the actual number of



days in the calendar quarter. For instance, billing on January 1<sup>st</sup> is based on December 31<sup>st</sup> account values, and is 90/365 of the annual fee rate in a normal year and 91/366 of the annual fee rate in a leap year.

*Minimum Annual Fee:* Where there is a stated minimum annual fee, and an account's calculated quarterly fee is less than one quarter of the stated minimum annual fee, then one quarter of the minimum annual fee shall be charged for that quarterly time period.

Clients are subject to the minimum annual fee and minimum account requirements at the time their account was established with LIGCM. Therefore, the minimum annual fee and/or minimum account requirements may differ among clients. See Item 7 - Types of Clients for further information.

*Negotiability / Exceptions to the Fee Schedule:* We may make exceptions to the fee schedules based upon a number of factors, for example, the responsibilities involved in managing the account (e.g., meeting and reporting requirements), the nature of the client's relationship with LIGCM, and the size of the account or group of related accounts. The fee schedule may be altered for a group of clients or any particular client.

*Payment of Fees:* Our fees are generally deducted from clients' assets. As noted above, while our management fees are stated on an annualized basis, they are pro-rated, billed, and deducted from client accounts quarterly. Where a fee is separately invoiced, we request full payment within 30 days.

### **Other Types of Fees or Expenses That You May Pay**

**"Embedded Fees":** You may pay what are referred to as embedded fees in addition to the investment management fee you pay us. If, for example, we invest your portfolio in an independently managed Mutual Fund or Exchange Trade Fund (ETF), you will pay an investment management fee to the manager of the Mutual Fund or ETF in addition to the fee you pay us. Mutual Funds and ETFs have expense ratios within the structure of the securities.

**Custodian and Broker-Dealer Expenses:** A custodian and / or broker-dealer may charge other fees and expenses to your account, including, but not limited to transaction charges, for example, wire fees. Please see Item 12 - Brokerage Practices for additional information.

### **Pre-Paid Investment Management Fees**

LIGCM does not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance.

**Deposits to and Withdrawals from Your Account:** The investment management fee of a client will be adjusted for deposits to their account of \$10,000 or more during any calendar quarter. Deposits will be billed for the balance of the quarter. There will be no adjustment for appreciation or depreciation in account asset value during any quarter nor shall any adjustment or refund be made with respect to partial withdrawals by the client during the billed quarter.

- **Sample Calculation for a Deposit Fee:** A client makes a deposit of \$25,000 on March 15th to an account paying an annual fee of 1.75%. The annual fee would be \$25,000 times 1.75% per annum or \$437.50. The fee is pro-rated for the time remaining in the quarter, in this case, 16 days. (We use the days in the month, in this case 31 minus the date of deposit, here the 15th, to calculate the days remaining.) In a year with 365 days the fee would then be 16 days divided by 365 days times the projected annual fee. Therefore,  $(16/365) * \$437.50 = \$19.18$ .

**Termination of the Investment Advisory Relationship:** Our contract with you can be terminated by you or us at any time with 30 days prior written notice which is effective when received by the other party, and the client is entitled to receive a pro-rata refund of the unearned fee.

- **Sample Calculation of a Termination Refund:** It is calculated based upon the amount paid at the beginning of the quarter as follows: [Amount paid at the beginning of the quarter] times [(days remaining in the quarter) divided by (days in the quarter)]. For example, a client pays a fee of

\$1,000 on January 1st and terminates the relationship by written notice received on January 28<sup>th</sup>. We, per contract, bill through the date 30 days after notice of termination is received, in this case February 28<sup>th</sup>. The amount of the refund would be \$1,000 multiplied by the days remaining in the quarter divided by the total days in the quarter, therefore  $\$1,000 \times (31 \text{ days} / 91 \text{ days}) = \$340.66$ .

### **Additional Compensation**

Neither LIGCM nor any of its employees accepts compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds within investment management accounts.

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

LIGCM does not offer a "performance-based fee," that is, a fee based on a share of an account's capital gains or capital appreciation of the client's assets. We only manage accounts for an "asset-based fee" as further described in Item 5 - Fees and Compensation.

LIGCM does not engage in "side-by-side management," that is, the practice of managing both asset-based fee and performance-based fee accounts.

## **Item 7 Types of Clients**

LIGCM may provide investment advice or guidance to the following types of clients:

- Individuals & high net worth individuals
- Pension, profit sharing plans, defined contribution plans (including plan participants)
- Non-ERISA pension and profit sharing plans
- Trusts and estates
- Charitable organizations including foundations and endowments
- Corporations and other business entities

Requirements for Opening or Maintaining an Account: Minimum account sizes vary. Please refer to Item 5 - Fees and Compensation for further information. We do not have any requirements for maintaining an account.

If the account is subject to ERISA, LIGCM acknowledges that it is a "fiduciary" as that term is defined by ERISA with respect to the Account.

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

### **Methods of Analysis**

LIGCM may use the following methods of security analysis:

- Charting – Analysis performed on the graphical representation of historical prices
- Fundamental - Analysis performed on historical and present data, with the goal of making financial forecasts
- Technical - Analysis performed on the historical price, volume, or other attribute of a security or index

LIGCM may use the following investment strategies:

- Long term purchases (securities held at least a year)
- Short term purchases (securities sold within a year)
- Trading (securities sold within 30 days)
- Short sales
- Margin transactions
- Option writing, including covered options, uncovered options or spreading strategies

#### Our "Discipline" or Security Selection Process:

Target Stock Strategy - We have a well-defined security selection process (our "discipline") that's designed to uncover industries and companies whose price has the potential for appreciation. Primarily a trend-following approach for individual stocks, we are also willing and able to buy ETFs when we believe that the markets may move in a broad fashion before we are able to identify appropriate individual stock candidates.

ETF Allocation Program – We use our trend-following approach with only ETFs (and occasionally open-ended mutual funds) for this program.

Our other investment management & advisory programs are broadly influenced by MPT with traditional asset allocation and diversification strategies.

#### **Material Risks**

##### In General:

Investing in securities involves the risk of financial loss, including the loss of principal invested. Clients should be prepared to bear this risk.

An investor in a common stock is, by definition, purchasing an unsecured interest in a company. In the event of bankruptcy, common shareholders only have a residual claim to assets.

**Past performance is not a guarantee of future results.** The investment results for the Target Stock program or ETF Allocation Program shown to prospective clients and clients may not be representative of an individually managed account's rate-of-return.

##### Material Risks to Our Methods of Analysis:

Our analysis may be compromised by inaccurate or misleading information. In order to determine the "value" of securities, LIGCM relies upon publicly-available financial information.

##### Material Risks to Our Investment Strategies:

Client accounts are actively managed. While our investment strategy does not routinely involve frequent trading of securities, clients should be aware that frequent trading can negatively affect investment performance by increasing brokerage, other transaction costs, and taxes.

We may manage concentrated portfolios. We may hold a small number of equity issues which we believe will, over time, outperform the broad market. Portfolios may not be numerically diversified. Since a single issue may represent a large portion of a client's portfolio, a client's portfolio (a) may periodically, substantively underperform the broad market and / or (b) suffer a significant loss of principal if a single issue declines in value.

## **Item 9 Disciplinary Information**

We are required to disclose legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management.

Neither LIGCM, nor LIGCM's personnel, have reportable disciplinary events to disclose.

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

The principal business of LIGCM is to provide investment related services. These services may include investment portfolio management, financial planning and investment consulting. LIGCM's executive officers spend approximately 100% of their time in this capacity.

Mark R. Humphreys, Vice-President and Chief Compliance Officer of LIGCM has an arrangement in place with Peninsula Energy Logistics. In addition, LIGCM provides advisory services to an individual that is affiliated with Peninsula Energy Logistics. Because of this arrangement with Peninsula Energy Logistics and providing advisory services to an affiliate of Peninsula Energy Logistics, a conflict of interest exists where we may have an incentive to put the interest of this individual before those of our other clients' needs. However, as a fiduciary, we have a duty to treat all clients similarly, and to not put our own interests ahead of our clients.

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

### **Client Transactions and Personal Trading**

#### **Code of Ethics**

A copy of LIGCM's current Code of Ethics is available to any client or prospective client upon request. To request a copy, please contact Mark Humphreys, Chief Compliance Officer by phone at (405) 463-3334 or by writing him at the firm's address on the cover page of this firm brochure.

LIGCM has adopted a Code of Ethics pursuant to the US Securities & Exchange Commission's requirement that we establish, maintain, and enforce a written code of ethics: (a) to protect the firm's clients by deterring misconduct, inadvertent or otherwise; (b) to remind employees that they are trusted by clients and must act with complete propriety at all times; and (c) to protect the reputation of the firm.

In General: As a fiduciary, LIGCM (the firm) has an affirmative duty to act in the best interests of clients. Supervised persons are also expected to act in the best interests of clients and place clients' interests before their own interests.

1. They have an obligation to protect the firm's reputation by conducting business with the honesty and integrity expected of an investment professional.
2. They should use particular care in determining the applicable fiduciary duty and shall comply with such duty as to those persons and interests to whom the duty is owed.

Therefore, supervised persons shall not engage in any conduct involving dishonesty, fraud, deceit, or misrepresentation, or commit any act that reflects adversely on their honesty, trustworthiness, or professional competence.

All supervised persons are expected to:

1. Place the interests of clients first.
2. Avoid (a) actual or potential conflicts of interest, (b) abusing a client's trust, or (c) taking inappropriate advantage of their position with the firm when making personal securities transactions.
3. Maintain the confidentiality of information (a) concerning client's financial circumstances, the identity of their security holdings, etc., and (b) regarding the firm's research, recommendations,

and portfolio holdings.

4. Use reasonable care and judgment to achieve and maintain independence and objectivity when making investment recommendations or taking investment actions.

#### Internal Controls:

1. Our Code of Ethics includes oversight, enforcement, and recordkeeping provisions.
2. We require delivery to and acknowledgement of receipt of the Code of Ethics by every employee.
3. Supervised persons are required to report any violations of the Code of Ethics (or suspected violations thereof) promptly to the firm's Chief Compliance Officer.
4. Failure to comply with the firm's Compliance Policies, including the firm's Code of Ethics, may result in disciplinary action, including termination of employment.

#### Important Provisions:

Privacy Policy: LIGCM has adopted a Privacy Policy that applies to consumers who apply for investment advisory services as well as customers who establish an account with the firm. Our Privacy Policy applies to both current and former consumers and customers.

We collect nonpublic personal information, that is, "personally identifiable financial information" that identifies you or your accounts in the normal course of business as we manage your assets and administer your account(s).

We do not disclose any nonpublic personal information about our customers or former customers to anyone unless:

- A client directs that we make the disclosure;
- A client consents to the disclosure; or
- We believe in good faith that disclosure is required or permitted under law.

We restrict access to nonpublic personal information about you to those employees and agents who need to know that information to provide investment advisory services to you. We maintain physical, electronic, and procedural safeguards that comply with federal and state standards to guard your nonpublic personal information.

We will provide clients with timely notice of any change to our Privacy Policy.

Prospective clients and clients copy may obtain a copy of the firm's Privacy Policy upon request. To request a copy, please contact Mark Humphreys, Chief Compliance Officer by phone at (405) 463-3334 or by writing him at the firm's address on the cover page of this firm brochure.

Conflicts of Interest: Supervised persons should avoid conflicts of interest and situations that reflect poorly on the individual or firm, that is, situations that a client might perceive as a conflict.

When conflicts arise, all material facts that might impair the supervised person's ability to make unbiased and objective recommendations should be disclosed to the client(s), firm, and / or prospective clients. Supervised persons should comply with any prohibitions on their activities that are imposed by the firm when a conflict of interest exists.

Insider Trading: "Insider trading" refers to (a) trading in securities on the basis of material, non-public information or (b) the communication of material, non-public information to others.

1. Supervised persons are prohibited from communicating material nonpublic information, whether attributable to the firm or a third-party, to others in violation of the law.
2. Supervised persons are prohibited from trading (either for themselves or on behalf of others) or causing others to trade in securities on the basis of material nonpublic information.
3. Supervised persons should make reasonable efforts to achieve public dissemination of material nonpublic information disclosed in breach of a duty, e.g., material nonpublic information disclosed by the executive of a public company.

#### Participation or Interest in Client Transactions

The firm and its employees are prohibited from engaging in principal transactions. More formally, neither LIGCM, its employees, or a related person recommends to clients, or buys or sells for client accounts, securities in which we or a related person have a material financial interest.

#### Personal Trading

LIGCM, its employees, or a related person may invest in the same securities (or related securities, for example, warrants, options, or futures) that LIGCM or a related person recommends to its clients.

To mitigate our conflict of interest when trading securities that may also be owned by clients, our Code of Ethics describes appropriate trading guidelines that should be followed, including the use of aggregated block trading where possible. These guidelines attempt to ensure fair and equal pricing and are designed to help preclude the possibility of an undue benefit to the employee, advisor representative, or their immediate family.

## **Item 12 Brokerage Practices**

#### **Factors that LIGCM Considers When Selecting or Recommending Broker-Dealers**

When LIGCM is granted discretionary authority, an investment adviser representative of the firm will determine which securities are bought and sold, the total amount to be bought and sold, and the timing of the transaction(s). The transaction will be effected at the broker-dealer who has custody of the client account, at a commission rate (if applicable) agreed to between the client and broker-dealer.

LIGCM may recommend that clients establish brokerage accounts with the Schwab Advisor Services division of Charles Schwab & Co. ("Schwab Advisor Services"), a registered broker-dealer, to maintain custody of clients' assets and to effect trades for their accounts.

Although LIGCM may recommend that clients establish accounts at Schwab, it is the client's decision to custody assets with Schwab. LIGCM and Schwab Advisor Services are separate, unaffiliated entities. Schwab Advisor Services provides LIGCM with access to its institutional trading and operations services typically not available to Schwab's retail customers. These services are generally available to independent investment advisors at no charge to them as long as a total of at least \$10 million of the advisor's clients account assets are maintained at Schwab Advisor Services.

Schwab Advisor Services' services include brokerage, custody, research, access to mutual funds and other investments that are otherwise available only to institutional investors or that would require a significantly higher minimum initial investment than any of LIGCM's account minimums.

Schwab Advisor Services also makes available to LIGCM other products and services that benefit LIGCM. Some of these other products or services assist LIGCM in managing and administering clients' accounts. These include software and other technology that provide access to client account data (such as trade confirmation and account statements), facilitate trade execution (and allocation of aggregate trade orders for multiple client accounts), provide research, pricing information and other market data, facilitate payment of LIGCM's fees from its clients' accounts, and assist with back-office

support, recordkeeping and client reporting. Many of these services may be used to service all or a substantial number of LIGCM's accounts, including accounts not maintained at Schwab Advisor Services.

Research and Other Soft Dollar Benefits: LIGCM does not, as a matter of principle, engage in "soft dollar" transactions. We have no formal or informal "soft dollar" agreements in place with any broker-dealers that require or reward the firm for directing any specified level of brokerage / commissions to any broker-dealers.

Several broker-dealers offer electronic trading interfaces for client accounts, electronic delivery of client transaction detail, and other information to facilitate management of their clients' accounts.

Brokerage for Client Referrals: LIGCM does not consider, when selecting or recommending a broker-dealer, whether we or a related person receive client referrals from the broker-dealer or third party. During our last fiscal year, we did not direct any client transactions to a particular broker-dealer in return for client referrals.

LIGCM has no formal "soft dollar" agreements, nor any other formal referral or solicitation arrangement as described in Section 206(4)-3 of the Investment Advisers Act, in place with any broker-dealers which require or reward LIGCM for directing any specified level of brokerage / commissions to any broker-dealers.

A client may direct LIGCM to execute all transactions for the client's account through a particular broker-dealer because the client is receiving the benefit of certain consulting services from the broker-dealer. The client will acknowledge their understanding and agreement that (1) by directing brokerage, the client may pay higher commissions on some or all transactions than might otherwise be attainable by LIGCM for the client's account, or may receive less favorable execution of some or all transactions, or both, and (2) in determining whether to instruct LIGCM to utilize a particular broker-dealer the client will compare the possible increase in costs or disadvantages of such an arrangement with the value of the services provided by the broker-dealer. See also, "The Cost of Not Aggregating" below.

### **Aggregation of the Purchase or Sale of Securities**

Aggregating trades, a practice commonly referred to as "block trading," lets us execute trades in a more timely, equitable manner, at an average price. LIGCM will typically aggregate trades for clients whose accounts can be traded at a given broker-dealer. When we aggregate trades and more than one broker-dealer must be used, we will (a) rotate between the broker-dealers or (b) vary the order of clients for whom trades are placed in a given security on any particular day in order to ensure that no client is favored over another.

When and Under What Conditions: It is LIGCM's practice, when feasible, to aggregate for execution as a single transaction, orders for the purchase or sale of a particular security for the account of several clients in order to seek a lower commission or more advantageous net price. The benefit, if any, obtained as a result of such aggregation, is allocated pro-rata among the accounts of the clients who participate in the aggregated transaction.

The Cost of Not Aggregating: LIGCM aggregates trade orders whenever feasible. It may not be feasible to aggregate trade orders when, for example, a client directs their brokerage. By directing LIGCM to use a particular broker-dealer to execute transactions, (1) the client's account may be unable to participate in aggregated orders and, when the client's account does participate in an aggregated order with broker-dealer they designate, the client's specification of a particular commission rate with the broker-dealer will preclude the client from receiving the benefit, if any, of a lower commission resulting from the aggregation, and the accounts of other clients participating in the aggregated order

may receive a correspondingly greater benefit. (2) The transactions of other clients typically will be executed through other broker-dealers and some or all of the transactions for other clients might be executed at a better price and receive better execution through another broker-dealer. And, (3) the commissions paid may not be competitive. Other clients might pay less for similar transactions through other broker-dealers.

## **Item 13 Review of Accounts**

### **Formal Review**

Mark R. Humphreys, Vice-President, is the Chief Compliance Officer and Michael J. Lorenzen, President, is the firm's lead portfolio manager. One or both of them reviews all accounts for conformity with their investment objective at least once a year.

### **Informal Review**

Client portfolios are monitored. An informal review will be triggered by a number of factors, for example, a cash deposit or withdrawal, the decision to purchase or sell a particular security, etc.

### **Reports to Clients**

LIGCM may provide written reports to clients at the beginning of each quarter, or send written or email notice that online reports are available. Such report would generally consist of investment performance and a portfolio appraisal (an inventory of the client's investments).

Similar reports may be provided by a client's consultant and / or custodian. Trade confirmations are provided by the broker-dealer handling the transaction.

Upon request, LIGCM will provide transaction detail for taxable accounts, specifically a schedule of realized gains and losses for the preceding calendar year. LIGCM does not assume responsibility for the accuracy of information furnished by a client (for example, cost basis information) or any other party.

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

### **Additional Compensation**

LIGCM's only compensation for its services is the asset-based investment management fee, or other agreed upon fee, paid by clients. We do not accept an "economic benefit" from someone who is not a client for providing investment advice or other advisory services to clients, e.g., a sales award or other prize.

### **Client Referrals**

LIGCM or a related person does not currently directly or indirectly compensate any person who is not a supervised person of the firm for client referrals.

LIGCM may, in the future, pay referral fees to third parties ("solicitors") for introducing clients to us. Any such arrangement will be pursuant to a solicitation agreement that complies fully with Rule 206(4)-1 under the Investment Advisers Act of 1940.

## **Item 15 Custody**

The account's assets will be held by a bank, trust company, broker-dealer or other entity designated and appointed by each client (and acceptable to LIGCM) as custodian of the account.



The custodian shall be responsible (a) for the physical custody of the assets of the account, (b) for the collection of interest, dividends and other income attributable to the assets of the account, and (c) for the exercise of rights and tenders on assets of the account.

LIGCM will not be responsible for any loss incurred by reason of any act or omission of the custodian. We will make reasonable efforts to require that custodian perform its obligations with respect to the account.

As discussed in Item 5 - Fees and Compensation, LIGCM directly debits investment advisory fees from client accounts. Because the custodian does not independently re-calculate the investment advisory fee to be deducted from your account, you should carefully review your custodian's statement(s) in order to verify the accuracy of the calculation, among other things. Please contact us directly if you believe that there is an error in any fee calculation.

We receive trade confirmations and monthly account statements from your custodian, so we have a reasonable basis for believing that "the qualified custodian sends an account statement, at least quarterly, to each of your [our] clients for which it maintains funds or securities, identifying the amount of funds and of each security in the account at the end of the period and setting forth all transactions in the account during that period."

## **Item 16 Investment Discretion**

LIGCM accepts discretionary authority to manage securities accounts on behalf of clients.

Under our contract, we have full power to supervise and direct the investment of the account, make and implement investment decisions, without prior consultation with you, in accordance with the written investment objective(s) you provide us.

Where we have discretionary authority over an account, such authority includes the ability to do the following without contacting you:

- Determine the security to buy or sell; and / or
- Determine the amount of the security to buy or sell.

In general, any requested limits on LIGCM's discretionary authority will be covered in the investment advisory agreement. We may also rely upon information collected by a broker-dealer.

## **Item 17 Voting Client Securities**

LIG Capital Management will not vote proxies.

## **Item 18 Financial Information**

LIGCM does not have any financial condition or impairment that would prevent the firm from meeting contractual commitments to the client. LIGCM does not take physical custody of client funds or securities, or serve as trustee or signatory for client accounts, and does not require the prepayment of more than \$1,200 in fees six or more months in advance. Therefore, LIGCM is not required to include a financial statement with this brochure.

LIGCM has not been the subject of a bankruptcy petition at any time during the past ten years.

## **Item 19 Requirements for State-Registered Advisers**

We are a federally registered investment adviser; therefore, we are not required to respond to this item.

## **Item 20 Additional Information**

### **Trade Errors**

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

### **Class Action Lawsuits**

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