

**Item 1      Cover Page**

## **Luken Investment Analytics, LLC**

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Part 2A Appendix 1 of Form ADV

WRAP Fee Program Brochure

Version Date: March 28, 2024

This wrap fee program brochure provides information about the qualifications and business practices of Luken Investment Analytics, LLC. If you have any questions about the contents of this brochure, please contact us at 615.550.5570 or [info@luken.pro](mailto:info@luken.pro). The information contained has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Luken Investment Analytics, LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)

Luken Investment Analytics, LLC ("LIA") is a registered investment adviser with the Securities and Exchange Commission ("SEC"). Registration does not constitute an endorsement of the firm, nor does it indicate that the adviser has attained a particular level of skill or ability. The information presented herein is for educational purposes only and does not intend to make an offer or solicitation for the sale or purchase of any specific securities, investments, or investment strategies. Investments involve risk. Be sure to first consult with a qualified financial adviser, legal and/or tax professional before implementing any securities, investment or investment strategies discussed herein.

**PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE RESULTS.**

Luken Investment Analytics, LLC's CRD number is: 169008

## **Item 2      Material Changes**

The material changes in this brochure from the last updating amendment dated March 28, 2023 of Luken Investment Analytics, LLC are described below. This list summarizes changes to policies, practices or conflicts of interests only.

LIA ended its Subadvisor Agreement with Monteagle Funds. LIA received fees based on fund assets for its services as sub-advisor. We did not offer this fund to our clients. LIA manages our advisory client accounts according to models that are specific to the client's goals and needs.

LIA ended its custody and clearing arrangement with TD Ameritrade. Client accounts are now custodied with Charles Schwab & Co.

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## **Item 4      Services, Fees and Compensation**

### **Discretionary WRAP Fee Program**

#### **Advisory Services**

LIA provides preparation of financial plans which includes a broader assessment of the Client's overall financial situation, income needs and goals and provides a written financial plan to individual retail clients. Clients pay part of this fee in advance and the remainder of the fee when the plan is delivered. LIA provides discretionary investment advisory services to individual retail Clients. Clients pay the fee for this program monthly in advance. There are no additional commissions for accounts in this program. These services include some or all of the following: trade execution, custody, other standard brokerage services, explanation of investment concepts and strategies, asset allocation modeling and assistance with interpreting investment performance reports. The Client's goals, objectives and risk tolerance are matched with the model or models that are most suitable. Allocations are reviewed quarterly and adjustments are made as necessary to realign with the target or model allocation. LIA also provides discretionary investment advisory services to retail clients for their 401(k) plan accounts via the Pontera platform. Target allocations for these accounts are reviewed quarterly and adjustments are made as necessary, and as allowed by the plan, to realign with target allocations. Clients can cancel the advisory services by giving 30 days prior written notice.

#### **Additional Fees**

For Clients who pay us advisory fees, in addition to our advisory fee, you will also incur certain charges imposed by third parties which are not assessed or received by LIA or your investment adviser representative. Such charges include, but are not limited to, custodial fees, clearing firm fees, charges imposed directly by a mutual fund, index fund, or exchange traded fund purchased for the account which shall be disclosed in the fund's prospectus (e.g., fund management fees and other fund expenses), mark-ups and mark-downs, spreads paid to market makers, certain deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, brokerage account termination fees, annual account maintenance fees, SEC Fees, Reg Fees, exchange and floor fees, and other fees and taxes on brokerage accounts and securities transactions.

#### **Compensation**

Your investment adviser representative receives compensation as a result of your participation in this program. The amount of this compensation can be more than what they would receive if you participated in other programs or paid separately for investment advice, brokerage and other services. Therefore, your adviser has a

financial incentive to recommend the Discretionary WRAP fee program over other programs and services. This creates a conflict of interest.

### **Schwab Brokerage Services**

In addition to advisory services, the wrap fee program includes certain brokerage services of Charles Schwab & Co., Inc. ("Schwab") a broker-dealer registered with the Securities and Exchange Commission and a member of FINRA and SIPC. We are independently owned and operated and not affiliated with Schwab. Schwab will act solely as a broker-dealer and not as an investment advisor to you. It will have no discretion over your account and will act solely on instructions it receives from LIA. Schwab has no responsibility for our services and undertakes no duty to you to monitor our management of your account or other services we provide to you. Schwab will hold your assets in a brokerage account and buy and sell securities and execute other transactions when we instruct them to. We do not open the account for you.

### **Fees for Wrap Program**

Discretionary WRAP fee program fees are billed monthly in advance and are debited directly from the Client account. The annual advisory fee can be a specific percentage fee but is most often based on a sliding schedule that ranges from 30 to 160 basis points (0.30% to 1.60%) that is negotiable between the Client and the Representative. This results in different fees for similar accounts. Based on your investment portfolio and investment strategy, the costs associated with an advisory account can exceed the commissions you would pay for brokerage services only.

### **Fees We Pay Schwab**

In addition to compensating LIA for advisory services, the wrap fee you pay LIA allows us to pay for brokerage and execution services provided by Schwab.

LIA pays Schwab transaction costs for each executed trade in wrap fee accounts. As a result, we have a financial incentive to limit orders for wrap fee accounts because trades increase our transaction costs. Thus, an incentive exists to trade less frequently in a wrap account.

## **Item 5      Account Requirements and Types of Clients**

LIA provides investment advisory services to individual investors, families, high net worth investors, trusts, estates, retirement plans participants and private business owners. There is no minimum account size. All accounts are required to furnish accurate and complete suitability/profile information.

## **Item 6      Portfolio Manager Selection and Evaluation**

Your investment adviser representative is your Portfolio Manager and will select the model, or models, best suited to meet your goals and objectives within your stated risk tolerance. Advisory Client investment strategies and their implementation are dependent upon our consulting with the Client and reviewing each client's current situation (objectives, goals, income, tax levels, and risk tolerance levels). Your investment adviser representative makes recommendations and suitability determinations as to which asset allocation models are best for their Clients based upon information provided by the Client. It is important that each Client provides accurate and complete responses to the questions asked by the Representative and that the Client promptly inform the Representative of any subsequent changes to the information provided. Clients cannot impose restrictions in investing in certain securities or types of securities in accordance with their values or beliefs.

### **Standards Used to Calculate Portfolio Manager Performance**

LIA uses Orion performance reporting software and Association for Investment Management and Research ("AIMR") standards when measuring portfolio manager performance.

### **Review of Performance Information**

Neither LIA nor a third-party reviews portfolio manager performance information. Information relating to their LIA accounts is fed into Orion's performance reporting software through a direct data feed from the custodian.

### **Related Persons**

A supervised person of the firm serves as the portfolio manager for all wrap fee program accounts. This is a conflict of interest in that no outside adviser assesses the firm's management of the wrap fee program. However, the firm addresses this conflict by acting in its clients' best interest consistent with its fiduciary duty as sponsor and portfolio manager of the wrap fee program.

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

LIA does not accept performance-based fees or other fees based on a share of capital gains on, or capital appreciation of, the assets of a client. LIA does not engage in Side-By-Side Management.

### **Methods of Analysis and Investment Strategies / Material Risks Involved / Risks of Specific Securities Utilized**

#### **Methods of Analysis**

LIA's methods of analysis include charting analysis, technical analysis and quantitative analysis.

Charting analysis involves the use of patterns in performance charts. LIA uses this technique to search for patterns used to help predict favorable conditions for buying and/or selling a security.

Technical analysis involves the analysis of past market data; primarily price and volume.

Quantitative analysis deals with measurable factors as distinguished from qualitative considerations, such as the character of management or the state of employee morale, the value of assets, the cost of capital, historical projections of sales, and so on.

### **Investment Strategies**

LIA uses long term trading, short term trading and short-term purchase investment strategies.

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

### **Material Risks Involved**

#### ***Risks Associated with Methods of Analysis***

Charting analysis strategy involves using and comparing various charts to predict long and short-term performance or market trends. The risk involved in using this method is that only past performance data is considered without using other methods to crosscheck data. Using charting analysis without other methods of analysis would be making the assumption that past performance will be indicative of future performance. Past performance is not indicative of future performance.

Technical analysis attempts to predict a future stock price or direction based on market trends. The assumption is that the market follows discernible patterns and if these patterns can be identified then a prediction can be made. The risk is that markets do not always follow patterns and relying *solely* on this method does not always work long term.

Quantitative Model Risk: Investment strategies using quantitative models can perform differently than expected as a result of, among other things, the factors used in the models, the weight placed on each factor, changes from the factors' historical trends, and technical issues in the construction and implementation of the models.

#### ***Risks Associated with Investment Strategies***

LIA's use of short-term trading holds greater risk and clients should be aware that there is a material risk of loss using any of those strategies.

Long-term trading is designed to capture market rates of both return and risk. Due to its nature, the long-term investment strategy can expose clients to various types of risk that



will typically surface at various intervals during the time the client owns the investments. These risks include but are not limited to inflation (purchasing power) risk, interest rate risk, economic risk, liquidity risk, market risk, and political/regulatory risk.

Short-term trading risks include liquidity, economic stability and inflation, in addition to the long-term trading risks listed above. Frequent trading can affect investment performance, particularly through increased brokerage and other transaction costs and taxes.

Lack of Diversification presents risks when investments are concentrated and diversification is limited. There are no limits on position sizes.

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

**It should not be assumed that recommendations made in the future will be profitable or will equal the performance of the securities in the lists provided with the subscription.**

#### ***Risk of Specific Securities Utilized***

Clients should be aware that there is a material risk of loss using any investment strategy. The investment types listed below are not guaranteed or insured by the FDIC or any other government agency.

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

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

**Exchange Traded Funds (ETFs):** Investing in ETFs carries the risk of capital loss (sometimes up to a 100% loss in the case of a stock holding bankruptcy). The price of Precious Metal ETFs (e.g., Gold, Silver, or Palladium Bullion backed “electronic shares” not physical metal) are negatively impacted by several factors, among them (1) large sales by the official sector which own a significant portion of aggregate world holdings in gold and other precious metals, (2) a significant increase in hedging activities by producers of gold or other precious metals, (3) a significant change in the attitude of speculators and investors. This is not meant to be an exhaustive list of all possible risks

associated with ETF's. Please ask your adviser for more information if you have further questions.

**Bonds (Interest Rate Risk):** Investing in bonds carries the risk that bond prices will fall as interest rates rise. By buying a bond, the bondholder has committed to receiving a fixed rate of return for a fixed period.

**Cash and Cash Equivalents:** Accounts can maintain significant cash positions from time to time. The client will pay the advisory fee based on the value of the account, including cash and cash equivalents. In this case, the account will forego investment opportunities and continue to hold cash positions until the model indicates that it is time for investment.

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

### **Voting Client Proxies**

LIA will not ask for, nor accept voting authority for Client securities. Clients will receive proxies directly from the issuer of the security or the custodian. Clients should direct all proxy questions to the issuer of the security.

## **Item 7 Client Information Provided to Portfolio Managers**

All client information material to managing the portfolio (including basic information, risk tolerance, sophistication level, and income level) is provided to their investment adviser representative. The representative will also have access to that information as it changes and is updated.

## **Item 8 Client Contact with Portfolio Managers**

Clients are encouraged to work closely with their investment adviser representative and are encouraged to contact them freely.

## **Item 9 Additional Information**

### **Disciplinary Information**

There is no disciplinary information to report.

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

Gregory L. Luken, President and investment adviser representative of Luken Investment Analytics, is also a licensed insurance agent. From time to time, he will offer clients insurance advice or products.

LIA always acts in the best interest of the client.

Carri Sanford is also registered with Wiley Bros.-Aintree Capital, LLC, a broker/dealer and SEC registered investment adviser. She serves as a member of the compliance team. She is compensated based on an hourly rate for various compliance projects.

### **Conflicts of Interest**

You should be aware that certain conflicts of interest exist in our management, distribution, fees, and oversight of the Program. Certain of these conflicts also apply to your adviser and other affiliates that support and receive compensation from the Program.

Your adviser will give advice or exercise investment responsibility and take such other action with respect to other accounts and affiliated accounts which differ from the advice given or the timing or nature of action taken with respect to your Model Portfolio account. Nothing in your agreement shall prevent or in any way limit or restrict your adviser from effecting transactions in securities for their own accounts or for the accounts of others.

### **Economic Benefit**

LIA participates in the Charles Schwab & Co., Inc. ("Schwab") Institutional program. Schwab is an independent [and unaffiliated] SEC-registered broker-dealer. Schwab offers independent investment Advisors services which include custody of securities, trade execution, clearance and settlement of transactions. LIA receives some benefits from Schwab through its participation in the program.

LIA participates in Schwab's institutional customer program and LIA recommends Schwab to Clients for custody and brokerage services. There is no direct link between LIA's participation in the program and the investment advice it gives to its Clients, although LIA receives economic benefits through its participation in the programs that are typically not available to Schwab retail investors. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate Client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving LIA participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to Client accounts); the ability to have advisory fees deducted directly from Client accounts; access to an electronic communications network for Client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to LIA by third party vendors. Schwab has also paid for business consulting and professional services received by LIA's related persons. Some of the products and services made available by Schwab through the program benefit LIA but do not benefit its Client accounts. These products or services assist LIA in managing and administering Client accounts, including

accounts not maintained at Schwab. Other services made available by Schwab are intended to help LIA manage and further develop its business enterprise. The benefits received by LIA or its personnel through participation in the program do not depend on the amount of brokerage transactions directed to Schwab. As part of its fiduciary duties to clients, LIA endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by LIA or its related persons in and of itself creates a potential conflict of interest and indirectly influences LIA's choice of Schwab for custody and brokerage services.

Schwab is a registered broker-dealer and member FINRA/SIPC.

LIA uses Riskalyze Autopilot technology as a tool to measure a client's potential investment risk tolerance to implement investment decisions. LIA is eligible to participate in Riskalyze's "No Platform Fee" discount program and receives discounts on our technology expenses from Riskalyze through our participation in the program. First Trust provides compensation to Riskalyze which covers subscription costs related to the Riskalyze Autopilot technology. This benefit is based on the use of First Trust exchange traded funds ("ETF's") in portfolios managed by LIA. The receipt of discounted fees for Riskalyze Autopilot technology creates a financial incentive for the use of First Trust ETFs over similar ETFs managed by other firms. This financial incentive creates a potential conflict of interest; however, LIA, as a fiduciary, endeavors to act in its clients' best interests and manage this conflict of interest through disclosures made in this Brochure and in conversations with clients.

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

LIA maintains a Code of Ethics to ensure securities transactions by our representatives are consistent with our fiduciary duty to our clients and to ensure compliance with legal requirements. A written copy of the Code of Ethics is available upon request. Among the specific areas addressed by our Code of Ethics are preclearance and reporting of personal securities transactions, insider trading prohibitions, conflicts of interest, gifts and entertainment reporting as well as political and charitable contributions.

Personal trading by our representatives is required to be conducted in compliance with all applicable laws and firm procedures. We allow our representatives to participate in aggregate trades to ensure that they do not receive a better execution than advisory accounts.

## **Review of Accounts**

All advisory accounts are reviewed on an annual basis by the Chief Compliance Officer for suitability among other things. Accounts will be reviewed more frequently upon client request or upon material changes in the client's individual circumstances.

You will receive account statements at least quarterly from the custodian that includes such information as securities positions, the fair market values of investments in your portfolio, transactions and movement of funds. The account statement you receive from the custodian is your official account statement. Please compare the custodian account statement with any statement or report that you receive from your representative and promptly report any discrepancies to LIA's attention.

## **Client Referrals and Other Compensation**

LIA does not receive compensation from any person who is not advisory personnel for client referrals. LIA does not participate in any solicitor or referral agreements at this time.

## **Financial Information**

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

## **Item 10 Requirements for State Registered Advisers**

This item is not applicable to SEC registered investment advisers.