

**Form ADV Part 2A, Brochure**  
**Item 1: Cover Page**



**Legacy Wealth Management, LLC**

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This brochure ("Brochure") provides information about the qualifications and business practices of Legacy Wealth Management, LLC ("LWM," "we," or "us"). If you have any questions about the content of this Brochure, please contact us at 601.499.1970.

This Brochure has not been approved by the United States Securities Exchange Commission (the "SEC"), or by any state securities authority. LWM is an SEC-registered investment adviser. Registration with the SEC or any state securities authority does not imply a certain level of skill or training.

Additional information about LWM is available on the SEC's website, [www.advisorinfo.sec.gov](http://www.advisorinfo.sec.gov).

**Item 2: Material Changes**

On July 28, 2010, the SEC published “Amendments to Form ADV” which amends the disclosure document that advisers provide to clients as required by SEC rules. This Form ADV Part 2A brochure is a document which LWM provides to its clients as required by SEC rules. Since LWM’s most recent brochure was filed on August 2, 2019, no material changes have been made to this brochure.

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## **Item 4: Advisory Business**

### *General Information*

LWM is an SEC-registered (CRD #304659) investment adviser located in Ridgeland, Mississippi that was formed in September 2018. LWM is organized as a Mississippi limited liability company.

### *Advisory Clients*

LWM provides clients portfolio management and financial planning services. LWM primarily offer services to individuals and family groups, and may also include the professional investment community, such as institutional investors, corporations and endowments.

### *Portfolio Management Services*

LWM generally provides portfolio management services on a discretionary basis, but may also provide such services on a non-discretionary basis.

LWM begins its portfolio management process by discussing each client's financial goals, investment objectives and personal risk tolerance. LWM then develops an investment portfolio designed with a view toward a long-term investment horizon that, to the extent applicable, is flexible to strategically adjust to life and market changes.

Recognizing the uniqueness of each client, LWM creates investment portfolios using primarily individual securities, not predefined asset allocation models or model portfolios. Client portfolios vary in structure based on needs, size, and economic and market trends at the time, but generally include equities, fixed income and cash and cash equivalents. Unless otherwise determined by client need, LWM invests for the long-term, typically implementing a conservative growth investment strategy. Clients may request reasonable restrictions on investments in certain securities or types of securities. Notice of requested restrictions is required to be given to LWM in writing.

LWM may provide portfolio management services for the clients of other investment advisers. In this capacity, LWM serves as a sub-advisor. As compensation for these arrangements, LWM and the other advisory firm(s) will generally share the fee associated with the client accounts, based on LWM's level of service and involvement.

### *Financial Planning*

LWM generally provides financial planning services to those clients in need of such services in conjunction with portfolio management services. LWM's financial planning services normally address areas such as general cash flow planning, retirement planning, and insurance analysis. The goal of these services is to assess the financial circumstances

of the client in order to more effectively develop the client's investment plan. Financial planning services are generally not offered as a stand-alone service or for a separate fee, but are typically provided to clients in conjunction with the management of the portfolio.

#### *Principal Owner*

LWM is wholly owned by Professional and Financial Services, LLC, which is wholly owned by Mr. Charles R. Bell, Jr.

#### *Type and Value of Assets Currently Managed*

As of October 8, 2019, LWM had approximately \$106,258,495 in assets under management, all of which was managed on a discretionary basis.

### **Item 5: Fees and Compensation**

#### *Portfolio Management Fee - Individual Accounts*

As part of LWM's Investment Advisory Agreement, an individual account is generally subject to a minimum annual fee of \$2,500.00. This fee applies to both equity and fixed income accounts. At its discretion, LWM may link accounts for billing purposes to benefit a person or family with multiple accounts.

Fees are based on a percentage of assets under management and are charged at the end of the billing period. The end of the billing period is typically the end of each calendar quarter. Fees will depend on the type and size of the account and the specific investment strategy employed. Fees are typically assessed in arrears, but may be payable in advance under limited circumstances. If an account is closed or transferred, LWM has the right to prorate fees for the period of time the assets are under management. While fees may be individually negotiated, clients will generally pay fees based on a percentage of assets under management in accordance with one of the following standard schedules:

#### **Standard Fee Schedule - Individuals**

Equity only portfolios and portfolios with both equity and fixed income assets:

- 1.00% - first tier for assets up to \$1 million
- 0.85% - second tier on next \$4 million of assets
- 0.70% - third tier on next \$5 million of assets
- 0.60% - final tier on assets exceeding \$10 million

Fixed income only portfolios:

- 0.60% - first tier for assets up to \$1 million
- 0.45% - second tier on next \$4 million of assets
- 0.40% - third tier on next \$5 million of assets
- 0.35% - final tier on assets exceeding \$10 million

Generally, fees are debited directly from client accounts unless other arrangements are made and mutually agreed to. For accounts that pay in advance, if the account is terminated during the calendar quarter, the fee will be prorated based on the period of time during the quarter the account was open, and any unused portion of any fees paid in advance will be returned to the client.

#### *Portfolio Management Fees - Institutional Accounts*

As part of the Investment Advisory Agreement, an institutional account is generally subject to a minimum annual fee of \$5,000.00. This fee is for both equity and fixed income accounts.

Fees are based on a percentage of assets under management and are charged at the end of the billing period. The end of the billing period is typically the end of each calendar quarter. Fees will depend on the type and size of the account and the specific investment strategy employed. Fees are typically assessed in arrears, but may be payable in advance under limited circumstances. If an account is closed or transferred, LWM has the right to prorate fees for the period of time under management. While fees may be individually negotiated, institutional clients with managed accounts will generally pay advisory fees based on a percentage of assets under management in accordance with one of the following standard schedules found below:

#### **Standard Fee Schedule - Institutions**

Equity only portfolios and portfolios with both equity and fixed income assets:

- 1.00% - first tier for assets up to \$1 million
- 0.85% - second tier on next \$4 million of assets
- 0.70% - third tier on next \$5 million of assets
- 0.60% - final tier on assets exceeding \$10 million

Fixed income only portfolios:

- 0.60% - first tier for assets up to \$1 million
- 0.45% - second tier on next \$4 million of assets
- 0.40% - third tier on next \$5 million of assets
- 0.35% - final tier on assets exceeding \$10 million

Generally, fees are debited directly from the client's account unless other arrangements are made and mutually agreed to. For accounts paid in advance, but closed or transferred during the calendar quarter, the fee will be prorated based on the period of time during the quarter the account was open, and any unused portion of any fees paid in advance will be returned to the client.

#### *Financial Planning Fees*

Fees for financial planning services may be included in the portfolio management fees paid by clients, or may involve fixed fees negotiated at the time of the engagement. Financial planning fees may be charged in advance.

#### *Additional Fees*

From time to time, to the extent consistent with the client's investment objectives and strategies, LWM may invest client assets in unaffiliated investment vehicles, such as mutual funds and/or exchange traded funds. In addition, clients may choose to participate in a custodian's sweep program, which may offer commingled investment vehicles such as money market mutual funds. All such funds typically incur fees for investment advisory, administrative and distribution services. Client accounts invested in such funds that are unaffiliated with us will pay two levels of advisory fees - one through the unaffiliated fund to its investment adviser and one to LWM.

A client may incur transaction charges and/or brokerage fees when securities are purchased or sold for the client's account. These charges and/or fees are typically imposed by the broker-dealer or custodian through which the transactions are executed. For additional information with respect to LWM's brokerage practices, see Item 12 below.

Custodians of client assets, especially in cases of accounts designated as a retirement account (i.e., IRA, Roth IRA, 401k, etc.), may charge a fee to cover the cost associated with the additional tax reporting these accounts require. This fee is charged and collected by the custodian.

Other fees may also be charged by the custodian in special situations, such as for legal transfers, wire requests, check re-orders, insufficient funds, and other service-related fees. These fees are charged and collected by the custodian.

Regulatory agencies or other governing bodies may also assess fees.

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

LWM does not have any performance-based fee arrangements. "Side-by-Side Management" refers to a situation in which the same firm manages accounts that are billed based on a percentage of assets under management and at the same time manages other accounts for which fees are assessed on a performance fee basis. Because LWM has

no performance-based fee accounts, it has no side-by-side management.

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

LWM provides discretionary and non-discretionary portfolio management services to individuals, family groups, corporations, foundations and endowments. While LWM does not have a minimum account size, LWM may charge a minimum fee, as addressed in Item 5.

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

### *Methods of Analysis*

LWM generally uses a fundamental method of analysis.

LWM was founded with the belief that investing requires a dynamic, flexible process to be successful. In an active and constantly changing world, investing is both art and science, unable to rest on a single approach. With great conviction, LWM believes there are no complex mathematical equations or algorithms, in other words, computerized “black boxes,” that successfully identify investment opportunities over time. As a result, identifying a company as a good investment cannot be accomplished in isolation, but across a spectrum of considerations, such as economic, political and social.

Before any investment is considered, LWM researches this multi-faceted landscape, recognizing it is not what produces the headlines on page one that should foster the greatest discussion, but what is found buried inside. By the time an event is on page one, investors and speculators alike have likely fully priced in the news. LWM believes it is what lies in the back pages that has a reasonable probability to reach page one is an investment theme worth researching and defining.

As themes develop and sectors, styles, or even whole geographies, are identified, LWM begins the process of identifying companies capable of taking advantage of these trends. This starts with an appropriate universe of publicly traded domestic companies, as well as foreign firms traded as American Depositary Receipts. LWM generally seeks only profitable companies, given the additional uncertainty of a loss-making operation. LWM seeks firms that have effectively managed their historical opportunities and appear poised to continue their growth. LWM prefers industry leaders, which typically earn higher margins and returns on equity and capital. LWM seeks companies with strong financial characteristics, giving close scrutiny to firms with significant intangible assets.

For an issuer, theme, or trend to be considered worthwhile, LWM seeks companies with sustainable growth of revenue and earnings over the long-term. LWM looks for consistency of a firm’s financial results that typically comes from recurring revenue streams with several products with multiple customers. LWM also pays close attention to the quality of earnings, reading financial footnotes and looking for instances of



unconventional accounting procedures.

LWM's fundamental analysis is performed in-house using, among other things, SEC filings, company financials and corporate websites. LWM looks at all major economic sectors. Not specializing within a subset of the market assists us in understanding the overall big picture. Conversely, in LWM's decision making process, LWM generally gives limited attention to Wall Street research because LWM believes that firms publishing this research generally have a short-term, transaction-oriented agenda that conflicts with LWM's long-term time horizon; however, LWM may use any source of financial or other information available that LWM believes is relevant in determining the advice it will render and/or manage upon.

### *Investment Strategies*

LWM generally employs a long-term investment strategy in providing portfolio management and financial planning services for its clients. A long-term investment strategy generally means that securities are purchased with the expectation that the value of those securities will grow over a relatively long period of time, generally greater than one year.

### *Risk of Loss*

All investments are subject to various types of risks. Accordingly, there can be no assurance that client portfolios will be able to meet their investment objectives and goals or that investments will not lose money. Below is a description of the principal risks that client portfolios face:

- **Market Risk** – The price of any security or the value of an entire asset class can decline for a variety of reasons outside of LWM's control, including, but not limited to, changes in the macroeconomic environment, unpredictable market sentiment, forecasted or unforeseen economic developments, interest rates, regulatory changes, and domestic or foreign political demographic, or social events.
- **Equity Market Risks** - LWM will generally invest portions of client assets directly into equity investments, primarily stocks, or into pooled investment funds that invest in the stock market. As noted below, while pooled investment funds have diversified portfolios that may make them less risky than investments in individual securities, funds that invest in stocks and other equity securities are nevertheless subject to the risks of the stock market. These risks include, without limitation, the risks that stock values will decline due to daily fluctuations in the markets, and that stock values will decline over longer periods (e.g., bear markets) due to general market declines in the stock prices for all companies, regardless of any individual security's prospects.

- **Risks of Investments in Mutual Funds, ETFs and Other Investment Pools –** LWM may invest client portfolios in mutual funds, ETFs and other investment pools (“pooled investment funds”). Investments in pooled investment funds are generally less risky than investing in individual securities because of their diversified portfolios; however, these investments are still subject to risks associated with the markets in which they invest. In addition, pooled investment funds’ success will be related to the skills of their particular managers and their performance in managing their funds. Pooled investment funds are also subject to risks due to regulatory restrictions applicable to registered investment companies under the Investment Company Act of 1940, as amended.
- **Fixed Income Risks -** LWM may invest portions of client assets directly into fixed income instruments, such as bonds and notes, or may invest in pooled investment funds that invest in bonds and notes. While investing in fixed income instruments, either directly or through pooled investment funds, is generally less volatile than investing in stock (equity) markets, fixed income investments nevertheless are subject to risks. These risks include, without limitation, interest rate risks (risks that changes in interest rates will devalue the investments), credit risks (risks of default by borrowers), or maturity risk (risks that bonds or notes will change value from the time of issuance to maturity).
- **Advisory Risk -** There is no guarantee that LWM’s judgment or investment decisions about particular securities or asset classes will necessarily produce the intended results. In addition, LWM’s method of analysis may produce sub-optimal results if other methods of analysis (e.g., technical and quantitative) are favored by other investors.
- **Currency Risks -** Investing in companies domiciled outside of the United States, or U.S. companies with overseas units, involves fluctuations in the value of the dollar against the currency of the foreign country, also referred to as exchange rate risk. Such fluctuations can affect client purchasing power.
- **Political Risks -** Changes in the political arena, both domestically and internationally, can affect various investments and markets. Changes to fiscal and monetary policies, especially the tax code, can have far reaching effects on individual companies, industry sectors or the whole market.
- **Credit Risks -** Financial intermediaries or security issuers may experience adverse economic consequences that may include impaired credit ratings, default, bankruptcy or insolvency, any of which may affect portfolio values or management.
- **Legislative and Tax Risk -** Performance may directly or indirectly be affected by government legislation or regulation, which may include, but is not limited to:

changes in investment adviser or securities trading regulation; change in the U.S. government's guarantee of ultimate payment of principal and interest on certain government securities; and changes in the tax code that could affect interest income, income characterization and/or tax reporting obligations.

- **Foreign Investing and Emerging Markets Risk** - Foreign investing involves risks not typically associated with U.S. investments, and the risks may be exacerbated further in emerging market countries. These risks may include, among others, adverse fluctuations in foreign currency values, as well as adverse political, social and economic developments affecting one or more foreign countries.
- **Software Risks** - LWM delivers services through software. It is possible that such software may not always perform exactly as intended or disclosed, especially in certain combinations of unusual circumstances, and any software imperfections, malfunctions or "glitches" could result in client losses. LWM continuously strives to monitor, detect and correct any software that does not perform as expected or disclosed, and LWM preserves contractual rights to direct any software vendors to address and/or troubleshoot technical issues that may from time to time arise.

**Past performance is no guarantee of future results, and any historical returns, expected returns, or probability projections may not reflect actual future performance.**

In the course of creating and managing a client's investment portfolio, LWM believes it is important for LWM's clients to understand and evaluate these risks, as part of their overall approach to setting realistic investment objectives.

#### **Item 9: Disciplinary Information**

As a registered investment adviser, LWM is required to disclose all material facts regarding any legal or disciplinary events that would be material to a client's evaluation of LWM or the integrity of LWM's management. LWM has no disciplinary events to report.

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

Neither LWM nor any of its management persons have any other financial industry activities or affiliations to report. As discussed in Item 4, LWM may serve as a sub-adviser to other investment advisers, which will not be affiliated with LWM.

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

LWM has adopted and will maintain and enforce a Code of Ethics (the "Code"), which sets forth the standards of conduct expected of related persons. The Code requires compliance with applicable federal securities laws and fiduciary duties. The Code also

addresses the personal securities trading activities of access persons in an effort to detect and prevent illegal or improper personal securities transactions. The Code requires initial and annual holdings reports and quarterly personal securities transaction reports be provided by access persons to LWM's Chief Compliance Officer. A copy of the Code is available upon request by writing or calling us at the address or phone number located on the cover page.

LWM and its related persons may invest in the same securities in which LWM's client accounts invest. To address the potential conflict of interest, LWM has adopted certain policies and procedures to prevent the practice of "front running," where an access person makes a purchase or sale transaction in a security immediately prior to a client account transaction involving the same security. If purchase or sale transactions can be completed for all accounts at one time, and with one average price, then LWM may participate in the transactions on terms no better than those on which clients participate.

## **Item 12: Brokerage Practices**

### *General Trading Practices*

Pershing Advisor Solutions, LLC, a wholly owned subsidiary of The Bank of New York Mellon Corporation, is LWM's primary broker-dealer serving as custodian for client accounts ("Pershing"). LWM generally uses Pershing's online trading platforms for equities, fixed income securities, mutual funds, exchange-traded funds, and sweep vehicles for processing client trades by routing of orders through computer entry to Pershing's trading desk. However, in certain cases (e.g., in the bond market), LWM may conduct trading through another broker-dealer if LWM believes the other broker-dealer will provide better execution.

LWM has adopted policies and procedures pursuant to which it evaluates the brokerage services offered by broker-dealers. Under the policies and procedures, a broker-dealer is subject to an initial approval process as well as ongoing review to remain on an approved list.

As a fiduciary, LWM has an obligation to seek to obtain best execution of client transactions under the circumstances of the particular transaction. With respect to a specific order, LWM determines brokerage based on, without limitation, the particular characteristics of a security to be traded, including relevant market factors, and consider other factors, such as: ability to minimize trading costs, level of trading expertise, trading desk/system infrastructure, ability to provide information related to the trade, financial condition, confidentiality provided by the broker-dealer, competitiveness of commission rates, evaluations of execution quality, promptness of execution, past history, ability to prospect for and find liquidity, difficulty of trade and the security's trading characteristics, size of order, liquidity of market, block trading capabilities, quality of settlements, specialized expertise offered and overall responsiveness.

### *Client Direction*

Although LWM recommends that clients use Pershing, clients may, with LWM's approval, direct LWM in writing to use a particular broker-dealer for custodial or transaction services on behalf of the client's portfolio. In directed brokerage arrangements, the client is responsible for negotiating the commission rates and other fees to be paid to the broker; LWM will not negotiate commissions for directed brokerage. Accordingly, a client who directs brokerage should consider whether such designation may result in certain costs or disadvantages to the client, either because the client may pay higher commissions or obtain less favorable execution, or the designation limits the investment options available to the client.

By directing LWM to use a specific broker-dealer, clients who are subject to ERISA confirm and agree with LWM that they have the authority to make the direction, that there are no provisions in any client or plan document which are inconsistent with the direction, that the brokerage and other goods and services provided by the broker-dealer through the brokerage transactions are provided solely to and for the benefit of the client's plan, plan participants and their beneficiaries, that the amount paid for the brokerage and other services have been determined by the client and the plan to be reasonable, that any expenses paid by the broker-dealer on behalf of the plan are expenses that the plan would otherwise be obligated to pay, and that the specific broker-dealer is not a party in interest of the client or the plan as defined under applicable ERISA regulations.

### *Research and Other Soft Dollar Benefits*

LWM does not currently receive soft dollar benefits for client trades.

### *Brokerage for Client Referrals*

Neither LWM nor any related person of LWM receives client referrals from a broker-dealer or other third party.

### *Aggregation*

LWM provides investment management services to different types of clients. Certain portfolio management decisions affect more than one account. For example, LWM may aggregate transaction orders when LWM takes an investment action with respect to multiple accounts with similar investment objectives. This includes aggregating orders involving both client and proprietary accounts. Such aggregation may be able to reduce trading costs or market impact on a per-share or per-dollar basis. When LWM aggregates trades, each participating account will receive the average share price and will share pro rata in the transaction costs, subject to minimum charges per account imposed by the broker-dealer effecting the transaction or the client's custodian. LWM also may determine an order will not be aggregated with other orders for a number of reasons which may

include, without limitation, the following: the account's governing documents do not permit aggregation; a client has directed that trades be executed through a specific broker-dealer; aggregation is impractical because of specific trade directions received from the portfolio manager (e.g., a limit order); the order involves a different trading strategy; or if LWM otherwise determines that aggregation is not consistent with seeking best execution.

From time to time an aggregated order involving multiple equity accounts does not receive sufficient securities to fill all accounts. For such a partial fill, the executed portion of the order is allocated to the participating accounts pro rata on the basis of order size; provided, that proprietary accounts will be the last to receive an allocation.

In allocating orders to fixed income clients, LWM first determines that the securities are consistent with guidelines and a particular style of account. LWM then addresses specific account needs, which generally include, among other factors, a review of portfolio duration, sector allocation, security characteristics, cash positions and typical size of positions within the account. LWM then determines whether it is practical to allocate the proposed bond purchase across eligible accounts, as available block sizes for small issues may be too small for aggregation. In these cases, the portfolio manager has discretion to determine allocations based on the "best fit and need" for applicable accounts. Factors considered in such prioritization include: specific needs, amount of cash available, stated specific needs, amount of portfolio in similar types of credits, current maturity structure of portfolio, and whether the account was allocated bonds in recent purchases. As a result of this approach, not all eligible accounts will participate in every available bond opportunity. However, LWM seeks to allocate bond purchases in a manner that is fair to clients over time.

#### *Over the Counter (OTC)*

LWM primarily places fixed income over-the-counter ("OTC") transactions through broker-dealers, market makers and the client's custodian's trading desk. When possible, LWM accesses multiple sources to determine if the competitive levels are favorable under the circumstances. At times, multiple offerings or bids for a security may be unavailable and an order may need to be worked at a certain level with a specific broker-dealer.

#### *Cross Transactions*

Occasionally, LWM may deem it beneficial to its clients to effect a cross transaction between clients that are not employee benefit plans governed by ERISA or proprietary accounts. In these cases, LWM will not receive any compensation for the cross trade. LWM will typically arrange with a third-party broker-dealer for one client account to sell the security to another client account. By entering into an advisory agreement with LWM, clients consent to cross transactions; however, LWM effects cross transactions only if, in LWM's judgment, the transaction is beneficial to both the client account(s) selling the security and the client account(s) purchasing the security.

**Item 13: Review of Accounts**

Portfolio managers generally review each managed portfolio on a regular basis to ensure that investments are made in conformity with clients' stated objectives. Portfolio managers may also review a managed portfolio in response to market events, client life events, or client transactions that the portfolio manager deems material. In addition, unless the client requests more frequent meetings, portfolio managers will generally offer an annual review with each client to discuss goals, objectives, holdings and portfolio performance to ascertain the continued appropriateness of the client's investment strategy.

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

LWM does not currently receive economic benefits from third parties for providing investment advice or other advisory services to clients.

LWM does not currently, directly or indirectly, compensate any person that is not a LWM supervised person for referring clients to LWM.

**Item 15: Custody**

LWM recommends that LWM clients select Pershing as their custodian. However, clients may select an alternate broker-dealer in their discretion. In any case, it is the custodian's responsibility to provide clients with confirmations of trading activity, tax forms and at least quarterly account statements. Clients are advised to review this information carefully, and to notify LWM of any questions or concerns. Clients are also asked to promptly notify LWM if the client's custodian fails to provide statements on each account held.

LWM does not accept custody of client accounts. Notwithstanding the foregoing, LWM generally has authority to deduct fees from client accounts, which practice alone does not subject LWM to SEC Rule 206(4)-2(a) or dictate that LWM independently verify client funds and securities as maintained by third party qualified custodians. LWM receives authorization to deduct management fees from each client's account in writing pursuant to the client's Investment Advisory Agreement unless other arrangements are made.

**Item 16: Investment Discretion**

With respect to discretionary portfolio management, the client grants LWM the authority through an executed Investment Advisory Agreement to carry out various activities in the account, generally including the selection and amount of securities to be purchased or sold in a portfolio without obtaining additional consent from the client. LWM then directs investment of the client's portfolio using its discretionary authority. The client may limit the discretion of LWM in writing as described in Item 4 above.

**Item 17: Voting Client Securities**

As a policy and in accordance with LWM's Investment Advisory Agreement, LWM does not vote proxies related to securities held in client accounts. The custodian of the account will normally provide proxy materials directly to the client. Clients may contact LWM with questions relating to proxy procedures and, upon request, LWM will research particular proxy proposals.

**Item 18: Financial Information**

LWM does not require nor solicit prepayment of more than \$1,200 in fees per client, six months or more in advance, and therefore has no disclosure with respect to this item.