

**LORING WARD ADV PART 2A**  
*March 2014*

**COVER PAGE**

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This brochure provides information about the qualifications and business practices of LWI Financial Inc. (“Loring Ward”). If you have any questions about the contents of this brochure, please contact us at the telephone number below or at [compliance@loringward.com](mailto:compliance@loringward.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority. Registration as an investment adviser with the SEC does not imply a certain level of skill or training.

Additional information about Loring Ward also is available at the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) and at [www.loringward.com](http://www.loringward.com).

LWI Financial Inc.  
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[www.loringward.com](http://www.loringward.com) | [www.totalretirement.com](http://www.totalretirement.com)

## **MATERIAL CHANGES**

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Headquartered in the heart of Silicon Valley in San Jose, California, Loring Ward is dedicated to bringing science, reason and innovation to investing. Founded in 1990, we provide Investment Management, Business Management and Practice Development to a select group of America's most knowledgeable and forward-thinking independent financial advisors and their Clients. Due to certain rules and regulations promulgated by the SEC, Loring Ward is required to distribute this brochure to you so that you may have a better understanding of our qualifications and business practices.

Loring Ward amends this brochure at least annually. To receive a copy of our most recent brochure at any point during the year, please call the Compliance Department toll-free at (800) 366-7266 or e-mail [compliance@loringward.com](mailto:compliance@loringward.com) and a copy will be sent to you without charge. You may also receive a copy of the most recent brochure and additional information regarding Loring Ward from [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) under Investment Adviser Search. If applicable, this item will contain a summary of material changes to the information in this brochure since the last annual update of this brochure.

Since the last annual update in March 2013, Loring Ward has slightly broadened the parameters by which accounts are rebalanced. Before, a rebalancing would not be triggered if an account had drifted less than 4% from its target allocation. Now, a rebalance may be triggered when an individual asset class has drifted outside of its custom threshold, keeping the account between 2-5% of its target allocation to the asset class.

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**ADVISORY BUSINESS**

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Founded in 1990, LWI Financial Inc. (“Loring Ward”) is an Investment Adviser registered with the U.S. Securities and Exchange Commission (“SEC”). It offers asset-class allocation and investment management, as well as investment advisory and administrative services directly to investing Clients through its affiliated Investment Adviser Representatives (“Affiliated IARs”), and to other independent registered investment advisers and broker-dealers (collectively, “Independent Advisors”), as well as their respective Clients. Collectively, direct Clients of Loring Ward and Clients of Independent Advisors are referred to as Client(s). As of December 31, 2013, Loring Ward managed total assets of \$10,413,683,211 for Clients. All Client accounts are managed and/or administered on a non-discretionary basis pursuant to instructions received from either the Client or the Client’s Independent Advisor pursuant to a limited power of attorney.

Loring Ward implements asset-class allocation programs approved by the Client primarily but not exclusively with an approved group of no-load mutual funds. Among the funds recommended by Loring Ward are the SA Funds – Investment Trust (“SA Funds”) or the funds of Dimensional Fund Advisors LP (“DFA Funds”). The SA Funds consist of nine mutual funds which are advised and administrated by Loring Ward and sub-advised by Dimensional Fund Advisors LP (“DFA”), an unaffiliated registered investment adviser. The DFA Funds are directly advised by DFA or its affiliates. Loring Ward receives investment management fees, administration fees, and shareholder servicing fees from the SA Funds (see “SA Fund Management,” below), and provides shareholder services to four DFA Funds. Loring Ward receives shareholder servicing fees from these four DFA Funds, which are included in the annual operating expenses reported by these funds in their respective prospectus.

Clients are under no obligation to implement the asset allocation programs developed by Loring Ward, and may specify alternative investment strategies and restrictions upon opening the account or at any time thereafter. The Client, either directly or through a power-of-attorney with his or her Independent Advisor and/or Custodian, gives pre-authorization to Loring Ward to trade the approved mutual funds and any individual securities that may be held in the account, reasonably consistent with the asset allocation approved by the Client or his or her Independent Advisor and any investment restrictions requested by them. Clients who establish Loring Ward accounts must agree that the risks of such accounts are borne solely by the Client.

Loring Ward provides a variety of services to its Clients and to Independent Advisors and their Clients, including quarterly reporting, fee reporting and debiting, transaction data processing, and proposed portfolio construction. As part of its portfolio management services, Loring Ward offers periodic portfolio rebalancing designed to keep portfolios consistent with the Client’s desired asset allocation target amounts within Loring Ward’s usual and customary target parameters. If the Client elects to use Loring Ward’s portfolio management services, Loring Ward will generally rebalance accounts on a quarterly or annual basis to within a two to five percent range (2-5%) of the allocation target in each asset-class agreed upon by the Client. Loring Ward, the Independent Advisor, or the Client may elect not to rebalance because the funds involved are economically insufficient, additional fees and expenses are anticipated, or there may be other pending events that would impact the decision. Loring Ward will also provide a mechanism for collection of investment advisory fees from Clients payable to Independent Advisors whose Clients have Loring Ward accounts. Loring Ward receives no fees from Independent Advisors or their Clients for these additional services; however, Loring Ward receives investment advisory, administration, and shareholder servicing fees from the SA Funds as described in subsequent sections.

Loring Ward provides the following services through several different program offerings:

- A. Structured Investing Services. This program consists of a turn-key asset-class allocation and management program, as well as other investment advisory and administrative services, provided directly to investing Clients through Independent Advisors and Affiliated IARs. The Structured Investing program permits the use of mutual funds, including the DFA Funds or SA Funds. It also permits the inclusion of Client-directed securities not included in Loring Ward's asset allocation recommendations or its account management. Services include but are not limited to quarterly account reporting, web-based account access, rebalancing, fee debiting, transaction data processing, and proposed portfolio construction.
- B. Independent Adviser Services. This program consists of a turn-key asset-class allocation and management program, as well as other investment advisory and administrative services, provided to Independent Advisors and Affiliated IARs for implementation to their Clients. The Independent Adviser Services program permits the use of mutual funds, including the DFA Funds or SA Funds. It also permits the inclusion of Client-directed securities not included in Loring Ward's asset allocation recommendations or its account management. Services include but are not limited to quarterly account reporting, web-based account access, rebalancing, fee debiting, transaction data processing, and proposed portfolio construction.
- C. Strategic Portfolio Services. This program consists of mutual fund model portfolio construction and strategic advice provided exclusively to Independent Advisors for implementation to their clients. Mutual fund model portfolios are constructed utilizing either the DFA Funds or SA Funds ("Model Portfolios"), and services may include the periodic rebalancing of Model Portfolios. It also permits the inclusion of Client-directed securities not included in Loring Ward's asset allocation recommendations or its account management.
- D. Loring Ward Total Retirement ("LWTR"). This program consists of a turn-key asset-class allocation and management program, as well as other investment advisory and administrative services, provided through Independent Advisors and Affiliated IARs to Clients maintaining a defined contribution or defined benefit plan ("Plan(s)") subject to the Employee Retirement Income Security Act of 1974 ("ERISA"). Fiduciary and Non-Fiduciary Services are provided in conjunction with independent recordkeepers, third-party administrators, custodians, and other unaffiliated service providers. Plan assets are maintained in accounts held by certain independent and unaffiliated broker-dealer custodians and may contain assets not managed by Loring Ward. Subject to the paragraph below and the agreement that the Plan signs with Loring Ward, Loring Ward serves as a fiduciary to the Plan pursuant to Sections 3(21)(A)(i) and 3(38) of ERISA when providing the specifically-enumerated Fiduciary Services.

LWTR, at times through unaffiliated service providers, offers Independent Advisors and Affiliated IARs tools to recommended asset allocations to Plans and/or Plan participants utilizing Model Portfolios or a lineup of approved mutual funds (generally the DFA Funds, other asset-class funds, and/or a money market fund). Funds or securities not approved or recommended by Loring Ward are permitted to be held with a Plan or Plan participant's account; however, Loring Ward does not act as a fiduciary to the Plan pursuant to Sections 3(21)(A)(i) or 3(38) of ERISA for Plan assets not invested in a Model Portfolio or approved mutual fund or money market fund.

- E. SA Fund Management. Loring Ward is the investment manager, administrator, and shareholder servicing agent of the SA Funds – Investment Trust ("the Trust"), a family of publicly-offered open-end mutual funds. The Trust currently consists of the following funds: SA U.S. Fixed Income Fund, SA Global Fixed Income Fund, SA U.S. Core Market Fund, SA U.S. Value Fund, SA U.S. Small Company Fund, SA Real Estate Securities Fund, SA Emerging Markets Value Fund, SA International Value Fund, and SA International Small Company Fund (each an "SA Fund" and collectively, the

“SA Funds”). The SA Funds are currently available only in the United States.

Loring Ward defines the investment objectives of the individual SA Funds, administers the SA Funds, monitors the Sub-Adviser and other services providers to the SA Funds, and is responsible for the servicing of the SA Funds’ shareholders. For its services to the SA Funds, Loring Ward receives management, administration, and shareholder servicing fees from each of the SA Funds as described in the SA Funds’ prospectus. All of the officers of the SA Funds are employees of Loring Ward. They do not receive compensation from the SA Funds for this service. Loring Ward is compensated directly from the SA Funds, as described in the SA Funds’ prospectus. Loring Ward does not emphasize one SA Fund over another except as part of an overall portfolio or asset-class allocation strategy.

Loring Ward has contracted with DFA, an unaffiliated registered investment adviser, to buy and sell securities that fulfill the asset-class investment components of the SA Funds. DFA uses a committee of investment professionals to manage the assets of these Funds. Loring Ward relies on DFA as the SA Funds’ sub-adviser to obtain best execution for all trading performed on behalf of the SA Funds.

Loring Ward may contract with other mutual fund sub-advisers when additional funds are added to the Trust or should Loring Ward determine that the continued use of DFA is not advantageous to the SA Funds or its shareholders. Loring Ward and the Trust have obtained exemptive relief to change sub-advisers for any SA Fund by a vote of the Board of Trustees of the Trust. It may also retain others to perform accounting, administration, and shareholder services.

Loring Ward may pay some or all custodial transaction charges for Clients of Independent Advisors and Affiliated IARs utilizing the SA Funds, subject to certain restrictions and thresholds, as part of its “No Transaction Fee” solution.

- F. Structured Asset Management. This program consists of a turn-key asset-class allocation and management program, as well as other investment advisory and administrative services, provided directly to investing Clients through Independent Advisors. The Structured Asset Management program permits the use of mutual funds (including the DFA Funds) as well as other securities. It also permits the inclusion of Client-directed securities not included in Loring Ward’s asset allocation recommendations or its account management. Specific services include but are not limited to quarterly account reporting, web-based account access, rebalancing, fee debiting, transaction data processing, and proposed portfolio construction. Loring Ward currently limits the availability of Structured Asset Management accounts to certain Independent Advisors who have been “grandfathered” by having offered this program previously to Clients. In this program, the Independent Advisors act as referring solicitors for Loring Ward’s asset allocation services. New Clients may obtain similar, non-solicitor services through Independent Advisors using the Structured Investing and Independent Adviser Services programs.
- G. Financial Planning. Loring Ward may occasionally provide separate financial planning services through Affiliated IARs who may also be registered representatives of Loring Ward Securities Inc. (“LWSI”) for Clients who may not wish to receive ongoing investment management services. Financial Planning services are typically provided on a negotiated basis based upon a defined series of goals and objectives, and are not part of an ongoing advisory or administrative program.
- H. Sub-Advisory Services. Loring Ward also provides sub-advisory services to other registered investment advisers, registered investment companies, and other statutory and/or business trusts for implementation to their clients. Acting in a sub-advisory capacity, Loring Ward provides portfolio management, rebalancing, and other advisory services utilizing the SA Funds, DFA Funds, and/or

other mutual funds available to insurance company separate accounts funding variable life and variable annuity contracts. Loring Ward is compensated by the corresponding registered investment adviser for its sub-advisory services.

Among the services provided to Independent Advisors are internet-based software tools referred to as the Investment Planning Center (“IPC”) and the Advisor Center, which are offered to Independent Advisors and for use with their Clients. The IPC generates a personalized investment policy statement based on information provided by the Client or his or her Independent Advisor. That information includes suitability information (income, age, investment net worth, risk tolerance, investment objectives, etc.) and other variables. Using the IPC, the Independent Advisor can present multiple historic simulations to help the Client determine the investment allocation that Loring Ward believes is most appropriate for the Client’s stated goals. Loring Ward is not directly compensated by Independent Advisors or their Clients for the asset allocation services provided through the IPC, but its use is limited to Independent Advisors who have contracted with Loring Ward.

The Advisor Center assists the Independent Advisor with the management of his or her Clients’ accounts. It permits Independent Advisors to monitor Client transactions and access Loring Ward’s research and practice management resources, as well as educational resources intended for Independent Advisors, Clients, or both.

Loring Ward is a wholly owned indirect subsidiary of Werba Reinhard Inc. (“WRI”), a Delaware corporation based in San Jose, California. WRI has one principal shareholder, Eli Reinhard, with more than 25% direct and indirect ownership. Loring Ward is under common control with LWSI, a fully-disclosed introducing securities broker-dealer utilizing Pershing LLC as its correspondent clearing firm and member firm of the Financial Industry Regulatory Authority (“FINRA”) and Securities Investor Protection Corporation (“SIPC”). Loring Ward is also under common control with The Wealth Management Alliance LLC (“TWMA”), a separately-registered investment adviser.

## FEES AND COMPENSATION

Asset Administration. Loring Ward charges fees for the administration of Client accounts based upon the value of assets, other than SA Funds, held in the account. For the services provided to Client accounts with assets other than the SA Funds, a prorated quarterly management or administrative fee is due and payable upon execution of the account agreement and deducted from the designated Client account at the start of each calendar quarter thereafter for Clients that elect to be billed in advance. For the services provided to Client accounts with assets other than the SA Funds, a prorated quarterly management or administrative fee is due and payable at the end of each calendar quarter for Clients that elect to be billed in arrears. These fees are generally negotiated by the Client’s Independent Advisor based upon a percentage of the market value of assets under management as of a certain date up to a maximum fee based on two alternative fee schedules:

Asset Level	Maximum Rate (paid quarterly)
\$0 to \$250,000.00	0.90%
\$250,000.01 to \$500,000.00	0.85%
\$500,000.01 to \$1,000,000.00	0.55%
\$1,000,000.01 to \$2,000,000.00	0.50%
\$2,000,000.01 to \$5,000,000.00	0.45%
For any amount above \$5,000,000.00	0.40%



Asset Level	Maximum Rate (paid quarterly)
For the first amount from \$0 to \$500,000.00	0.65%
For the next amount from \$500,000.01 to \$1,000,000.00	0.35%
For the next amount from \$1,000,000.01 to \$5,000,000.00	0.25%
For any amount above \$5,000,000.00	0.20%

Clients should refer to their specific investment advisory agreement, as his or her specific fee schedule may be lower than either of the fee schedules described above.

For “grandfathered” Independent Advisors who remain eligible to use the Structured Asset Management program, the maximum annual asset management fee (including the fee paid to the referring solicitor) is described in the table below:

Asset Level	Maximum Rate (paid quarterly)
\$0 to \$250,000.00	2.00%
\$250,000.01 to \$500,000.00	1.00%
\$500,000.01 to \$1,000,000.00	0.80%
\$1,000,000.01 to \$2,000,000.00	0.60%
For any amount above \$2,000,000.00	0.40%

For Independent Advisors utilizing LWTR, the maximum annual asset management fee charged to Plans is described in the table below:

Asset Level	Maximum Rate (paid quarterly)
For the first amount from \$0 to \$999,999.99	0.30%
For the next amount from \$1,000,000.00 to \$2,999,999.99	0.27%
For the next amount from \$3,000,000.00 to \$4,999,999.99	0.24%
For the next amount from \$5,000,000.00 to \$9,999,999.99	0.22%
For any amount \$10,000,000.00 and above	0.15%

Subsequent quarterly fees are computed based upon the market value of assets in the account as of a date on or about the last business day of the prior calendar quarter and deducted quarterly in advance from the Client’s account. For accounts billed in arrears, quarterly fees are based upon the average daily account balance during the most recent calendar quarter. For LWTR accounts, quarterly fees are based upon the account balance on the last day of the calendar quarter unless otherwise stated in the Client’s agreement with his or her recordkeeper. Additional deposits of funds and/or any other securities into the Client’s account will be subject to the same fees, prorated based on the number of days remaining in the quarter after the Client’s funds are invested into an asset allocation. If during a quarter, any assets in a Client’s account are sold, disbursed, or otherwise withdrawn from the account, Loring Ward will not reimburse any administration fees already charged on those assets for the quarter. Margin accounts are charged based on the equity value (excluding margin).

Fees are disclosed in a fee disclosure statement given to each Client upon the opening of his or her account. Services similar to those offered by Loring Ward are available elsewhere for more or less than the amounts charged by Loring Ward. Fees are not charged directly upon investments in the SA Funds. For its services to the SA Funds, Loring Ward receives management, administration, and shareholder servicing fees from each of the SA Funds as described in the SA Funds’ prospectus. This has the potential to create a conflict of interest, as it may provide an incentive for Loring Ward to recommend the purchase of the SA Funds rather than other similarly-situated mutual funds. Loring Ward addresses this potential conflict of interest by recommending asset-class target allocations that can be implemented using mutual



funds other than the SA Funds (namely, the DFA Funds or other unaffiliated funds). Based on such factors as the Client's individual financial circumstances, expressed cash needs, risk tolerance, investment objectives, and other factors, the Client and/or Independent Advisor can instruct Loring Ward to invest an account into an asset-class target allocation using either the SA Funds or the DFA Funds as they deem most appropriate.

The Client, or his or her Independent Advisor, may incur additional brokerage commissions, transaction charges, and other similar expenses in connection with the opening, maintenance and closing of his or her account(s) at an approved third-party custodian. LWSI may receive all or a part of the brokerage transaction charges to the extent such transactions are effected through LWSI, with its correspondent clearing firm — Pershing LLC. Loring Ward may also receive a portion of the fees paid to other funds, such as State Street Bank & Trust Co.'s or Pershing LLC's affiliated money market funds (please refer to the section entitled "Brokerage Practice," below). Investments into mutual funds, affiliated and unaffiliated funds alike, are subject to their internal expense ratio. Such fees are separate and apart from Loring Ward fees. Additional information regarding mutual fund fees is contained in such fund's prospectus. Loring Ward's fees do not include any investment advisory fees that an Independent Advisor may charge to his or her Client. A Plan utilizing LWTR may also pay fees to other service providers independent of Loring Ward for such services as recordkeeping, third-party administration, and access to internet-based account enrollment and management.

Upon termination of the advisory agreement, the Client will receive a refund of any unearned administration fees previously paid or will receive a statement requiring payment of earned fees not yet paid, depending on the work performed by Loring Ward prior to termination and whether a Client elected to be billed in advance or arrears. Loring Ward does not receive any additional compensation upon the termination of an advisory agreement.

Loring Ward may also provide transaction, marketing, and/or expense reimbursements to such entities or persons as part of its Strategic Portfolio or other services. Its fees may be greater or lesser than those paid by Clients who receive similar services and reports. Loring Ward may re-allow all or any part of its fees for marketing, operational or practice management assistance in connection with the offer of these services.

Strategic Portfolio Services. Independent Advisors and/or broker-dealers normally pay Loring Ward a portion of the fees they collect for providing portfolio construction and strategic advice. Such fees may be up to one percent (1.00%) of the amount of assets invested into Model Portfolios that contain DFA Funds.

Financial Planning. Loring Ward charges hourly fees for financial planning services not otherwise compensated at a negotiable rate estimated to be \$500 per hour or for a set fee for the service. The Client will be informed of the estimated fee at the time he or she enters into a Financial Planning Agreement with Loring Ward. The actual fee may be lower or higher than the estimated amount.

The recommendations provided to Clients will be valid as of the date(s) provided and will not be valid for any period beyond such date(s). It is possible that because of differing Client needs and circumstances, recommendations made to any one Client may be contrary to recommendations made to other Clients.

In providing a financial plan or financial planning consultation services, Loring Ward will not do a detailed analysis of a particular security. Rather, the analysis will utilize such financial planning techniques as a review of the Client's financial circumstances and investment goals.

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## **PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

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Loring Ward does not charge fees based upon a share of capital gains or the amount of capital appreciation of the assets of Clients.

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## **TYPES OF CLIENTS**

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Loring Ward provides its services to individuals, trusts, charitable institutions, investment companies, registered investment advisers, broker-dealers, corporate and association pension plans, and other tax qualified or nonqualified plans and their Independent Advisors. Generally, the minimum opening value of a Client household is \$100,000, subject to negotiation.

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## **METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

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Loring Ward utilizes investment strategies based upon target asset-class allocations to reflect Client and Independent Advisor supplied information regarding the Client's individual financial circumstances, expressed cash needs, risk tolerance, investment objectives, and other factors. The asset-class allocation programs designate specified percentages within multiple securities asset-classes with the intent of creating a diversified investment portfolio of no-load (no sales commission) or low-load mutual funds. The Client or his or her Independent Advisor has the opportunity to review, modify, and approve such recommended asset allocation program.

Loring Ward utilizes a proprietary method of asset-class allocation based upon academic and behavioral economic research. Loring Ward's asset-class allocation programs and advice concerning securities is based upon publicly-available research and reports regarding Efficient Markets Theory, adjusted for certain behavioral economic factors. The asset-class allocations are adjusted for risk (defined as historic market volatility over identified periods of time). Its recommendations are designed for longer-term investors. Loring Ward uses financial simulation programs which calculate the effects of various historical rates of return from different asset classes to assist in the preparation of asset allocation plans.

All investments are subject to risk. The Loring Ward portfolios attempt to historically quantify risks and minimize certain risks by diversification among different types of asset classes, but diversification neither assures a profit nor protects against a loss in a declining market. There is no assurance that Loring Ward will be successful and Clients are advised that they are subject to the risks of the securities markets. These risks include general market trends, unintended concentrations in certain markets, sectors and individual issuers, government regulation, and lack of sufficient market liquidity. Fixed income investments are subject to interest rate risks and volatility of market prices. Real estate securities are subject to property value changes, rental income, property taxes, and tax and regulatory changes. Foreign securities and emerging market investments are subject to the same risks as discussed herein and subject to the risks of currency exchange rate changes, political instability, and different methods of accounting and finance reporting. The additional risks associated with small company and value securities may include increased volatility and less liquidity. Past performance does not guarantee future returns.

Should the Client or Advisor direct the purchase of other securities in an unmanaged account, such assets are not managed by Loring Ward and Loring Ward does not collect an investment advisory fee on such assets.

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## **DISCIPLINARY INFORMATION**

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Loring Ward has not been a party to any material legal or disciplinary proceedings.

## **OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

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Loring Ward is under common control with The Wealth Management Alliance LLC (“TWMA”), a separately-registered investment adviser. Some officers and/or representatives of Loring Ward are also officers and/or representatives of TWMA.

Loring Ward is affiliated with LWSI, a fully-disclosed introducing securities broker-dealer utilizing Pershing LLC as its correspondent clearing firm and member firm of FINRA and SIPC. Some Affiliated IARs may also own or act as representatives of independent registered investment advisers. Some officers and/or representatives of Loring Ward are also registered principals and/or registered representatives of LWSI as well as officers of the SA Funds and/or Loring Ward’s parent company, WRI.

Loring Ward may recommend LWSI to act as an introducing broker for advisory accounts of Loring Ward, an Affiliated IAR, or an Independent Advisor, subject to Client direction and approval. If LWSI is designated as the introducing broker on Client accounts, pursuant to agreements between LWSI and the clearing brokers or banks holding those accounts, LWSI may receive a part of the transaction charges for trades in such accounts. LWSI currently has such an agreement with its clearing firm, Pershing LLC, and receives a portion of the “transaction charge” for trades in LWSI accounts held at Pershing LLC. This has the potential to create a conflict of interest, as it may provide an incentive for Loring Ward to recommend that clients utilize LWSI as an introducing broker for advisory accounts of Loring Ward, rather than other similarly-situated brokers. Loring Ward addresses this potential conflict of interest by presenting clients with alternative broker options that include Fidelity Brokerage Services LLC, Charles Schwab & Company, Inc. or TD Ameritrade Institutional in addition to Pershing LLC. The Client and/or Independent Advisor may instruct Loring Ward to utilize any broker for the Client’s account(s) as they deem most appropriate.

Loring Ward is the investment manager, administrator, and shareholder servicing agent of the SA Funds – Investment Trust, a family of publicly-offered open-end mutual funds. Please refer to “SA Funds Management” under the “Advisory Business” section above.

The Chairman of the Board of Directors of Loring Ward is a registered principal and registered representative of LWSI as well as the owner and managing member of Werba Rubin Wealth Management LLC, a registered investment adviser, which is a Client of Loring Ward.

Some Affiliated IARs of Loring Ward may be also be licensed real estate and insurance brokers or salespersons, and represent Clients in insurance and real estate transactions on a commission or fee basis. In each of these cases, these services are not provided by Loring Ward and, as such, any commissions or fees earned are paid to the individual service provider or the affiliate with whom the service provider is associated, not to Loring Ward. Certain Independent Advisors may also be shareholders of the parent company of Loring Ward, although none of them own a controlling percentage of the outstanding shares of Loring Ward. To the extent that such Independent Advisors recommend that their clients purchase shares of the SA Funds, the Independent Advisor may benefit (to the same extent as all other shareholders of Loring Ward) from the fees paid by the SA Funds to Loring Ward. This has the potential to create a conflict of interest, as it may provide an incentive for Loring Ward to recommend the purchase of the SA Funds rather than other similarly-situated mutual funds. Loring Ward addresses this potential conflict of interest by recommending asset-class target allocations that can be implemented using mutual funds other than the SA Funds (namely, the DFA Funds). Based on such factors as the Client’s individual financial circumstances, expressed cash needs, risk tolerance, investment objectives, and other factors, the Client and/or Independent Advisor can instruct Loring Ward to invest an account into an asset-class target allocation using either the SA Funds or the DFA Funds as they deem most appropriate.

Michael Demko, an Affiliated IAR, is dually-registered as an IAR of Siena Wealth Management, Inc. His services to Siena Wealth Management, Inc. and its Clients are separate and apart from the services provided or supervised by Loring Ward.

Loring Ward receives income from other formerly-affiliated entities or divisions of Loring Ward's former parent company based upon assets under management and/or services rendered. Certain of these fees result from the sale of such other formerly-affiliated entities or divisions and will continue for years. Loring Ward may provide consulting and advisory services to such entities that may be in competition with the services provided to Clients of Loring Ward, and such services may be provided at a lower cost or be more extensive services at the same cost as those provided to Clients.

## **CODE OF ETHICS**

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Loring Ward has adopted a Code of Ethics for all supervised persons that describes its standard of business conduct and fiduciary duty to Clients. All supervised persons at Loring Ward receive a copy of the Code of Ethics at the time of hiring, and must acknowledge the terms of the Code of Ethics annually or more frequently if amended. Subject to satisfying the Code of Ethics and applicable laws, supervised persons of Loring Ward and its affiliates may trade for their own accounts in securities which are recommended to and/or purchased for Loring Ward's Clients.

The Code of Ethics is designed to assure that the personal securities transactions, activities, and interests of the supervised persons of Loring Ward will not interfere with making decisions in the best interest of Clients or allowing employees to invest for their own accounts. Under the Code of Ethics, certain classes of securities have been designated as exempt transactions, based upon a determination that such transactions would not materially interfere with the best interests of Clients.

Supervised person trading is monitored for compliance with the Code of Ethics, and to reasonably prevent conflicts of interest between Loring Ward and its Clients. Loring Ward anticipates that it may recommend the purchase or sale of securities to current or prospective Clients in which Loring Ward, its affiliates, the SA Funds, and/or other Clients, directly or indirectly, have a position or interest. It is the policy of Loring Ward that its supervised persons shall place the interests of Clients first. All personal securities transactions of such persons shall be conducted in a manner as to avoid any actual or potential conflicts of interest or any abuse of a position of trust and responsibility or operate as a deceit.

Current or prospective Clients may obtain a copy of Loring Ward's Code of Ethics without charge by calling (800) 366-7266 and asking for the Compliance Department.

## **BROKERAGE PRACTICE**

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Loring Ward may suggest that a Client designate a custodian from among Pershing LLC (LWSI's clearing firm), or from Fidelity Brokerage Services LLC, Charles Schwab & Company, Inc. or TD Ameritrade Institutional (unaffiliated custodians). Factors considered in selecting the custodians suggested by Loring Ward include but are not limited to (i) the ease with which Loring Ward can conduct day-to-day administration of accounts with such custodians, (ii) the ease with which Clients can open accounts, obtain information, and execute trades with such custodians, and (iii) reasonableness of transaction commissions and fees. In considering the reasonableness of commissions and fees, the Client should take into account the expense of commissions and account fees relative to other available custodians, in conjunction with an evaluation of the services provided. Such custodians do not provide

“soft-dollar” or other compensation to Loring Ward for their services. Loring Ward does not maintain custody of any Client assets.

Through certain of its operations personnel, Loring Ward serves on the TD Ameritrade Institutional Operations Panel (the “Panel”). The Panel consists of approximately twenty-four independent investment advisors that advise TD Ameritrade Institutional on issues relevant to the independent advisor and their experience with TD Ameritrade Institutional’s service, technology and products. TD Ameritrade Institutional does not compensate Panel members, but it does pay and/or reimburse Panel members for travel, lodging and meal expenses Panel members incur in attending Panel meetings. The reimbursements received by Panel members do not depend on the amount of brokerage transactions directed to TD Ameritrade Institutional.

Loring Ward will reimburse accounts for losses resulting from errors in its administration, but does not credit accounts for market losses or its errors resulting in market gains. The gains and losses are reconciled within a Loring Ward custodial account and the net gains or losses are retained by Loring Ward.

## **REVIEW OF ACCOUNTS**

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Loring Ward recommends that an Independent Advisor implement a target asset-class allocation portfolio for his or her Clients, and the mutual funds to implement the asset-class allocation, by calculating historical rates of return, investment time horizons, and risk tolerances for an Client’s expressed financial goals. Periodically, Loring Ward reviews Clients’ investment portfolios and repositions assets to bring them closer to their target allocations, unless the Client or his or her Independent Advisor has requested otherwise. More frequent re-allocations may occur when Clients give instructions to change their target allocations or make significant additions to or withdrawals from their accounts. Loring Ward’s Investment Committee determines the portfolio recommendation and rebalancing policy, the approximate allocation percentages for each level of Client risk (historic volatility), and the target variance tolerance band within each of the asset-class funds. At any time, including following a rebalancing to a target reallocation, the Client’s account may not be the same as the target allocation. Variations from the target allocation may exist at any time and in varying amounts. Written quarterly reports containing information about a Client’s portfolio, asset allocation, performance, and fees are sent to Clients subject to instruction from the Client’s Independent Advisor. The Client’s selected custodian also sends separate account statements to Clients on a monthly and/or quarterly basis.

Loring Ward encourages Independent Advisors whose Clients have accounts with Loring Ward to contact their Clients on a periodic basis and to notify Loring Ward of any changes to Clients’ instructions, address of record, risk tolerance, suitability information, or investment objectives. In addition, Loring Ward Affiliated IARs normally have contact with their Clients at least annually to review any changes in the Client’s instructions, address of record, risk tolerance, suitability information, or investment objectives. Loring Ward’s representatives are available for the Client’s or Independent Advisor’s consultation during normal business hours.

## **CLIENT REFERRALS AND OTHER COMPENSATION**

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Loring Ward shares its compensation with solicitors from fees received as part of the Structured Asset Management accounts, which are only available to “grandfathered” Independent Advisors as explained in the “Advisory Business” section above. Additionally, Loring Ward or LWSI may receive compensation from unrelated investment companies and/or their sponsors or affiliates, for marketing or investments in their sponsored funds. This may take the form of a portion of the advisory or other related fees paid to the



fund. For example, certain Pershing LLC money market funds make such payments to LWSI based on investments into such money market funds by Clients with a LWSI brokerage account.

Loring Ward may pay and/or reimburse certain Independent Advisors an amount equal to a percentage of the investment advisory or shareholder servicing fees received by Loring Ward from Clients introduced to Loring Ward by those Independent Advisors. In most cases, the payments and/or reimbursements are made at a stated rate subject to a declining scale based upon total assets per Client or Independent Advisor. Such Independent Advisors may have personal accounts with Loring Ward, which Loring Ward may administer free of charge.

From time to time, Loring Ward may extend a loan or make payments to an investment advisor representative or registered investment adviser or otherwise assist in the purchase of the business of another registered investment adviser or to an Independent Advisor or his or her estate as part of a business continuity service. Such loans may be at rates and terms more advantageous than that which may otherwise be available generally. Such loans, if granted, are not contingent upon new asset goals or the direction of additional assets under management.

Loring Ward may also pay and/or reimburse certain Independent Advisors marketing, administrative, and service fees and/or re-allow shareholder servicing fees for performing certain shareholder services provided by such Independent Advisors in connection with educating and assisting certain Clients who purchase shares of the SA Funds.

In addition, Loring Ward sponsors due diligence and educational seminars for selected Independent Advisors. Invitations are issued at Loring Ward's discretion. Special educational sessions provide an opportunity to introduce Independent Advisors to one another, to solicit ideas from the participants about practice management, sales, and marketing opportunities, and to provide advanced technical and sales education. These sessions may be sponsored and paid for by Loring Ward at no additional cost to Clients. Loring Ward may pay for all or a part of the travel and other expenses of each Independent Advisor associated with attendance at such due diligence and educational seminars in return for their advice and participation. Loring Ward also enters into arrangements with certain Independent Advisors and broker-dealers in which Loring Ward reimburses a portion or all of the expenses associated with sponsoring educational seminars and marketing events and/or materials for Clients and/or potential Clients.

Recognizing the supervisory responsibilities and marketing expenses broker-dealers retain with regard to their registered principals and representatives, Loring Ward has signed agreements with certain registered investment advisers or broker-dealers that provide for the payment and/or reimbursement of fees and/or expenses associated with Loring Ward accounts directly to the cooperating registered investment advisers or broker-dealers. Loring Ward may pay and/or reimburse such registered investment advisers or broker-dealers up to ten percent of the advisory and/or administrative fee it collects from Clients. This payment and/or reimbursement is intended to compensate and/or reimburse the registered investment advisers and broker-dealers for their supervisory and marketing efforts; it is in addition to, and not part of, the advisory or referral fee (if applicable). Loring Ward may pay additional compensation or provide speakers and services to broker-dealers or Independent Advisors to participate in selected marketing programs, conferences, and/or events.

Loring Ward receives financial and other assistance from DFA in the form of (i) marketing of Loring Ward services, (ii) shareholding servicing fees from the LWAS/DFA funds (an unaffiliated group of mutual funds), (iii) the use of its facilities in Santa Monica, California and Austin, Texas for meetings and presentations, and (iv) by providing speakers for various Loring Ward-sponsored educational events held for Clients and their Independent Advisors. DFA also may also provide materials and logistic support for such meetings.

## **CUSTODY**

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Loring Ward does not take direct custody of Client assets, but does have the ability to withdraw or direct the payment of advisory, administrative, and account trading fees and expenses. Such fees are reflected on the statement Clients receive from the broker-dealer, bank, recordkeeper, or other qualified custodian that holds Client assets.

Clients should receive account statements from their custodian (and Loring Ward) at least once each calendar quarter. Loring Ward urges Clients to carefully review such statements and compare the custodial statements to the Loring Ward account statements. Loring Ward's statements may vary from custodial statements due to differences in accounting procedures, reporting dates, reporting ability, or valuation methodologies of certain securities. If a Client or Independent Advisor identifies unexplained differences, please call Loring Ward's Compliance Department toll-free at (800) 366-7266 so reconciliation may be made.

## **INVESTMENT DISCRETION**

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Loring Ward does not exercise investment discretion for its Clients' individual accounts. Based upon its agreement with Clients, Loring Ward will have received pre-approved authorization to trade identified securities held in custodial accounts within certain target allocation bands without obtaining specific Client consent for each transaction, unless otherwise instructed. Loring Ward may exercise independent judgment in connection with the timing and execution of the purchase and sale of assets according to the instructions given to Loring Ward.

Should material life events occur, Clients should immediately contact their Independent Advisor to determine if changes to an account and the allocation of the assets held in the account are necessary. Such events include but are not limited to marriage, the birth of children, occupational changes, a death in the immediate family, or any other event that may impact a Client's financial future or risk tolerance.

Loring Ward may have limited discretionary authority with regard to its management of the SA Funds' securities. This authority would include the ability to determine the amount of the securities to be purchased or sold to meet the asset-class allocation target. However, because the SA Funds have engaged DFA as a sub-adviser, Loring Ward currently does not directly exercise this discretion. In the administration of Client accounts, Loring Ward does not exercise discretion and instead acts pursuant to a limited power of attorney based on Client and/or Independent Advisor instructions.

When performing sub-advisory services for other registered investment advisers, registered investment companies, and other statutory and/or business trusts, Loring Ward maintains limited discretionary authority to construct and rebalance the underlying assets that comprise a fund. This limited discretionary authority is subject to that fund's prospectus and other instructions or guidelines as provided by the other registered investment adviser. Such limited discretionary authority does not extend to Client accounts.

In the course of constructing Model Portfolios for use in Plan accounts utilizing LWTR and the accounts of independent registered investment advisers utilizing Strategic Portfolio Services, Loring Ward maintains limited discretionary authority to construct and rebalance the Model Portfolio using SA Funds, DFA Funds, and certain other approved mutual funds or money market funds. Such limited discretionary authority does not extend to Client accounts.



## **VOTING CLIENT SECURITIES**

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Loring Ward generally does not receive the authority to vote proxies for issuers represented in Clients' accounts. Clients may contact Loring Ward directly at the phone number or address listed on the first page of this document to obtain information or to inquire about proxy voting. Clients should receive their proxies or other solicitations directly from their custodian(s), recordkeeper(s), or transfer agent(s); however, Loring Ward will promptly forward any Client proxy materials received in error directly to the Client or the Client's Independent Advisor. Loring Ward has delegated to DFA voting of the shares of issuers held in the SA Funds.

Loring Ward may only vote proxies while providing sub-advisory services for other registered investment advisers, registered investment companies, and other statutory and/or business trusts if it has been so delegated by that party.

## **FINANCIAL INFORMATION**

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Loring Ward is not aware of any financial commitment that is likely to impair its abilities to provide the services identified above.