



LORING WARD ADV PART 2A
March 2018

ITEM 1: COVER PAGE

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. 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.

Loring Ward is committed to creating a better wealth experience for financial advisors and their clients across the U.S. Since 1990, Loring Ward has strived to empower advisors with personalized investment and advisor solutions that increase the probability of delivering a great experience for their clients. Loring Ward is located in Silicon Valley, California.

Loring Ward is distributing this brochure to you so that you may have a better understanding of our qualifications and business practices.

Additional information about Loring Ward also is available at the SEC’s website at www.adviserinfo.sec.gov and at www.loringward.com.

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ITEM 2: MATERIAL CHANGES

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 email 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 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 2017, there have been material changes to this report. A summary discussing only these material changes since the last annual update is below.

Loring Ward is in the process of ending its introducing broker dealer business, to be completed by year end of 2018. Loring Ward no longer offers its introducing broker dealer services to new clients and has transitioned the majority of its introducing broker dealer and custody platform provider arrangements for its Pershing LLC client accounts from Pershing LLC to Pershing Advisor Solutions LLC.

The SA Funds that Loring Ward recommends now offer two share classes of each fund. The share classes are the Investor Class and the Select Class.

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ITEM 4: ADVISORY BUSINESS

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 to independent registered investment advisers and broker-dealers (collectively, “Independent Advisors”), as well as their respective clients (“Clients”).

Loring Ward focuses on creating a better wealth experience for Independent Advisors and their clients by combining three powerful solutions:

1. **Investment Solution** — Long-term focused, academically-based portfolios that aim to optimize the returns of global stock and bond markets and help clients reach their long-term goals.
2. **Advisor Solution** — Practical, client-centered solutions and dynamic peer community empower Advisors to build better relationships.
3. **Client Solution** — Network of advisors committed to understanding what matters most to their clients (and how to get there).

As of February 28, 2018, Loring Ward managed total assets of \$17,221,052,540 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 utilizing a 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 ten mutual funds, all of which are advised and administered by Loring Ward and nine of which are sub-advised by Dimensional Fund Advisors LP (“DFA”), an unaffiliated registered investment adviser. Nine of the ten series of SA Funds offer two different classes, the Investor Class and the Select Class. 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).

Clients are under no obligation to implement the asset allocation programs developed by Loring Ward, and may specify other 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. A Client who establishes a Loring Ward account must agree that the risks of such account are borne solely by the Client.

Loring Ward provides a variety of services to its Clients and to Independent Advisors and their Clients, including but not limited to 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 review accounts for rebalancing on a quarterly or annual basis to 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 also has the capability to provide services on behalf of the



Independent Advisor to collect advisory fees on assets managed by the Independent Advisor but not Loring Ward.

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

- A. 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 to either (a) Independent Advisors for implementation to their Clients (the "Biparty Investment Services") or (b) to investing Clients through Independent Advisors (the "Triparty Investment Services"). This 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. Strategic 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 generally constructed utilizing either the DFA Funds or SA Funds ("Model Portfolios"), and services may include the periodic rebalancing of Model Portfolios.
- C. Loring Ward Retirement Services ("LWRS"). 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 to Clients maintaining a defined contribution or defined benefit plan ("Plan(s)"), the majority of which are 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 have the ability to hold assets not managed by Loring Ward on an accommodation-only basis. 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.

LWRS, at times through unaffiliated service providers, offers Independent Advisors 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.

- D. SA Fund Management. Loring Ward is the investment manager, administrator, and shareholder servicing agent of the SA Funds. For further information about the SA Funds, refer to the applicable prospectus at <https://loringward.com/sa-funds-prospectuses>. Loring Ward defines the investment objectives of the individual SA Funds, administers the SA Funds, monitors the Sub-Adviser and other service 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 (with the exception of the SA Worldwide Moderate Growth Fund). 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 generally pays some or all custodial transaction charges for Clients of Independent Advisors utilizing the SA Funds, subject to certain restrictions and thresholds, as part of its "No Transaction Fee" solution.

- E. **Other Business.** From time to time, Loring Ward acts as a research provider to other registered investment advisers.

Among the services provided to Independent Advisors are internet-based software tools referred to as the Investment Planning Center ("IPC") and My Advisor Center, which are offered to Independent Advisors 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 assess the investment allocation that Loring Ward believes is most appropriate for the Client's stated goals. Use of the IPC is limited to Independent Advisors who have contracted with Loring Ward.

My 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.

Founded in 1990, Loring Ward is a wholly owned direct subsidiary of Loring Ward Holdings Inc. ("LWHI"), a Delaware corporation based in San Jose, California. LWHI has one principal shareholder, Eli Reinhard, with more than 25% direct and indirect ownership. Loring Ward is under common control with Loring Ward Securities Inc. ("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"). LWSI is in the process of ending its introducing broker-dealer services, to be completed by year end of 2018. Loring Ward is also under common control with The Wealth Management Alliance LLC ("TWMA"), a separately-registered investment adviser.

ITEM 5: 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 the fee schedule below:

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 with their Independent Advisor, as his or her specific fee schedule may be lower than either of the fee schedules described above.

For Independent Advisors utilizing LWRS, 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 LWRS 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 typically reimburse any administration fees already charged on those assets for the quarter, though Loring Ward might not be contractually obligated to do so. Margin accounts are charged based on the equity value (excluding margin).

Loring Ward's fees are disclosed in a fee disclosure statement given to each Independent Advisor and to each Client receiving the Triparty Investment Services 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. Separate administrative fees are not charged directly or for Clients receiving the Biparty Investment Services. 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. The payments received by Loring Ward from the SA Funds are significant. This has the potential to create a conflict of interest, as it may appear to 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, will generally incur additional charges or expenses in connection with the opening, maintenance and closing of his or her account(s) at an approved third-party custodian. If applicable, examples of such additional third-party charges or expenses include, but are not limited to, brokerage commissions, transaction charges, wire-related fees, qualified plan fees, and account transfer-out fees.

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 LWRS will also generally 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.

Strategic 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 are generally 0.23% of the amount of assets invested into Model Portfolios that do not contain SA Funds and are subject to negotiation.

Unmanaged Accounts. 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 or report on such assets.

ITEM 6: PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

Loring Ward does not charge fees based on performance or side-by-side management.

ITEM 7: TYPES OF CLIENTS

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 and specific circumstances.

ITEM 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS



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 are based upon publicly-available research and reports regarding Modern Portfolio 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). Loring Ward 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 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.

ITEM 9: DISCIPLINARY INFORMATION

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

ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Loring Ward is under common control with 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, that acts as the underwriter and distributor of the SA Funds. LWSI is in the process of ending its introducing broker-dealer services, to be completed by year end 2018. Some affiliated Investment Adviser Representatives of Loring Ward ("Affiliated IARs") also 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, LWHI.

Loring Ward currently utilizes LWSI as an introducing broker for advisory accounts, subject to Client direction and approval.



Loring Ward is the investment manager, administrator, and shareholder servicing agent to 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 an owner and partner of Werba Rubin Papier Wealth Management LLC, a registered investment adviser, which has business arrangements with Loring Ward.

Some Affiliated IARs of Loring Ward are also insurance brokers or salespersons and represent Clients in insurance 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 Affiliated IAR or the affiliate with whom the Affiliated IAR is associated, not to Loring Ward. Certain Independent Advisors are also 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 indirectly benefits (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 appear to 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.

ITEM 11: CODE OF ETHICS

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 transactions 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 will generally 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.

ITEM 12: BROKERAGE PRACTICE

Loring Ward requires that a Client designate a custodian from among Charles Schwab & Company, Inc., Fidelity Brokerage Services LLC, Pershing Advisor Solutions LLC, or TD Ameritrade Institutional except in limited accommodation circumstances. Factors considered in selecting the custodians offered 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.

As it relates to Client security transactions, such custodians only provide execution services. In the normal course of business and in varying degrees and forms, all custodians typically dedicate internal practice management resources, provide conference sponsorship, speakers or logistical support, and occasionally offer business entertainment to Loring Ward and certain of its associated persons.

As described in the “Advisory Business” section above, Loring Ward generally pays some or all custodial transaction charges for Clients of Independent Advisors utilizing the SA Funds, subject to certain restrictions and thresholds, as part of its “No Transaction Fee” solution. This has the potential to create a conflict of interest, as it may appear to provide an incentive for Loring Ward to recommend that clients purchase shares of the SA Funds rather than shares of other mutual funds (or any other security, for that matter). Loring Ward addresses this potential conflict of interest by allowing clients to implement the same or similar asset allocation strategies using the DFA Funds, or other funds and securities that the Client and/or Independent Advisor so choose. Clients are under no obligation to implement the asset allocation programs developed by Loring Ward, and may specify other investment strategies and restrictions upon opening the account or at any time thereafter.

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. Net gains are donated to charity, and net losses resulting from errors in Loring Ward’s administration are reimbursed to the affected accounts.

ITEM 13: REVIEW OF ACCOUNTS

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 a 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 generally determines the portfolio recommendation and rebalancing policy, the approximate allocation percentages for each risk profile level (based on 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. Loring Ward's representatives are available for the Client's or Independent Advisor's consultation during normal business hours.

ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION

The custodians offered by Loring Ward do not provide research or other products or services other than execution in connection with Client securities transactions. In the normal course of business and in varying degrees and forms, all custodians typically dedicate internal practice management resources, provide conference sponsorship, speakers or logistical support, and occasionally offer business entertainment to Loring Ward and certain of its associated persons.

Loring Ward also pays various forms of direct and indirect compensation to certain Independent Advisors, which can take the form of (i) loans for the purpose of assisting in the purchase of the business of another registered investment adviser as part of a business continuity service, (ii) marketing, administrative, supervisory, service, conference support, shareholder service, or other fees or reimbursements, (iii) certain travel and lodging expenses associated with due diligence and educational seminars sponsored by Loring Ward, (iv) logistical and financial support for Independent Advisor-hosted educational seminars for Clients or potential Clients, and (v) software licenses to aid in the development and presentation of asset allocation recommendations to clients.

Loring Ward is not a party to any soft dollar arrangements with any third party; however, Loring Ward receives monetary and non-monetary support from DFA and/or certain other vendors that can include, but not necessarily be limited to: (i) marketing of Loring Ward services, (ii) Independent Advisor referrals, and (iii) the use of its facilities for meetings and presentations. Loring Ward regularly provides speakers, meals and beverage service, and materials and logistic support for various educational events held for Clients and their Independent Advisors. These educational events may be jointly-sponsored by Loring Ward and its business partners, including but not limited to, DFA or Envestnet, and expenses are often shared amongst Loring Ward and its joint sponsors. This has the potential to create a conflict of interest, as it may appear to provide an incentive for Loring Ward to recommend that clients purchase shares of the DFA Funds or SA Funds rather than shares of other mutual funds (or any other security, for that matter). Loring Ward addresses this potential conflict of interest by allowing clients to implement the same or similar asset allocation strategies using other funds and securities that the Client and/or Independent Advisor so choose. Clients are under no obligation to implement the asset allocation programs developed by Loring Ward, and may specify other investment strategies and restrictions upon opening the account or at any time thereafter.

ITEM 15: CUSTODY

Loring Ward does not maintain custody of Client assets although we may be deemed to have custody of Client assets if given the authority to withdraw assets from Client accounts. Under government regulations, Loring Ward is deemed to have custody of Client assets if, for example, Clients authorize us to instruct their qualified custodians to deduct advisory fees directly from their account or if Clients grant us authority to move money to another person's account. The qualified custodians we use maintain actual custody of 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 could 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.

ITEM 16: INVESTMENT DISCRETION

Loring Ward does not exercise investment discretion for 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 of the SA Funds. However, because the SA Funds have engaged DFA as a sub-advisor for nine of the ten SA Funds, Loring Ward currently does not directly exercise this discretion for those nine SA Funds.

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 LWRS and the accounts of independent registered investment advisers utilizing Strategic 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.

ITEM 17: VOTING CLIENT SECURITIES

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 with the exception of the SA Worldwide Moderate Growth Fund, for which



Loring Ward will vote proxies in the same proportion as the vote of all other holders of the SA Worldwide Moderate Growth Fund.

Loring Ward will 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.

ITEM 18: FINANCIAL INFORMATION

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