

## Form ADV Part 2A – Firm Brochure

### Item 1 – Cover Page

Level Four Advisory Services, LLC  
(also doing business as Level Four Wealth Management &  
MyDigitalAdvisor.com)  
5850 Granite Parkway, Suite 270  
Plano, TX 75024  
866-834-1040  
<http://www.levelfouradvisors.com>

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This brochure provides information about the qualifications and investment advisory business practices of Level Four Advisory Services, LLC. Level Four Advisory Services also does business as “Level Four Wealth Management” and “MyDigitalAdvisor.com. If you have any questions about the contents of this brochure please contact us at 866-834-1040. 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.

Additional information about our investment advisory business is also available on the Internet at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can view our information on this website by searching for “Level Four Advisory Services, LLC.” You can also search using the Firm’s CRD number. The CRD number for the Firm is **134086**.

Registration as an investment adviser does not imply a certain level of skill or training.

## Item 2 – Material Changes

Since filing the March 2016 annual amendment to this brochure, we have made the following changes.

- Changes have been made to the fee schedule used for Financial Planning Services in Item 5. For services provided on a project basis, hourly fees are billed at a rate generally not to exceed \$300 per hour and for fixed fees, the maximum charge will generally not exceed \$10,000. A minimum of \$500 is charged for retainer services with the maximum fee generally not to exceed \$10,000 per year. Our Advisory Representatives may waive or offset financial planning fees for clients that utilize one or more the investment management services available through our firm. These changes do not affect existing financial planning services and the fees currently charged for those services. These are updated guidelines for the Investment Advisory Representatives associated with LFAS.
- Updates to Item 5 (Fees and Compensation) were made to describe how fees charged in advance will be credited back to account when there are subsequent account withdrawals during the following quarter, and conversely, how fees will be billed to account when there are subsequent account deposits during the following quarter.
- We have merged our Managed Assets Program into the Wealth Management Program. Services previously offered through the two programs and now available through the Wealth Management Program.
- A brief description of our new Digital Advice Program has been added to Item 5 (Fees and Compensation). Clients signing up for this new service will receive a separate Form ADV Part 2A Appendix 1 specific to the Digital Advice Program.
- Item 12 (Brokerage Practices) has been updated to better describe our brokerage and custodial arrangements with LPL Financial, TD Ameritrade, Fidelity, and TIAA.
- Finally, changes have been made in different sections of the brochure to help clarify that our Advisory Representatives do not earn 12b-1 fees, trail paying commissions and other types of commissions through any of the investment advisory services offered through LFAS. The only time our Advisory Representatives earn 12b-1 fees, trail paying commissions and other types of commissions is on securities transactions affected through LPL Financial commission-based brokerage accounts. Our Advisory Representatives may receive such compensation in their separate, individual capacities as LPL Financial registered representatives.

We will ensure that you receive a summary of material changes, if any, to this and subsequent disclosure brochures within 120 days after our fiscal year ends. Our fiscal year ends on December 31 so you will receive the summary of material changes, if any, no later than April 30 each year. At that time we will also offer a copy of the most current disclosure brochure. We may also provide other ongoing disclosure information about material changes as necessary.

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## **Item 4 – Advisory Business**

### **Introduction**

Level Four Advisory Services, LLC, also doing business as Level Four Wealth Management and MyDigitalAdvisor.com (referred to as “LFAS”, the “Firm”, “us” and “we” in this Disclosure Brochure), is an investment adviser registered with the United States Securities and Exchange Commission (“SEC”) and is a Limited Liability Company formed under the laws of the State of Texas.

- The Firm has been registered as an investment adviser since July 2005.
- The Firm is owned and controlled by Level Four Group. Level Four Group is a holding company and the 100% owner of LFAS. Level Four Group is owned and operated by Carr, Riggs & Ingram Capital, LLC, a Delaware limited liability company. Carr, Riggs & Ingram Capital, LLC is 100% owned by Carr, Riggs & Ingram, L.L.C., an Alabama limited liability company. No individuals own more than 25% of Carr, Riggs & Ingram, L.L.C.
- We provide fee-only investment advisory services through LFAS. The nature and extent of the specific services provided to clients, including you, will always depend on each client’s financial status, objectives and needs, time horizons, concerns, expectations and risk tolerance.
- LFAS Advisory Representatives and LFAS branch offices may use marketing names or other names that are held out to the public. Such names are known as “doing business as” names. These “doing business as” names are marketing names approved for LFAS Advisory Representatives conducting business in their capacity as a Registered Representative of LPL Financial. The Advisory Representative must disclose on advertising and client correspondence that securities are offered through LPL Financial and advisory services are offered through LFAS.

### **Client Assets Managed by LFAS**

The amount of client assets managed by LFAS totaled approximately \$2,211,288,691 as of December 31, 2016. \$2,089,792,297 is managed on a discretionary basis and \$121,495,394 is managed on a non-discretionary basis.

### **Tailor Advisory Services to Individual Needs of Clients**

LFAS’ services are always provided based on the individual needs of each client. LFAS Advisory Representatives are instructed to consider the individual needs of each client when recommending an advisory platform. Clients are given the ability to impose restrictions on their accounts including specific investment selections and sectors. Restrictions on investments in certain securities or types of securities may not be possible due to the level of difficulty this would entail in managing the account. Restrictions are limited to our Asset Management Services.

When client accounts are managed using models, investment selections are based on the underlying model and we do not develop customized (or individualized) portfolio holdings for each client. However, the determination to use a particular model or models is always based on each client’s individual investment goals, objectives and mandates.

### **General Description of Primary Advisory Services**

The following are brief descriptions of LFAS' primary services. A detailed description of our services is provided in *Item 5 – Fees and Compensation* so that clients and prospective clients can review the services and description of fees in a side-by-side manner.

LFAS' Advisory Representative will conduct a complimentary initial meeting with the client for an information and data-gathering session. At this initial meeting, the Advisory Representative will assist the client in determining the advisory services needed.

**Financial Planning Services** – LFAS provides advisory services in the form of financial planning services. Financial planning services do not involve the active management of client accounts, but instead focuses on a client's overall financial situation. Financial planning can be described as helping individuals determine and set their long-term financial goals, through investments, tax planning, asset allocation, risk management, retirement planning, and other areas. The role of a financial planner is to find ways to help the client understand his/her overall financial situation and help the client set financial objectives.

**Asset Management Services** – LFAS provides advisory services in the form of Asset Management Services. Asset Management Services involve providing clients with continuous and on-going supervision over client accounts. This means that LFAS will continuously monitor a client's account and make trades in client accounts when necessary, in accordance with the client's investment objective.

**Third-Party Money Managers** – LFAS provides advisory services by referring clients to outside, or unaffiliated, money managers that are registered or exempt from registration as investment advisers. Third-party money managers are responsible for continuously monitoring client accounts and making trades in client accounts when necessary, in accordance with the client's investment objective.

**Retirement Plan Services** – LFAS provides several advisory services for corporate retirement plans such as pension, profit sharing and 401(k) plans. Such services are specific to the plan and may include working with individual participants.

### **Types of Investments.**

With some exceptions, our Advisory Representatives are available to offer advice on most types of investments owned by a client and, at the specific request of a client, will explore investment options not currently owned by a client. Advisory Representatives providing asset management services may develop a portfolio consisting of some or all of the following securities; individual mutual funds, exchange traded funds, stocks, bonds, options and other public or private securities or investments.

When using Sub-advisers selected by LFAS, LFAS introduces clients to investment managers who provide discretionary management of individual portfolios of equity and/or fixed income securities.

Please refer to Item 8 for information on the types of investments recommended by LFAS.

### **Participation in Wrap-Fee Programs**

Our Advisory Representatives may provide asset management services through our wrap fee programs further described in the applicable Form Part 2A Appendix 1 Wrap Fee Program Brochure. From a management perspective, there is not a fundamental difference in the way our Advisory Representatives manage wrap-fee accounts versus non-wrap accounts. The only significant difference is the way in which transaction services are paid. In a wrap account, advisory services and transaction services are provided

for one fee. This is different from a fee-plus account where by our services are provided for a fee, but transaction services are billed to clients separately on a per-transaction basis.

## **Item 5 – Fees and Compensation**

In addition to the information provided in Item 4 – Advisory Business, this section provides details regarding LFAS' services along with descriptions of each service's fees and compensation arrangements. Clients are advised that they may pay more or less than other clients for similar services, however the fees clients will pay for advisory services will not exceed the fees established in the descriptions below.

### **1. Financial Planning Services**

#### **A. Financial Plans**

LFAS provides comprehensive and modular financial planning services in the form of oral advice and written financial plans. A comprehensive financial plan can include, but is not limited to, the following topics: tax planning, retirement planning, educational planning, portfolio analysis, asset allocation strategies, risk management planning, budgeting and cash flow, and estate planning. A modular plan will cover any one or more of the areas noted above, as selected by the client.

At a complimentary initial meeting, the Advisory Representative will assist the client in determining the level of financial planning services needed. If clients elect to continue with the financial planning process, the Advisory Representative will hold as many meetings or telephone conferences as necessary to gather the documents, information, goals and objectives needed to prepare the financial plan. Whether clients select a comprehensive or a modular plan, the LFAS' Advisory Representatives will meet with them to:

- Identify financial goals and objectives;
- Collect and assess all relevant data;
- Identify financial concerns and formulation of solutions; and
- Prepare a financial plan with specific recommendations for presentation to the client.

#### **Fees for Financial Plans and Consulting Services**

Clients requesting either a comprehensive or modular plan have the option of being charged on an hourly or fixed fee basis. Whether hourly or fixed, all fees will be disclosed to clients prior to any services being provided. Hourly fees are billed at a rate generally not to exceed \$300 per hour. For fixed fees, the maximum charge will generally not exceed \$10,000. The fee is negotiable based on the actual services required, the qualifications and experience of the Advisory Representative providing the service, the complexity of the client's situation, and the time and resources required to provide the service (i.e., support staff, administrative assistance, copy/fax services, notary services, etc.). For hourly charges, the specified hourly rate will be multiplied by the estimated number of hours needed to complete the requested plan and the client will be provided with an estimated total cost. If more time is required than the original estimate, the Advisory Representatives will contact the client about the additional time needed and will not proceed with additional work until receiving permission to do so. Whether the time required completing the plan is more or less than the original estimate, clients will always be charged for the actual time spent preparing the requested plan. The fixed fee is a flat charge which will not be increased or decreased even if the actual time expended by the Advisory Representative is different than originally computed when determining the quoted fee.

## ***B. Annual Retainer Services***

Clients may also contract with LFAS for annual retainer services. Clients contracting for these services will receive 12 months of unlimited office meetings or telephone consultations on any financial topic of interest to the client. A minimum of \$500 will be charged for these services and the maximum will generally not exceed \$10,000 per year. Fees are negotiable based upon the complexity of the client's financial situation, the services anticipated to be provided and the qualifications and experience of the Advisory Representative providing the services. The negotiated fee will be disclosed to the client prior to any services being rendered. Fees are payable quarterly, in advance, and due upon receipt of a billing statement from LFAS.

Annual retainer services are for a one year period and are automatically renewable on the anniversary date of signing the original client agreement. A new client agreement may be required if LFAS deems it necessary to adjust the yearly fee due to the actual services provided during the previous 12 month period.

## **Termination of Services**

Either party may terminate the client agreement by providing written notice to the other. If services are terminated within five business days of signing the agreement, the planning services will be terminated with no penalty. For termination requests received after the initial five business days, clients will be responsible for paying for the time expended by the Advisory Representatives up to the date termination is effective, typically the date notice of termination is received. LFAS will provide a statement detailing the time expended by the Advisory Representative, explaining all charges and adjustments, with the amount due from the client or a pro-rated refund of all unearned monies. Financial planning services automatically terminate upon presentation of the financial plan to the client.

## ***Fee Offset***

If clients wish to implement LFAS advice, they may do so through any broker/dealer or investment adviser of their own choosing.

If clients wish to implement LFAS' advice through one or more of LFAS' advisory programs discussed later in this Form ADV, the Advisory Representative may waive or reduce the amount of the financial planning fee as a result of the fees paid by the client for these advisory programs, as LFAS will receive a portion of these fees. Any adjustment to the financial planning fee is at the discretion of LFAS' Advisory Representative and will be disclosed to clients prior to the transactions being implemented.

## **2. Asset Management**

LFAS is the sponsor of the following Wrap Fee Programs:

- Wealth Management Program
- Unified Managed Account Program
- Participant Asset Management Program
- Digital Advice Program

This section is intended as a summary of the Wrap Fee Programs sponsored by LFAS. Clients working with an LFAS Advisory Representative will receive the corresponding Form ADV Part 2A Appendix 1: Wrap Fee Program Brochure which provides detailed information on the chosen program

### ***A. Wealth Management Program***

Through the Wealth Management Program, LFAS provides asset management services to the client; including providing each client with advice regarding buying, selling, reinvesting, or holding securities, cash or other investments held by LPL Financial, TD Ameritrade or Fidelity Institutional Wealth Services. The advice will be based on each client's specific goals and objectives.

LFAS will provide the exact percentage based fee to each client based on both the nature and total dollar asset value of the account(s). Management fees for client accounts are calculated and billed quarterly in advance based on the client's account(s) assets under management for the previous period. Fee calculations are adjusted for deposits and withdrawals from the client's account(s), pro-rated from the transaction date to the end of the previous quarter. The maximum fee charged in the program is 2.50%.

### ***B. Unified Managed Account Program***

Through Unified Managed Account Program (UMAP), clients will receive investment supervisory services through continuous investment advice that is based upon the individual needs of the client. Various investment strategies are provided under UMAP utilizing unaffiliated third-party Model Portfolio Strategists. However, a detailed investment strategy is crafted for each client tailored to their goals and objectives. Clients are given the ability to impose reasonable restrictions on their accounts including specific investment selections and sectors subject to portfolio manager approval.

As program sponsor, LFAS performs the following:

- Monitoring the investment performance of Model Portfolio Strategists;
- Providing program administration and related services for the accounts;
- Entering into an investment advisory agreement with clients and sending clients a copy of this Wrap Fee Brochure and Envestnet's Form ADV Disclosure Brochure at the time the client enters into an investment advisory agreement with LFAS. Model Portfolio Strategist's Form ADV Disclosure Brochure or other written information about the Model Portfolio Strategist is made available upon written request; and
- Providing client information and/or the client restriction requests to Envestnet as needed.

Management fees for UMAP range between 0.30% and 2.5% of the total assets under management. Fees charged to your account(s) may be negotiable and thus may be higher or lower than fees charged to other clients based on the investment adviser representative providing the services, your financial situation and circumstances, the amount of assets under management, the strategy or models used to manage accounts, and the complexity of the services provided. UMAP fees are divided, calculated and billed quarterly in advance based on the fair market value of the client's assets under management in UMAP as of the last business day of the previous billing period.

### ***C. Participant Asset Management Program***

LFAS provides investment supervisory services defined as giving continuous investment advice to a client and making investments for the client based on the individual needs of the client through Participant Asset Management Program. Services for this program are provided primarily to participants in employer-sponsored retirement plans and small-business retirement plans. Specifically, we provide advice to individual retirement plan accounts such as, but not limited to, 403(b) and 401(k) participant accounts.

The annual investment advisory fee charged to Program accounts will not exceed 1.25% of the assets held in the account on an annual basis. The annual fee is negotiable with the client depending on the market value of the account, asset types, the client's financial situation and trading activity.



#### ***D. Digital Advice Program***

LFAS offers investment management services by providing you continuous and ongoing supervision over your specified accounts. Our services are provided through an interactive website using computer-based models and applications to collect your information and provide investment advice.

Fees charged for our web-based, investment management services are charged based on a percentage of assets under management, billed in advance on a quarterly basis and calculated based on the fair market value of your account as of the last business day of the current billing period.

Fees are prorated (based on the number of days service is provided during the initial billing period) for your account opened at any time other than the beginning of the billing period. If asset management services are commenced in the middle of the billing period, then the prorated fee for that billing period will be billed in arrears at the end of that billing period.

- Our annual fee for accounts that come to our Program directly (i.e. without an LFAS Advisory Representative, through MyDigitalAdvisor.com) is 0.25%.
- Our annual fee for accounts with an LFAS Advisory Representative is 0.75%.

Program fees cover LFAS investment advisory services and all transaction costs associated with the program. We typically utilized no-transaction fee mutual funds and ETFs. When selecting investments with transaction costs, such costs are included in the overall management fee detailed below and not charged separately to the client's account.

#### **3. LPL Financial Sponsored Advisory Programs**

LFAS provides advisory services through certain programs sponsored by LPL.

- Manager Access Select and Manager Access Network
- Model Wealth Portfolios
- Optimum Market Portfolios
- Personal Wealth Portfolios

Below is a brief description of each LPL advisory program offered through LFAS. For more information regarding the LPL programs, including more information on the advisory services and fees that apply, the types of investments available in the programs and the potential conflicts of interest presented by the programs please see the program account packet (which includes the account agreement and LPL Form ADV program brochure) and the Form ADV, Part 2A of LPL or the applicable program.

##### ***Manager Access Select and Manager Access Network***

Manager Access Select and Manager Access Network provide clients access to the investment advisory services of professional portfolio management firms for the individual management of client accounts. LFAS will assist the client in identifying a third party portfolio manager (Portfolio Manager) from a list of Portfolio Managers made available by LPL. The Portfolio Manager manages client's assets on a discretionary basis. Advisor will provide initial and ongoing assistance regarding the Portfolio Manager selection process.

A minimum account value of \$100,000 is required for Manager Access Select and Manager Access Network, however, in certain instances, the minimum account size may be lower or higher.

### *Model Wealth Portfolios (MWP)*

MWP offers clients a professionally managed mutual fund asset allocation program. LFAS will obtain the necessary financial data from the client, assist the client in determining the suitability of the MWP program and assist the client in setting an appropriate investment objective. The Advisor will initiate the steps necessary to open an MWP account and have discretion to select a model portfolio designed by LPL's Research Department consistent with the client's stated investment objective. LPL's Research Department or third-party portfolio strategists are responsible for selecting the mutual funds or ETFs within a model portfolio and for making changes to the mutual funds or ETFs selected.

The client will authorize LPL to act on a discretionary basis to purchase and sell mutual funds and ETFs and to liquidate previously purchased securities. The client will also authorize LPL to effect rebalancing for MWP accounts.

MWP requires a minimum asset value for a program account to be managed. The minimums vary depending on the portfolio(s) selected and the account's allocation amongst portfolios. The lowest minimum for a portfolio is \$25,000. In certain instances, a lower minimum for a portfolio is permitted.

### *Optimum Market Portfolios (OMP)*

OMP offers clients the ability to participate in a professionally managed asset allocation program using Optimum Funds shares. Under OMP, client will authorize LPL on a discretionary basis to purchase and sell Optimum Funds pursuant to investment objectives chosen by the client. Advisor will assist the client in determining the suitability of OMP for the client and assist the client in setting an appropriate investment objective. Advisor will have discretion to select a mutual fund asset allocation portfolio designed by LPL consistent with the client's investment objective. LPL will have discretion to purchase and sell Optimum Funds pursuant to the portfolio selected for the client. LPL will also have authority to rebalance the account.

A minimum account value of \$10,000 is required for OMP. In certain instances, LPL will permit a lower minimum account size.

### *Personal Wealth Portfolios (PWP)*

PWP offers clients an asset management account using asset allocation model portfolios designed by LPL. Advisor will have discretion for selecting the asset allocation model portfolio based on client's investment objective. Advisor will also have discretion for selecting third party money managers (PWP Advisors), mutual funds and ETFs within each asset class of the model portfolio. LPL will act as the overlay portfolio manager on all PWP accounts and will be authorized to purchase and sell on a discretionary basis mutual funds, ETFs and equity and fixed income securities.

A minimum account value of \$250,000 is required for PWP. In certain instances, LPL will permit a lower minimum account size.

### **Fees for LPL Advisory Programs**

The account fee charged to the client for each LPL advisory program is negotiable, subject to the following maximum account fees:

Manager Access Select	3.0%
OMP	2.5%
PWP	2.5%

MWP

2.83%\*

\* The MWP account fee consists of an LPL program fee, a strategist fee (if applicable) and an advisor fee of up to 2.00%. Accounts remaining under the legacy fee structure may be charged one aggregate account fee, for which the maximum account fee is 2.50%. See the MWP program brochure for more information.

### **Potential Conflicts of Interest**

Advisor receives compensation as a result of a client's participation in an LPL program. Depending on, among other things, the type and size of the account, type of securities held in the account, changes in its value over time, the ability to negotiate fees or commissions, the historical or expected size or number of transactions, and the number and range of supplementary advisory and client-related services provided to the client, the amount of this compensation may be more or less than what the LFAS would receive if the client participated in other programs, whether through LPL or another sponsor, or paid separately for investment advice, brokerage and other services.

The account fee may be higher than the fees charged by other investment advisors for similar services.

Clients should consider the level and complexity of the advisory services to be provided when negotiating the account fee (or the advisor fee portion of the account fee, as applicable) with LFAS and its Advisory Representatives. With regard to accounts utilizing third-party portfolio managers under aggregate, all-in-one account fee structures (including MAS, PWP and the legacy MWP fee structure), because the portion of the account fee retained by LFAS varies depending on the portfolio strategist fee associated with a portfolio, LFAS has a financial incentive to select one portfolio instead of another portfolio.

### **4. Unaffiliated Third Party Money Managers**

LFAS may refer clients to unaffiliated money manager firms that offer asset management services to clients. LFAS is paid a portion of the fee charged and collected by the third party money manager in the form of solicitor fees or consulting fees. LFAS, through its own due diligence, will approve the use of, and enter into an agreement with, all unaffiliated money managers. Advisory Representatives will solicit the services of the recommended money managers on a consulting basis. A client may select a recommended money manager based upon the client's needs. Clients will enter into an agreement directly with the unaffiliated money managers. Client reports will depend upon the money manager.

Advisory Representatives will be available to answer questions the client may have regarding their Account and act as the communication conduit between the client and the manager. Third party managers may take discretionary authority to determine the securities to be purchased and sold for the client. Neither LFAS nor its Advisory Representatives will have any trading authority with respect to client's managed Account with the third party manager(s).

Third party managed programs generally have account minimum requirements that will vary from manager to manager. Account minimums are generally higher on fixed income accounts than equity based accounts. A complete description of the money manager's services, fee schedules, and account minimums will be disclosed in the third party manager's Disclosure Brochure which will be provided to clients at the time an agreement for services is executed and the Account is established.

Clients are advised that Advisory Representatives may have a conflict of interest in only offering those third party managers that have agreed to pay a portion of their advisory fee to LFAS and its Advisory Representatives. Clients are advised there may be other third party managed programs that may be suitable to the client and that may be more or less costly. No guarantees can be made that a client's

financial goals or objectives will be achieved. Further, no guarantees of performance can be offered. Investments involve risk, including the possible loss of principal.

## **5. Qualified Retirement Plan Services**

LFAS offers retirement plan services to retirement plan sponsors and to individual participants in retirement plans. For a corporate sponsor of a retirement plan, our retirement plan services can include, but are not limited to, the services detailed below. The exact suite of services provided to a client will be listed and detailed in the Qualified Retirement Plan Agreement.

### **A. Fiduciary Management Services**

- **Discretionary Investment Management Services.** LFAS provides Discretionary Investment Management Services by which we monitor the investment options of the Plan in order to add or remove investment options for the Plan and actively manage all assets for participants enrolled in the Plan. LFAS will be granted discretionary authority to make all decisions regarding the investment options held in the Plan for Plan participants.

If you elect to utilize any of LFAS' Fiduciary Management Services, then LFAS will be acting as an Investment Manager to the Plan, as defined by ERISA section 3(38), with respect to our Fiduciary Management Services, and LFAS hereby acknowledges that it is a fiduciary with respect to its Fiduciary Management Services. LFAS does not serve as administrator or trustee of the plan nor do we serve as custodian for any client account.

### **B. Fiduciary Consulting Services**

LFAS provides the following Fiduciary Retirement Plan Consulting Services:

- **Investment Policy Statement Preparation.** LFAS will help you develop an investment policy statement. The investment policy statement establishes the investment policies and objectives for the Plan. You will have the ultimate responsibility and authority to establish such policies and objectives and to adopt and amend the investment policy statement.
- **Non-Discretionary Investment Advice.** LFAS will provide you with general, non-discretionary investment advice regarding assets classes and investment options, consistent with your Plan's investment policy statement.
- **Investment Selection Services.** LFAS will provide you with recommendations of investment options consistent with ERISA section 404(c).
- **Investment Due Diligence Review.** LFAS will provide you with periodic due diligence reviews of the Plan's reports, investment options and recommendations.
- **Investment Monitoring.** LFAS will assist in monitoring investment options by preparing periodic investment reports that document investment performance, consistency of fund management and conformation to the guidelines set forth in the investment policy statement and LFAS will make recommendations to maintain or remove and replace investment options.
- **Default Investment Alternative Advice.** LFAS will provide you with non-discretionary investment advice to assist you with the development of qualified default investment alternative(s) ("QDIA"), as defined in DOL Reg. Section 2550.404c-5(e)(4)(i), for participants who are automatically

enrolled in the Plan or who otherwise fail to make an investment election. You will retain the sole responsibility to provide all notices to participants required under ERISA section 404(c)(5).

- Individualized Participant Advice. Upon request, LFAS will provide one-on-one advice to Plan participants regarding their individual situations.

LFAS acknowledges that in performing the Fiduciary Consulting Services listed above that it is acting as a “fiduciary” as such term is defined under Section 3(21)(A)(ii) of Employee Retirement Income Security Act of 1974 (“ERISA”) for purposes of providing non-discretionary investment advice only. LFAS will act in a manner consistent with the requirements of a fiduciary under ERISA if, based upon the facts and circumstances, such services cause LFAS to be a fiduciary as a matter of law. However, in providing the Fiduciary Consulting Services, LFAS (a) has no responsibility and will not (i) exercise any discretionary authority or discretionary control respecting management of Client’s retirement plan, (ii) exercise any authority or control respecting management or disposition of assets of Client’s retirement plan, or (iii) have any discretionary authority or discretionary responsibility in the administration of Client’s retirement plan or the interpretation of Client’s retirement plan documents, (b) is not an “investment manager” as defined in Section 3(38) of ERISA and does not have the power to manage, acquire or dispose of any plan assets, and (c) is not the “Administrator” of Client’s retirement plan as defined in ERISA.

#### C. Non-Fiduciary Services

LFAS provides clients with the following Non-Fiduciary Retirement Plan Consulting Services:

- Participant Education. LFAS will provide education services to Plan participants about general investment principles and the investment alternatives available under the Plan. LFAS’ assistance in participant investment education will be consistent with and within the scope of DOL Interpretive Bulletin 96-1. Education presentations will not take into account the individual circumstances of each participant and individual recommendations will not be provided unless otherwise agreed upon. Plan participants are responsible for implementing transactions in their own accounts.
- Participant Enrollment. LFAS will assist you with group enrollment meetings designed to increase retirement plan participation among employees and investment and financial understanding by the employees.
- Qualified Plan Development. LFAS will assist you with the establishment of a qualified plan by working with you and a selected Third Party Administrator. If you have not already selected a Third Party Administrator, we shall assist you with the review and selection of a Third Party Administrator for the Plan.
- Due Diligence Review. LFAS will provide you with periodic due diligence reviews of your Plan’s fees and expenses and your Plan’s service providers.
- Benchmarking. LFAS will provide you benchmarking services and will provide analysis concerning the operations of the Plan.

Although an investment adviser is considered a fiduciary under the Investment Advisers Act of 1940 and required to meet the fiduciary duties as defined by the Advisers Act, the services listed here as non-fiduciary should not be considered fiduciary services for the purposes of ERISA since LFAS is not acting as a fiduciary to the Plan as the term “fiduciary” is defined in Section 3(21)(A)(ii) of ERISA.

### Fee Information

In consideration for the above services, LFAS charges an annual fixed fee, a percentage based fee or both, depending upon the services provided. The fee charged is determined (and may be negotiated with you) based upon the complexity of the plan, the size of the plan assets, the actual services requested and the representative providing the services. We also take into consideration special situations or conflicts of interest where charging a fee is prohibited under ERISA law. The type of fee charged and the exact amount for each service will be indicated in your Qualified Retirement Plan Agreement.

**Fixed Fee.** We charge a fixed fee for our Non-Fiduciary Services and many of our Fiduciary Consulting Services. Our fixed fee schedule generally ranges from \$500 to \$10,000 annually. At our sole discretion you may be required to pay a portion of the fixed fee up front in the form of a retainer; however, at no time will we require payment of more than \$1,200 in fees and more than six months in advance. The annual fixed fee will be divided into either quarterly or monthly payments and may be charged either in advance or in arrears of the applicable billing period.

**Percentage Fee.** Fiduciary Management Services and some of our Fiduciary Consulting Services will be charged using an annual percentage fee not to exceed 2.50% of the total market value of the plan assets. The fee will be divided and billed in advance (at the start of the billing period) on a quarterly calendar basis and calculated based on the fair market value of the Plan as of the last business day of the previous billing period. Fees are prorated (based on the number of days service is provided during the initial billing period) for services commenced at any time other than the beginning of the billing period.

Fees will be deducted from the Plan or will be directly billed to the client.

Fiduciary Management Services may be provided on either a Non-Wrap Fee or Wrap Fee basis. In a Non-Wrap Fee account transaction ticket fees charged by the custodian will be billed directly to your account by the custodian. We will not receive any portion of such transaction fees from the custodian or you. In a Wrap Fee account transaction ticket fees charged by the custodian will be included in the fee you pay LFAS. Transaction ticket fees are billed directly to us by the qualified custodian for the account and we will pay such costs, but we do not receive any portion of such fees.

You may incur certain charges imposed by third parties other than LFAS in connection with investments made through the Plan, including but not limited to, 12(b)-1 fees and surrender charges, variable annuity fees and surrender charges, and qualified retirement plan fees. Service fees charged by LFAS are separate and distinct from the fees and expenses charged by investment company securities that may be recommended. A description of these fees and expenses are available in each investment company security's prospectus.

LFAS does not reasonably expect to receive any other compensation, direct or indirect, for its services. If we receive any other compensation for such services, we will (i) offset that compensation against our stated fees, and (ii) will disclose the amount of such compensation, the services rendered for such compensation and the payer of such compensation to you.

### **6. Other Types of Fees or Expenses**

LFAS and its Advisory Representatives may include mutual funds and exchange traded funds, (ETFs) in asset management strategies. Mutual Fund and ETF expense ratios are in addition to our fee, and we do not receive any portion of these charges. The expense ratio is the annual fee that all mutual funds or

ETFs charge their shareholders. It expresses the percentage of the assets deducted each fiscal year for fund expenses, including 12b-1 fees, management fees, administrative fees, operating costs, and all other asset-based costs incurred by the fund. Some fund families offer different classes of the same fund and one share class may have a lower expense ratio than another share class. The expenses come from the client assets which could impact the client's account performance. All mutual fund expenses and fees are disclosed in the respective mutual fund's prospectus.

## **7. Sale of Commissionable Securities**

A majority of LFAS adviser representatives are also associated with LPL Financial as broker-dealer registered representatives ("Dually Registered Persons"). In their capacity as registered representatives of LPL Financial, certain Dually Registered Persons may earn commissions for the sale of securities or investment products that they recommend for brokerage clients. They do not earn commissions on the sale of securities or investment products recommended or purchased in advisory accounts through LFAS. Clients have the option of purchasing many of the securities and investment products we make available to you through another broker-dealer or investment adviser. However, when purchasing these securities and investment products away from LFAS, you will not receive the benefit of the advice and other services we provide.

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

Item 6 of the Form ADV Part 2 instructions is not applicable to this Disclosure Brochure because LFAS does not charge or accept performance-based fees which can be defined as fees based on a share of capital gains on or capital appreciation of the assets held within a client's account.

## **Item 7 – Types of Clients**

LFAS generally provides investment advice to the following types of clients:

- Individuals
- Pension and profit sharing plans
- Trusts and estates
- Corporations or business entities other than those listed above

## **Minimum Investment Amounts Required**

In general, there is no minimum for Wealth Management Program, Participant Asset Management Program and Digital Advice Program accounts. For accounts managed in investment strategies developed by the LFAS Investment Committee, a minimum of \$40,000 is required for asset allocation models and \$250,000 for equity portfolios. A minimum of \$50,000 is required for Unified Managed Account Program accounts. Exceptions to these minimums may be granted at the discretion of LFAS.

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

LFAS Advisory Representatives use various methods of analysis and investment strategies. Methods and strategies will vary based on the LFAS Advisory Representative providing advice. Models and strategies used by one Advisory Representative may be different than strategies used by other Advisory Representatives.

Some LFAS Advisory Representatives may use just one method or strategy while other Advisory Representatives may rely on multiple. LFAS does not require or mandate a particular investment strategy be implemented by its Advisory Representatives. Further, LFAS has no requirements for using a particular analysis method and LFAS Advisory Representatives are provided flexibility (subject to LFAS supervision and compliance requirements) when developing their investment strategies.

Although LFAS Advisory Representatives have the ability to develop and implement their own investment strategies and methods of analysis, Advisory Representatives may elect to have their accounts managed in accordance with the strategies and methods of analysis developed by the LFAS Investment Committee. In these situations, the Investment Committee will be responsible for actively determining investment recommendations and implementing such recommendations. The Advisor Representative is still responsible for communicating with his/her client and gathering all client information. Numerous model portfolios are developed by the LFAS Investment Committee at any one time, but generally speaking, portfolios will be designed based on the following objectives:

- Income with Capital Preservation
- Income with Moderate Growth
- Growth with Income,
- Growth, and
- Aggressive Growth

### **Risk of Loss**

LFAS primarily recommends mutual funds to meet the needs of its clients, although exchange traded funds, stocks and bonds may also be used. A mutual fund's investment objective and its holdings are influential factors in determining how risky a fund is. Mutual funds face risks based on the investments they hold. For example, a bond fund faces interest rate risk and income risk. Similarly, an equity sector fund is at risk that its price will decline due to developments in its industry. Overall market risk is defined as the possibility that stock or bond fund prices overall will decline over short or even extended periods. Finally, principal risk, or the possibility that an investment will go down in value, or "lose money," from the original or invested amount, is a risk faced by investors.

Clients must understand that past performance is not indicative of future results. Therefore, current and prospective clients (including you) should never assume that future performance of any specific investment or investment strategy will be profitable. Investing in securities (including stocks, mutual funds, and bonds) involves risk of loss. Further, depending on the different types of investments there may be varying degrees of risk. Clients and prospective clients should be prepared to bear investment loss including loss of original principal.

Because of the inherent risk of loss associated with investing, our Firm is unable to represent, guarantee, or even imply that our services and methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate you from losses due to market corrections or declines.

### **Item 9 – Disciplinary Information**

This item is not applicable to our brochure because there are no legal or disciplinary events listed at Item 9 of the Form ADV Part 2 instructions that are material to a client's or prospective client's evaluation of our business or integrity.



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

LFAS is **not** and does **not** have a related company that is a (1) municipal securities dealer, government securities dealer or broker, (2) investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or “hedge fund,” and offshore fund), (3) other investment adviser or financial planner, (4) futures commission merchant, commodity pool operator, or commodity trading advisor, (5) banking or thrift institution, (6) pension consultant, (7) real estate broker or dealer, (8) sponsor or syndicator of limited partnerships, or (9) law firm.

### **Other Business Activities**

LFAS’ only business is providing advisory services and investment advice to clients. However, many of LFAS’ Advisory Representatives are engaged in professions other than giving investment advice. Those that registered representatives of a broker-dealer or licensed insurance agents may sell securities and/or insurance products to any client, and will receive usual and customary commissions for these transactions.

### **LPL Financial**

As previously disclosed, a majority of LFAS Advisory Representatives are Dually Registered Persons. LPL Financial is a broker-dealer that is independently owned and operated and is not affiliated with LFAS. Please refer to Item 12 for a discussion of the benefits LFAS may receive from LPL Financial and the conflicts of interest associated with receipt of such benefits.

### **Accounting Services**

Some of LFAS’ Advisory Representatives may establish relationships with CPA firms not related to LFAS and may provide advisory services to clients of these accounting firms. Some of those accountants may also be licensed as registered representatives of LPL Financial. In their capacities as registered representatives, the Advisory Representatives may implement securities transactions on behalf of CPA firm clients and share the usual and customary commissions received with the licensed accountants. Clients are not obligated to use the services of the CPA firm or LFAS’ Advisory Representatives.

Some of LFAS’ Advisory Representatives may also be separately licensed as Certified Public Accountants or Enrolled Agents with the Internal Revenue Service. They may provide accounting or tax preparation services to clients. If appropriate, advisory clients may be referred to these individuals for accounting or tax preparation services, but they are not obligated to use these services. If clients do elect to use these services, charges for tax or accounting services provided will be separate from fees charged for advisory services.

### **Insurance Activities**

Some of LFAS’ Advisory Representatives are also independently licensed insurance agents and may be affiliated with various insurance companies. When selling insurance products in this separate capacity, they may receive normal and customary commissions. Level Four Group, LLC is the sole owner of LFAS and Level Four Insurance Services, a licensed insurance agency. Some of LFAS’ Officers and Advisory Representatives sell insurance products through Level Four Insurance Services.

### **Carr, Riggs & Ingram, L.L.C.**

Our parent company, Level Four Group, is indirectly 100% owned and controlled by Carr, Riggs, & Ingram, L.L.C. (CRI), an Alabama limited liability company and accounting firm. Although clients of LFAS in need of accounting services will typically be referred to the client’s individual Advisory Representative’s

related accounting firm, clients may also be referred to CRI. Because CRI is the indirect owner of LFAS, we have a financial incentive to recommend CRI over other accounting firms. Moreover, CRI may refer their clients to LFAS. As indirect owner of LFAS, CRI has an economic incentive to recommend LFAS over other financial firms offering similar services to those offered by LFAS.

CRI is also the 100% indirect owner of Auditwerx, LLC, another accounting firm and CRI Capital Advisors, LLC, a mergers and acquisitions advisory firm and registered broker/dealer. LFAS does not have material arrangements with these firms and does not typically share or refer clients with either firm.

If you are referred to an affiliated company of LFAS or referred by an affiliated company of LFAS, please understand you are under no obligation to work with LFAS or one of our affiliated companies. You can work with any accounting firm, investment advisor or other financial professional of your choosing.

### **Third-Party Money Managers**

As described in *Item 4 – Advisory Business* and *Item 5 – Fees and Compensation*, LFAS has formed relationships with independent, third-party money managers. When we refer clients to a third party manager through our programs, you need to know that our Firm will receive a portion of the fee charged. Therefore, we have a conflict of interest in that we will only recommend third party money managers available through the programs described in Item 5 of the Disclosure Brochure.

**Conflict of Interest:** The recommendation by LFAS representatives that a client purchase a securities or insurance commission product from the firm presents a ***conflict of interest***, as the receipt of commissions may provide an incentive to recommend investment products based on commissions to be received, rather than on a particular client's need. No client is under any obligation to purchase any securities or insurance commission products from LFAS and/or its representatives. Clients are reminded that they may purchase securities and insurance products recommended by LFAS through other, non-affiliated broker-dealers and/or insurance agencies. **LFAS' Chief Compliance Officer, Gregg Overstake, remains available to address any questions that a client or prospective client may have regarding the above conflict of interest.**

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

### **Code of Ethics Summary**

According to the *Investment Advisers Act of 1940*, an investment adviser is considered a fiduciary. As a fiduciary, it is an investment adviser's responsibility to provide fair and full disclosure of all material facts. In addition, an investment adviser has a duty of utmost good faith to act solely in the best interest of each of its clients. LFAS and its Advisory Representatives have a fiduciary duty to all clients. LFAS has established a Code of Ethics which all Advisory Representatives must adhere to. They must execute an annual acknowledgment agreeing that they understand and agree to comply with that Code of Ethics. The fiduciary duty of LFAS and its Advisory Representatives to clients is considered the core underlying principle for LFAS' Code of Ethics and represents the expected basis for all dealings the Advisory Representatives have with clients. LFAS has the responsibility to make sure that the interests of clients are placed ahead of it or its Advisory Representatives' own investment interests. All Advisory Representatives will conduct business in an honest, ethical and fair manner. All Advisory Representatives will comply with all federal and state securities laws at all times. Full disclosure of all material facts and potential conflicts of interest will be provided to clients prior to services being conducted. All Advisory Representatives have a responsibility to avoid circumstances that might negatively affect or appear to affect the Advisory Representatives' duty of complete loyalty to their clients. This section is only intended to provide current clients and potential clients with a description of LFAS'

Code of Ethics. If current clients or potential clients wish to review LFAS' Code of Ethics in its entirety, a copy may be requested from any of LFAS' Advisory Representatives and a copy will be promptly provided.

#### **Affiliate and Employee Personal Securities Transactions Disclosure**

LFAS, our Advisory Representatives and/or our personnel may buy or sell securities in their personal accounts that we may also recommend to clients. Because this policy may create a conflict between the interests of clients and the personal investing opportunities of our personnel, we have established several procedures to control for the apparent conflict of interest.

- LFAS is and shall continue to be in compliance with *The Insider Trading and Securities Fraud Enforcement Act of 1988*. Personnel shall not buy or sell securities for their personal account(s) where their decision is derived, in whole or in part, from information obtained as a result of his/her employment unless the information is also available to the investing public upon reasonable inquiry.
- It is our policy that no Advisory Representative shall prefer his or her own interest to that of the advisory client.
- Our personnel may not purchase or sell any security traded over an exchange (such as a stock position) prior to transactions in the same securities are implemented for an advisory client account.
- Most investments owned by our personnel are publicly traded and widely available (such as mutual funds).

#### **Item 12 – Brokerage Practices**

LPL Financial, TD Ameritrade, Fidelity and/or TIAA serve as broker/dealers and qualified custodians for all accounts established through our different advisory programs. LFAS' recommendation of these qualified custodians is based primarily on minimizing client fees and expenses, but also on past experiences, as well as offerings or services each provides that LFAS or clients may require or find valuable. LFAS may be limited in the broker-dealer or custodians that we are permitted to use due to some LFAS Advisory Representatives' relationship with LPL Financial and its duty to supervise their actions.

LFAS is independently owned and operated and not affiliated with any of the qualified custodians we may establish accounts with. When recommending a broker-dealer or custodian, a primary factor is on minimizing client fees and expenses, but also on past experiences, as well as offerings or services provided, that LFAS or clients may require or find valuable.

It should be noted that Program accounts may or may not be charged a separate fee for transactions executed by the qualified custodian. It is the discretion of the Advisory Representative after consultation with the client to determine if the client's Program account will be charged for all transactions or if the transaction fees will be included in the overall management fee charged by LFAS. When clients are charged on a per transaction basis, the transaction fee will appear on the client's individual account statement from the qualified custodian.

While there will not be a direct linkage between the investment advice provided by LFAS and the different qualified custodians, economic benefits may be received that would not be received if LFAS did not use these services to implement the investment advice provided. These benefits may include, but not necessarily be limited to: receipt of duplicate client confirmations and bundled duplicate statements;

access to a trading desk; the ability to have investment advisory fees deducted directly from client accounts; access to an electronic communications network for client order entry and account information; receipt of compliance publications; and access to mutual funds that generally require significantly higher minimum initial investments or are generally only available to institutional investors.

### **LPL Financial**

LPL Financial provides brokerage and custodial services to independent investment advisory firms, including LFAS. LFAS Advisory Representatives will generally recommend that clients establish a brokerage account with LPL Financial to maintain custody of clients' assets and to effect trades for their accounts. For LFAS's accounts custodied at LPL Financial, LPL Financial generally is compensated by clients through commissions, trails, or other transaction-based fees for trades that are executed through LPL Financial or that settle into LPL Financial accounts. For IRA accounts, LPL Financial generally charges account maintenance fees. In addition, LPL Financial also charges clients miscellaneous fees and charges, such as account transfer fees.

While LPL Financial does not participate in, or influence the formulation of, the investment advice LFAS provides, certain supervised persons of LFAS are Dually Registered Persons. Dually Registered Persons are restricted by certain FINRA rules and policies from maintaining client accounts at another custodian or executing client transactions in such client accounts through any broker-dealer or custodian that is not approved by LPL Financial. As a result, the use of other trading platforms must be approved not only by LFAS, but also by LPL Financial.

Clients should also be aware that for accounts where LPL Financial serves as the custodian, LFAS is limited to offering services and investment vehicles that are approved by LPL Financial, and may be prohibited from offering services and investment vehicles that may be available through other broker-dealers and custodians, some of which may be more suitable for a client's portfolio than the services and investment vehicles offered through LPL Financial.

Clients should understand that not all investment advisers recommend that clients custody their accounts and trade through specific broker-dealers.

Clients should also understand that LPL Financial is responsible under FINRA rules for supervising certain business activities of LFAS and its Dually Registered Persons that are conducted through broker-dealers and custodians other than LPL Financial. LPL Financial charges a fee for its oversight of activities conducted through these other broker-dealers and custodians. This arrangement presents a conflict of interest because LFAS has a financial incentive to recommend that you maintain your account with LPL Financial rather than with another broker-dealer or custodian to avoid incurring the oversight fee.

*As a result of the relationship with LPL Financial, LPL Financial may have access to certain confidential information (e.g., financial information, investment objectives, transactions and holdings) about LFAS's clients, even if client does not establish any account through LPL. If you would like a copy of the LPL Financial privacy policy, please contact LFAS' Chief Compliance Officer, Gregg Overstake.*

### **Benefits Received by LFAS Personnel**

LPL Financial makes available to LFAS various products and services designed to assist LFAS in managing and administering client accounts. Many of these products and services may be used to service all or a substantial number of LFAS's accounts, including accounts not held with LPL Financial. These include software and other technology that provide access to client account data (such as trade confirmation and account statements); facilitate trade execution (and aggregation and allocation of trade

orders for multiple client accounts); provide research, pricing information and other market data; facilitate payment of LFAS's fees from its clients' accounts; and assist with back-office functions; recordkeeping and client reporting.

LPL Financial also makes available to LFAS other services intended to help LFAS manage and further develop its business. Some of these services assist LFAS to better monitor and service program accounts maintained at LPL Financial, however, many of these services benefit only LFAS, for example, services that assist LFAS in growing its business. These support services and/or products may be provided without cost, at a discount, and/or at a negotiated rate, and include practice management-related publications; consulting services; attendance at conferences and seminars, meetings, and other educational and/or social events; marketing support; and other products and services used by LFAS in furtherance of the operation and development of its investment advisory business.

Where such services are provided by a third party vendor, LPL Financial will either make a payment to LFAS to cover the cost of such services, reimburse LFAS for the cost associated with the services, or pay the third party vendor directly on behalf of LFAS.

The products and services described above are provided to LFAS as part of its overall relationship with LPL Financial. While as a fiduciary LFAS endeavors to act in its clients' best interests, the receipt of these benefits creates a conflict of interest because LFAS's recommendation that clients custody their assets at LPL Financial is based in part on the benefit to LFAS of the availability of the foregoing products and services and not solely on the nature, cost or quality of custody or brokerage services provided by LPL Financial. LFAS's receipt of some of these benefits may be based on the amount of advisory assets custodied on the LPL Financial platform.

#### *Transition Assistance Benefits*

LPL Financial provides various benefits and payments to Dually Registered Persons that are new to the LPL Financial platform to assist the representative with the costs (including foregone revenues during account transition) associated with transitioning his or her business to the LPL Financial platform (collectively referred to as "Transition Assistance"). The proceeds of such Transition Assistance payments are intended to be used for a variety of purposes, including but not necessarily limited to, providing working capital to assist in funding the Dually Registered Person's business, satisfying any outstanding debt owed to the Dually Registered Person's prior firm, offsetting account transfer fees (ACATs) payable to LPL Financial as a result of the Dually Registered Person's clients transitioning to LPL Financial's custodial platform, technology set-up fees, marketing and mailing costs, stationary and licensure transfer fees, moving expenses, office space expenses, staffing support and termination fees associated with moving accounts.

The amount of the Transition Assistance payments are often significant in relation to the overall revenue earned or compensation the Dually Registered Person received at a prior firm. Such payments are generally based on the size of the Dually Registered Person's business established at a prior firm and/or assets under custody on the LPL Financial. Please refer to the relevant Part 2B brochure supplement for more information about the specific Transition Payments your representative receives.

Transition Assistance payments and other benefits are provided to associated persons of LFAS in their capacity as registered representatives of LPL Financial. However, the receipt of Transition Assistance by such Dually Registered Persons creates conflicts of interest relating to LFAS's advisory business because it creates a financial incentive for LFAS's representatives to recommend that its clients maintain

their accounts with LPL Financial. In certain instances, the receipt of such benefits is dependent on a Dually Registered Person maintaining its clients' assets with LPL Financial and therefore LFAS has an incentive to recommend that clients maintain their account with LPL Financial in order to generate such benefits.

LFAS attempts to mitigate these conflicts of interest by evaluating and recommending that clients use LPL Financial's services based on the benefits that such services provide to our clients, rather than the Transition Assistance earned by any particular Dually Registered Person. LFAS considers LPL Financial's expense, fee structure, and the overall services provided when recommending or requiring that clients maintain accounts with LPL Financial. However, clients should be aware of this conflict and take it into consideration in making a decision whether to custody their assets in a brokerage account at LPL Financial.

#### ***Trade Away Services***

Through its relationships with TD Ameritrade and Fidelity, LFAS may also use the respective broker/dealers' Trade Away Service which allow LFAS to place trades with other broker/dealers. Trade Away Services allow LFAS to elect to execute trades for through other broker/dealers in order to obtain a better price for the client and then have the securities delivered into/from the client's TD Ameritrade or Fidelity brokerage account.

The use of Trade Away provides LFAS greater flexibility to access more fixed income products, ability to implement trades with companies that may make a market in a security, the ability to access Initial Public Offerings (IPO's), the ability to access new issue bonds, and the ability to find a wider range or pricing on equity positions. The Trade Away Service is beneficial because it allows LFAS to place trades through several executing broker/dealers, yet receive centralized custody, clearing and settlement, recordkeeping and other services from one source, TD Ameritrade and Fidelity. LFAS's decision to use an executing broker/dealer will depend on the executing broker's respective expertise and costs. All assets will be kept in the client's TD Ameritrade and Fidelity account, with all confirmations and statements generated by TD Ameritrade and Fidelity.

The use of Trade Away Services is the only case in which LFAS selects a broker/dealer to be used without specific client consent. TD Ameritrade and Fidelity charge the client a service fee per order entered at an executing broker/dealer by LFAS. The Trade Away Service Fee will be charged to the client's account.

#### **Aggregation of Client Orders-Block Trading Policy**

In some instances, trades for more than one client's account may be aggregated ("block trades") and executed as a single trade in order to provide fair and equitable prices among managed client accounts. All clients will receive equal treatment when LFAS and its Advisory Representatives perform block trades for managed accounts. Securities purchased or sold using block trades will then be allocated in a fair and equitable manner to all client accounts involved in the block trade. If for any reason the entire block trade cannot be completed on the day the trade is placed, client accounts will receive an equal pro-rata portion of the securities traded. LFAS will keep records of all block trades executed and the allocations for each client account that participates in the block trade. LFAS and its Advisory Representatives will not receive additional compensation as a result of block trading.

#### **Trade Errors**

Based on industry practice and SEC guidance to broker-dealers, a trade error under this policy is defined as including:

- Inaccurate transmission or execution of any term of an order including, but not limited to: price; number of shares or other unit of trading; identification of the security; identification of the account for which securities are purchased or sold; short sales that were instead sold long or vice versa; or the execution of an order on the wrong side of a market;
- Unauthorized (because of misunderstanding or mistake) or unintended purchase, sale or allocation of securities, or the failure to follow specific client instructions; and
- Incorrect entry of data into relevant systems, including reliance on incorrect cash positions, withdrawals or securities positions reflected in an account.

LFAS has implemented procedures designed to prevent trade errors; however, trade errors in client accounts cannot always be avoided. Consistent with its fiduciary duty, it is the policy of LFAS to correct trade errors in a manner that is in the best interest of the client. In cases where the client causes the trade error, the client will be responsible for any loss resulting from the correction. Depending on the specific circumstances of the trade error, the client may not be able to receive any gains generated as a result of the error correction. In all situations where the client does not cause the trade error, the client will be made whole and any loss resulting from the trade error will be absorbed by LFAS if the error was caused by the Firm. If the error is caused by the broker-dealer, the broker-dealer will be responsible for covering all trade error costs. LFAS will never benefit or profit from trade errors.

### **Item 13 – Review of Accounts**

#### **Account Reviews and Reviewers**

LFAS recommends that clients have their financial situation reviewed and updated at least annually. Unless clients contract for annual retainer services, financial planning services terminate upon the presentation of the plan or completion of the consultation. If clients elect to have LFAS perform this review and update, a new client agreement will be required and additional fees may be charged.

Managed accounts are reviewed at least quarterly. Accounts at third party money managers are reviewed when a statement is received from the manager, usually quarterly.

The calendar is the main triggering factor for reviews, although client requests, a change in client circumstances or objectives, and unusual market activity can also trigger reviews.

#### **Statements and Reports**

Clients receive account statements directly from LPL Financial or the client's qualified custodian when different than LPL Financial. Statements will be delivered at least quarterly. In addition, LFAS may provide performance or position reports of their accounts managed by LFAS.

Finally, at their discretion LFAS may provide written performance and/or position reports to clients in addition to the statements and reports discussed above. Clients are strongly urged to compare all reports prepared by LFAS against the account statements received from the client's broker/dealer or qualified custodian.

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

LFAS and/or its Dually Registered Persons are incented to join and remain affiliated with LPL Financial and to recommend that clients establish accounts with LPL Financial through the provision of Transition

Assistance (discussed in Item 12 above). LPL also provides other compensation to LFAS and its Dually Registered Persons, including but not limited to, bonus payments, repayable and forgivable loans, stock awards and other benefits.

The receipt of any such compensation creates a financial incentive for your representative to recommend LPL Financial as custodian for the assets in your advisory account. We encourage you to discuss any such conflicts of interest with your representative before making a decision to custody your assets at LPL Financial.

LFAS and its Advisory Representatives may enter into arrangements with unaffiliated investment advisory firms and unaffiliated individuals ("Solicitors") who will refer clients that may be candidates for investment advisory services to LFAS. In return, LFAS will agree to compensate the Solicitor for the referral. Compensation to the Solicitor is dependent on the client entering into an advisory agreement with LFAS. Compensation to the Solicitor will be an agreed upon percentage of LFAS' investment advisory fee or a flat fee depending on the type of advisory services LFAS provides to the referred client. LFAS' referral program will be in compliance with federal or state regulations (as applicable). The solicitation/referral fee is paid pursuant to a written agreement retained by both LFAS and the Solicitor. The Solicitor will be required to provide the client with a copy of the LFAS Form ADV Part 2A and a Solicitor Disclosure Document at the time of solicitation. The Solicitor is not permitted to offer clients any investment advice on behalf of LFAS. Advisory fees charged to clients will not increase as a result of compensation being shared with the Solicitor.

### Item 15 – Custody

Custody, as it applies to investment advisers, has been defined by regulators as having access or control over client funds and/or securities. In other words, custody is not limited to physically holding client funds and securities. If an investment adviser has the ability to access or control client funds or securities, the investment adviser is deemed to have custody and must ensure proper procedures are implemented.

LFAS is deemed to have custody of client funds and securities whenever LFAS is given the authority to have fees deducted directly from client accounts. However, this is the only form of custody LFAS will ever maintain. It should be noted that authorization to trade in client accounts is not deemed by regulators to be custody.

LFAS has established procedures to ensure all client funds and securities are held at a qualified custodian in a separate account for each client under that client's name. Clients or an independent representative of the client will direct, in writing, the establishment of all accounts and therefore are aware of the qualified custodian's name, address and the manner in which the funds or securities are maintained. Finally, account statements are delivered directly from the qualified custodian to each client, or the client's independent representative, at least quarterly. **Clients should carefully review those statements and are urged to compare the statements against reports received directly from LFAS.** When clients have questions about their account statements, they should contact LFAS or the qualified custodian preparing the statement.

### Item 16 – Investment Discretion

LFAS may provide asset management services on a **discretionary** basis. LFAS' discretionary authority must be granted by the client in the client agreement. When discretionary authority is granted, it is limited in that LFAS will only be given discretionary trading authority. This authority will allow LFAS to determine



the type of securities and the amount of securities that can be bought or sold for the client portfolio without obtaining the client's consent for each transaction.

If you decide to grant trading authorization on a **non-discretionary** basis, we will be required to contact you prior to implementing changes in your account. Therefore, you will be contacted and required to accept or reject our investment recommendations including:

- The security being recommended
- The number of shares or units
- Whether to buy or sell

Once the above factors are agreed upon, LFAS will be responsible for making decisions regarding the timing of buying or selling an investment and the price at which the investment is bought or sold. If your accounts are managed on a non-discretionary basis, you need to know that if you are not able to be reached or are slow to respond to our request, it can have an adverse impact on the timing of trade implementations and we may not achieve the optimal trading price.

Please refer to Item 12 for more information regarding our Trade Away Services.

#### **Item 17 – Voting Client Securities**

LFAS will not vote proxies on behalf of your account. While there are some investment advisers that will vote proxies and other corporate decisions on behalf of their clients, we have determined that taking on the responsibility for voting client securities does not add enough value to the services provided to clients to justify the additional compliance and regulatory costs associated with voting client securities. Therefore, it is your responsibility to vote all proxies for securities held in accounts managed by our Firm.

Clients will receive proxies directly from their custodian or transfer agent and such documents will not be delivered by our Firm. In some instances and at your specific request, your Advisory Representative may give recommendations or clarifications based on your Advisory Representative's understanding of the issues presented in the proxy materials. Your Advisory Representative may also conduct additional research on proxy issues if necessary; however, you will be solely responsible for all proxy voting decisions.

#### **Item 18 – Financial Information**

This item is not applicable to this brochure. LFAS does not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance. Therefore, LFAS is not required to include a balance sheet for our most recent fiscal year. LFAS is not subject to a financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients. Finally, LFAS has not been the subject of a bankruptcy petition at any time.

## CUSTOMER PRIVACY POLICY

LFAS is committed to safeguarding the confidential information of its clients. LFAS holds all personal information provided to it in the strictest confidence. LFAS' Advisory Representatives may also be registered representatives of LPL Financial, a registered broker-dealer that is not affiliated with LFAS. LFAS may share client information with one or more of our affiliated companies. The affiliated companies of LFAS include Level Four Group LLC and Level Four Insurance Services. LFAS may also have relationships with other non-affiliated investment advisers, including LPL Financial, insurance companies, trust companies, custodians and other financial institution entities. Except as required or permitted by law, LFAS does not share confidential information about clients with nonaffiliated third parties. In the unlikely event there were to be a change in this fundamental policy that would permit additional disclosures of confidential client information, LFAS will provide written notice to clients, and they will be given an opportunity to direct whether such disclosure is permissible.

### ***AN IMPORTANT NOTICE CONCERNING CUSTOMER PRIVACY***

Customer Information Collected LFAS collects and develops personal information about clients and some of that information is non-public personal information (Customer Information). The essential purpose for collecting Customer Information is to provide and service the appropriate financial products and services clients obtain from the Firm. The categories of Customer Information collected by LFAS depend upon the scope of the engagement with LFAS and are generally described below. As an investment adviser, LFAS collects and develops Customer Information about clients in order to provide investment advisory services. Customer Information collected includes:

- Information received from clients on financial inventories and questionnaires through consultation with LFAS' Advisory Representatives. This Customer Information may include personal and household information such as income, spending habits, investment objectives, financial goals, statements of account, and other records concerning clients' financial condition and assets, together with information concerning employee benefits and retirement plan interests, wills, trusts, mortgages and tax returns.
- Information developed as part of financial plans, analyses or investment advisory services.
- Information concerning investment advisory account transactions, such as wrap account transactions.
- Information about clients' financial products and services transactions with LFAS.

Data Security LFAS and its affiliated companies restrict access to Customer Information to those Advisory Representatives and employees who need the information to perform their job responsibilities within the Firm. LFAS maintains agreements, as well as physical, electronic and procedural securities measures that comply with federal regulations to safeguard Customer Information about clients.

Use and Disclosure of Customer Information to Provide Customer Service for Client Accounts To administer, manage and service customer accounts, process transactions and provide related services for client accounts, it is necessary for LFAS to provide access to Customer Information within the Firm and its affiliated companies and to non-affiliated companies such as LPL Financial, other investment advisers, other broker-dealers, trust companies, custodians and insurance companies. LFAS may also provide Customer Information outside of the Firm as permitted by law, such as to government entities, consumer reporting agencies or other third parties in response to subpoenas.

LFAS may also share information with LPL Financial which has supervisory obligations over certain of LFAS' activities. As a result of the LPL relationship, LPL Financial will have access to certain confidential information (e.g., financial information, investment objectives, transactions and holdings) about LFAS' clients, even if client does not establish any account through LPL Financial. If you would like a copy of the LPL Financial privacy policy, please contact LFAS.

**Former Clients** If clients close an account with the Firm, LFAS will continue to operate in accordance with the principles stated in the Notice.

**Requirements of Federal Law** In November of 1999, Congress enacted the *Gramm-Leach-Bliley Act* (GLBA). The GLBA requires certain financial institutions, including broker-dealers and investment advisers, to protect the privacy of Customer Information. To the extent a financial institution discloses Customer Information to non-affiliated third parties, other than as permitted or required by law, customers must be given the opportunity and means to opt out (or prevent) such disclosure. Please note that other than what is described below in **When Advisory Representatives Leave LFAS**, LFAS does not disclose Customer Information to non-affiliated third parties except as permitted or required by law (e.g., disclosures to facilitate service of client accounts or to respond to subpoenas).

#### **When Advisory Representatives Leave LFAS**

LFAS understands that the relationship clients have with their Advisory Representative is important. If a client's Advisory Representative ends his or her affiliation with LFAS and he or she chooses to move to a different investment adviser, or if an Advisory Representative's relationship with LFAS is terminated, the LFAS Advisory Representative may be allowed to take with him or her copies of all client and account documentation (including but not limited to: account applications; customer statements; and other pertinent forms related to the advisory services provided to the client by LFAS), so the Advisory Representative is able to continue the relationship with his or her client and continue providing advisory services through his or her new advisory firm. LFAS will also retain copies of its client and account documentation. Clients do not need to take action if it is their choice to allow their LFAS Advisory Representative to keep copies of their confidential information should he or she leaves LFAS.

**If you do not want your Advisory Representative to keep copies of your confidential information should he or she decide to end the relationship with LFAS in the future, you have the right to opt out. If LFAS provides services to a joint account, LFAS will treat the opt-out request by a joint account owner as applying to all owners on the account(s) managed or serviced by LFAS. If you choose to opt out now; at any time in the future; or wish to withdraw your opt out request, contact us at 866-834-1040. If it is your choice to opt out there will be a 30-day period before your opt out will take effect.**

If you have questions about your personal information we have on file, your request should be directed to:

Level Four Advisory Services  
Attn: Gregg Overstake  
5850 Granite Parkway,  
Suite 270  
Plano, TX 75024

**Please include all investment advisory account numbers you maintain with LFAS with your correspondence.**

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