

## Form ADV Part 2A – Firm Brochure

### Item 1 – Cover Page

Level Four Advisory Services, LLC  
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Date of Brochure: February 2014

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This brochure provides information about the qualifications and investment advisory business practices of Level Four Advisory Services, LLC. 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 our last annual update was filed in January 2013, we now offer two different wrap fee programs sponsored by Dunham & Associates Investment Counsel, Inc. We have also implemented the Unified Managed Account Program, a new wrap-fee program that we sponsor. Finally, we have added language for the Genworth Financial Wealth Management Platform which we is once again available through our firm. Details and descriptions of those programs are provided at *Item 5 – Fees and Compensation* of this brochure.

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 (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 the following individuals:
  - Mr. Joseph W. Globensky, Shareholder and 25% owner;
  - Mr. Darryn D. Pope, Shareholder and 25% owner;
  - Mr. Edmon “Jake” Tomes, Shareholder and 25% owner; and
  - Mr. Brian Gongwer, Shareholder and 25% owner.
- Mr. Globensky, Mr. Pope and Mr. Tomes comprise the LFAS Investment Committee. More information about their business and education background can be found in the *Information Required by Part 2B of Form ADV: Brochure Supplement* section of this Disclosure Brochure.
- The Advisory Representatives of LFAS may also be registered representatives of LPL Financial, a registered broker/dealer, member SIPC/FINRA, and our offices are also LPL Financial branch office locations. More details regarding our affiliation with LPL Financial is provided at *Item 5, Item 10 and Item 12 of this Disclosure Brochure*.
- 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 are restricted to providing services and charging fees based in accordance with the descriptions detailed in this Disclosure Brochure. However, the exact services you

will receive and the fees you will be charged are dependent upon your LFAS Advisory Representative. Fees may also vary depending on the geographic location of our clients and/or LFAS Advisory Representatives. LFAS Advisory Representatives are instructed to consider the individual needs of each client when recommending an advisory platform.

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. The purpose of using a name other than LFAS or LPL Financial is for the Advisory Representative to create a brand that is specific to the Advisory Representative and/or branch, but separate from LFAS and LPL Financial. While LFAS allows its Advisory Representatives to use a name other than LFAS or 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.

### **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 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.

**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.

**Outside 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.

**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. However, our Advisory Representatives are not permitted to provide advice on futures contracts. If your Advisory Representative is a registered representative with LPL Financial, but does not hold a Series 7 license with LPL Financial and holds only the Series 6, your Advisory Representative will be restricted to providing advice on only Investment Company Products (such as mutual funds) and variable annuity contracts.

- Equity Securities including exchange-listed securities, securities traded over-the counter, and foreign issues
- Warrants
- Corporate debt securities (other than commercial paper)
- Commercial paper
- Certificates of deposit
- Municipal securities
- Investment company securities which include variable life insurance, variable annuities, and mutual fund shares
- United States government securities
- Options contracts on securities
- Interests in partnerships investing in real estate, oil and gas interests
- Other types of investments further explained in Item 5

LFAS does not provide advice on options contracts involving commodities, both tangible and intangible futures contracts, and interests in partnerships investing in anything other than real estate and gas and oil interests.

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.

### **Wrap-Fee Program versus Traditional Management Program**

Our Advisory Representatives may provide asset management services through both wrap-fee programs and traditional management programs. Under a wrap-fee program, advisory services and transaction services are provided for one fee. This is different from traditional management programs whereby our services are provided for a fee, but transaction services are billed to clients separately on a per-transaction basis. From a management perspective, there is not a fundamental difference in the way our Advisory Representatives manage wrap-fee accounts versus traditional management accounts. The only significant difference is the way in which transaction services are paid.

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

LFAS' services are always provided based on the individual needs of each client. Clients are given the ability to impose restrictions on their accounts including specific investment selections and sectors.

When managing client accounts through our Managed Assets Program and Wealth Management Program, we will generally manage a client's account in accordance with one or more models developed

by our Investment Committee. 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.

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

The amount of client assets managed by LFAS totaled approximately \$241,411,485 as of December 31, 2013. \$227,888,950 is managed on a discretionary basis and \$13,522,535 is managed on a non-discretionary basis.

### **Miscellaneous**

**Financial Planning and Non-Investment Consulting/Implementation Services.** To the extent requested by a client, LFAS may provide consulting services regarding non-investment related matters, such as estate planning, tax planning, insurance, etc. LFAS does not serve as an attorney, accountant, or insurance agent, and no portion of LFAS' services should be construed as same. To the extent requested by a client, LFAS may recommend the services of other professionals for certain non-investment implementation purposes (i.e. attorneys, accountants, insurance, etc.), including representatives of LFAS in their separate individual capacities as representatives of LPL Financial ("LPL"), an SEC registered and FINRA member broker-dealer and as licensed insurance agents. The client is under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from LFAS and/or its representatives. **Please Note:** If the client engages any such recommended professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional. **Please Also Note-Conflict of Interest:** The recommendation by LFAS representatives that a client purchase a securities or insurance commission product from firm representatives in their individual capacities as representatives of LPL and/or as insurance agents, 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 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.**

**Please Note: Transaction Fee Differential.** The Managed Assets Program and the Wealth Management Program are similar investment programs utilizing different custodians (Managed Assets-TD Ameritrade; Wealth Management-LPL Financial). Clients who choose to establish an account with LPL Financial may incur higher fees for account transactions than those charged by TD Ameritrade.

**Client Obligations.** In performing its services, LFAS shall not be required to verify any information received from the client or from the client's other professionals, and is expressly authorized to rely thereon. Moreover, each client is advised that it remains his/her/its responsibility to promptly notify LFAS if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/revising LFAS' previous recommendations and/or services.

**Please Note: Investment Risk.** Different types of investments involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy

(including the investments and/or investment strategies recommended or undertaken by LFAS) will be profitable or equal any specific performance level(s).

## **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.

### **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.

The 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 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**

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 not to exceed \$250 per hour. The hourly rate 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.

For fixed fees, the maximum charge will generally not exceed \$2,500 and is negotiable based on the qualifications and experience of the Advisory Representative providing the service, the complexity of the client's situation, the services requested, and the time and resources required to provide the services (i.e., support staff, administrative services, copy/fax services, notary services, etc.). 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.

Fees are due and payable upon presentation of the plan. LFAS or the client may terminate financial planning services at any time by providing written notice to the other party, and termination will be effective immediately. 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 notice of termination is received. LFAS will provide a statement detailing the time expended by the Advisory Representative and the amount due from clients. Financial planning services automatically terminate upon presentation of the financial plan to the client.

### ***B. Investment Consultations***

Clients may also contract with LFAS for consultations on any topic of interest or concern to them. LFAS' Advisory Representatives will meet with clients as many times as necessary when providing these consultations to gather the necessary data and financial information needed to provide the requested advice.

#### **Fees for Consultation Services**

Fees for consultation services can be charged on an hourly or fixed fee basis, as determined by the Advisory Representative. All fees will be disclosed to clients prior to any services being provided. If charged on an hourly basis, the hourly rate will not exceed \$250 per hour and is negotiable based on the actual services requested, the time required to complete the consultations, the qualifications and experience of the Advisory Representative providing the consultations, and the complexity of the client's situation. For hourly charges, the specified hourly rate will be multiplied by the estimated number of hours needed to complete the consultations to compute the estimated total fee. If more time is needed than the original estimate, the Advisory Representative will not continue with the engagement until the clients have agreed to the additional time. Clients will be billed for the actual time spent on consultations.

For fixed fees, the maximum charge will generally not exceed \$2,500 and is negotiable based on the actual services requested, the time required to provide the consultations, the qualifications and experience of the Advisory Representative providing the consultations and the complexity of the client's situation. The fixed fee is a flat charge which will not be increased or decreased if the actual time expended by the Advisory Representative is different than originally computed when determining the originally quoted fee.

Fees are due and payable upon completion of the consultations. LFAS or clients may terminate consultation services at any time by providing written notice to the other party and the termination will be effective immediately. If services are terminated within five business days of signing the agreement, they will be terminated with no penalty. For termination requests received after the initial five business days, clients will be responsible for the time expended by the Advisory Representative to the date notice of termination is received. LFAS will provide a statement detailing the time expended by the Advisory Representative and the amount due from clients. Services automatically terminate upon completion of the consultation services.

### ***C. 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. 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, retainer services will be terminated with no penalty. For termination requests received after the initial five business days, termination will be effective 30 days after receipt of notice. During that 30-day period, LFAS will not undertake any new services, but may complete services in process prior to receiving the termination notice. Clients will be responsible for the fees for time expended by LFAS' Advisory Representative up to the date termination is effective. LFAS will provide a billing statement explaining all charges and adjustments and a pro-rated refund of all unearned monies will be promptly provided to the client.

#### ***Commission/Fee Offset***

If clients wish to implement LFAS advice, they may do so through any broker/dealer or investment adviser of their own choosing. Clients may implement advice through LFAS' Advisory Representatives in their separate capacities as registered representatives of a broker-dealer and/or independent insurance agents. When the Advisory Representatives implement transactions in these separate capacities, they may earn usual and customary commissions. If commissions are earned, the Advisory Representative may waive or reduce the amount of the financial planning fee charged to clients by the amount of commissions earned. Any reduction in the financial planning fee will not exceed 100% of the commission received and will be disclosed to clients prior to any services being provided.

In addition, 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.

Clients are free to implement any or all of the recommendations made by LFAS with another financial institution, and are not obligated in any manner to implement the advice of LFAS through it and/or its Advisory Representatives.

#### ***D. Seminars***

LFAS and its Advisory Representatives may also provide general educational and informational seminars to the public or to a corporate client's employees. No fees will be charged for these seminars.

## **2. Asset Management**

### ***A. Managed Assets Program***

LFAS has developed and sponsors the Managed Assets Program (referred to as "MAP"). This program may be offered to clients using one of two pricing options. Under a "Wrap Fee" option, clients will pay an asset-based advisory fee that covers our investment advisory services and transaction costs. Under this

scenario, clients do not pay transaction charges but may pay certain account service charges. The transaction charges are absorbed by LFAS.

MAP may also be provided on non-wrap, or “Fee Plus” basis. Under this option, clients will pay an asset-based advisory fee that covers LFAS’ investment advisory services, but will pay for transaction charges separately.

Only Advisory Representatives of LFAS may serve as portfolio managers in MAP. Therefore, participants in MAP must be advisory clients of LFAS. All clients must execute a *Managed Assets Program Client Agreement and Investor Profile Questionnaire* prior to establishing an account(s) through MAP.

Under MAP, 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 this service, LFAS offers a customized and individualized investment program for clients. Various investment strategies are provided under MAP; however, a specific strategy is crafted to focus on the specific client’s goals and objectives. Depending on the client’s individual needs, investment recommendations will be made in, but not necessarily limited to, no-load mutual funds, load-waived mutual funds, Exchange Traded Funds (ETFs), stocks, bonds and unit investment trusts.

All accounts opened through MAP must be established and held at TD Ameritrade, a registered broker/dealer member FINRA/SIPC. TD Ameritrade and LFAS are not affiliated companies. In addition to serving as the broker/dealer, TD Ameritrade maintains physical custody of all MAP accounts.

The annual management fee charged for MAP may be negotiated with each client. The maximum fee charged in the program is 2.50%. 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.

As stated above, the MAP management fee will cover LFAS’ advisory services and may include trade execution fees charged by TD Ameritrade. The decision to charge execution fees separately or include them in the overall management fee will be decided by the LFAS Advisory Representative and agreed to by the client.

MAP services may be canceled at any time, by any of the parties, for any reason upon receipt of written notice to the other party. Services will be terminated without penalty and the client shall receive a pro-rated refund based on the amount of time remaining in the final quarter. Specific termination provisions are contained in the *Managed Assets Program Client Agreement*.

This section is intended as a summary of MAP. Clients contracting for MAP will receive the MAP Wrap Fee Program Brochure which provides detailed information regarding MAP.

## ***B. Wealth Management Program***

LFAS is the sponsor of the Wealth Management Program, a wrap-fee program developed through an arrangement using LPL Financial’s Strategic Wealth Management platform and referred to as “WMP” throughout this section. Through WMP, LFAS provides investment management services which are defined as providing continuous investment advice to a client and making investments for the client based

on the individual needs of the client. Through this service, LFAS offers a customized and individualized investment program for clients.

LFAS will manage each client's individual account(s) based on the individual needs of the client. Pursuant to each client's specific investment objectives, securities held in Program accounts will generally include no-load and load-waived mutual funds, unit investment trusts (UITs), closed-end and Exchange Traded Funds (ETFs), stocks, bonds, certificates of deposit, hedge funds, managed futures, structured products, and options.

Program accounts are established at LPL Financial in its capacity as a registered broker/dealer, member Financial Industry Regulatory Authority (FINRA) and Securities Investors Protection Corporation (SIPC). LPL Financial is also an investment adviser registered with the SEC, but does not serve as an investment adviser for LFAS' clients through WMP. Clearing, custody and other brokerage services are provided by LPL Financial for accounts established through WMP. Therefore, clients will be required to establish a brokerage account(s) through LPL Financial's Strategic Wealth Management platform. Separate accounts are maintained for each client. Each client retains all rights of ownership of their accounts (e. g. right to withdraw securities or cash, exercise or delegate proxy voting, and receive transaction confirmations).

During any month that there is activity in a WMP account, the client receives a monthly account statement, from LPL Financial, showing account activity as well as positions held in the account at month end. Additionally, the client receives a confirmation of each transaction that occurs within their WMP account unless the transaction is the result of a systematic purchase, redemption or exchange. The client will also receive a detailed quarterly report showing performance, positions, and activity. All account data and statements are also available on-line through the account view portal through LPL Financial.

The annual investment advisory fee charged varies depending on the exact client situation, but does not exceed 2.50% of the assets held in the account as determined based upon the market value of the account. Fees are non-negotiable; however, at LFAS' discretion, LFAS may reduce its standard fee. Each client's specific fee arrangement will be determined based on factors such as, but not limited to, the total assets under management, the number of accounts managed, the client's financial situation, and the client's relationship with LFAS.

The annual fee shall be divided and payable quarterly in advance through a direct debit in the client account. LPL Financial is responsible for calculating and debiting all fees from client accounts. Clients must provide LPL Financial written authorization to debit advisory fees from their accounts and pay such fees to LFAS. Fees are based on the account's asset value as of the last business day of the prior quarter. Fees for accounts opened at any time other than the beginning of a quarter will be prorated based on the number of days remaining in the initial quarter.

Prior to engaging LFAS to provide investment management services, the client will be required to enter into a formal investment advisory agreement with LFAS setting forth the terms and conditions, including the amount of investment advisory fees, under which LFAS shall manage the client's assets, and a separate custodial/clearing agreement with LPL Financial.

Clients will open a WMP I or WMP II account. In a WMP I account, in addition to the investment advisory fee, the client will pay certain transaction charges to defray the costs associated with trade execution. These costs are set out in the LPL Strategic Wealth Management platform brokerage account and application agreement. In WMP II account, the client does not pay transaction charges associated with

trade execution. However, LFAS may charge a higher fee for WMP II accounts to cover the transactions initiated in WMP II accounts.

Clients may incur certain charges imposed by third parties other than LFAS in connection with investments made through the account, including but not limited to, 12b-1 fees and surrender charges, and IRA and qualified retirement plan fees. Management fees charged by LFAS (which include transaction and execution fees charged by LPL Financial for WMP II accounts) are separate and distinct from the fees and expenses charged by investment company securities that may be recommended to clients. A description of these fees and expenses are available in each investment company security's prospectus. However, LFAS does not get paid mutual fund sales loads, 12b-1 fees and surrender charges in fee-based advisory. Although clients may be charged 12b-1 fees, LPL Financial will retain all fees and LFAS or its Advisory Representatives (even in their separate capacities as registered representatives of LPL Financial) do not share or receive such fees. Clients are not charged front end sales loads because the front end sales loads for mutual funds are waived in fee-based advisory programs.

WMP I / WMP II may cost the client more or less than if the assets were held in a traditional brokerage account. In a brokerage account, the client is charged commissions for each transaction, and the representative has no duty to provide ongoing advice with respect to the account. If the client plans to follow a buy and hold investment strategy for the account or does not wish to purchase ongoing investment advice or management services, the client should consider opening a brokerage account rather than a WMP I or WMP II account.

Either party may terminate the agreement for services at any time. If services are terminated within five (5) business days of executing the agreement, services will be terminated without penalty and a full refund of all fees paid in advance will be provided. If services are terminated after the initial five day period, LFAS shall provide the client with a pro-rated refund of fees paid in advance. The refund will be based on the number of days service was actually provided during the final billing period. Termination shall be effective from the time the other party receives written notification or such other time as may be mutually agreed upon, subject to the settlement of transactions in progress and the final refund of advisory fees. There will be no penalty charge upon termination.

This section is intended to be a summary of WMP. All clients contracting for Program services will be provided a copy of WMP's Wrap-Fee Program Brochure.

### ***C. Unified Managed Account Program***

LFAS is the sponsor of the Unified Managed Account Program, a wrap-fee program (referred to as UMAP throughout this section).

Through 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; 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.

We will obtain information from clients in order to determine their financial situation and investment objectives and will manage the accounts accordingly. Clients are always responsible for notifying LFAS of any changes to their financial situation or investment objectives. At least quarterly, clients are instructed

to notify LFAS of any changes to their financial situation, investment objectives, or if they want to impose and/or modify any reasonable restrictions on the management of accounts managed under UMAP.

At least annually, we will attempt to contact each client for the specific purpose of determining whether there have been any changes to their financial situation, investment objectives, or if they would like to impose and/or modify any reasonable restrictions on the management of their accounts. We are always reasonably available to consult with clients relative to the status of their accounts. A client's beneficial interest in a security does not represent an undivided interest in all the securities held by the custodian, but rather represents a direct and beneficial interest in the securities which comprise the accounts. A separate account is always maintained for each client with the broker-dealer/custodian and the client retains all rights of ownership to their accounts (e. g. right to withdraw securities or cash, exercise or delegate proxy voting, and receive transaction confirmations).

In some cases, LFAS will be responsible for managing all or a portion of the client's investable assets held in Program accounts. In these cases, your individual Investment Advisory Representative or our Investment Policy Committee will be responsible for investment decisions. We are given discretionary authority to implement securities transactions in these account(s). As program sponsor, LFAS performs the following:

- Serving as investment manager;
- 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 Placemark'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 Placemark as needed.

LFAS or a related person does not act as a principal (buys securities for itself or sells securities it owns to any client) in UMAP. LFAS or a related person does not affect transactions in which client securities are sold to or bought from a brokerage (commission-only) client.

#### **Placemark Investments, Inc. and Model Portfolio Strategists**

We have established an advisory relationship with Placemark Investments, Inc. ("Placemark") to serve as an Overlay Manager in our program. Through our relationship with Placemark we are able to select various model portfolio strategies developed by individual money managers and investment managers. We refer to such money managers and investment managers as Model Portfolio Strategists throughout this brochure. Model Portfolio Strategists have not been granted trading authority over client accounts and do not have access to our client accounts. Instead Model Portfolio Strategists develop model portfolio strategies and provide trade signals to us and/or Placemark. After we have selected an appropriate strategy for your account, Placemark will receive ongoing updates and recommendations from the Model Portfolio Strategist. Placemark is then responsible for making changes to Model Portfolio Strategist strategies in your account. Both LFAS and Placemark are therefore granted discretionary authority on your account.

The investment strategies offered by LFAS are identified by your Advisory Representative or our Investment Policy Committee. Members of this Committee develop internal strategies and select Model

Portfolio Strategists to fulfill designated investment strategies. We perform due diligence to determine the Model Portfolio Strategists used to implement such investment strategies.

Clients will work with their Advisory Representative to determine the amount of assets to be managed using one or more strategies. Placemark directs the investment and reinvestment of the assets allocated to that Model Portfolio Strategist on a discretionary basis. While LFAS does have discretion over the assets managed by Placemark using the Model Portfolio Strategist strategy, it does not direct the trading of these assets. We have discretionary authority to add, adjust allocation or terminate a particular Model Portfolio Strategist from the client's account. Please refer to Item 6 for more details.

We also rely on Placemark for certain administrative functions including utilizing their technology platforms to research strategies, client database maintenance, quarterly performance evaluations, web site administration, access to model portfolio strategies, trading platforms, and other functions related to the administrative tasks of managing client accounts. Placemark also provides certain investment advisory functions and is thus registered as an investment advisor with the SEC. Due to this arrangement, Placemark will have access to client accounts. Clients will receive a copy of the Placemark disclosure brochure explaining the services that may be provided through Placemark. A brief outline of these services and functions are outlined below.

- Investment Strategy Maintenance Tools.
- Access to Model Portfolio Strategies (as described in the preceding section). Placemark also makes available tools to assist LFAS with research, performance analysis and due diligence screening.
- Access to a unified managed account platform which enables LFAS to construct a single portfolio using LFAS selected investments and strategies.
- Placemark's investment models, strategies and investment advice. Tax management and tax efficient investment strategies.
- Ability to access investment screens and other investment limitation factors.
- Account aggregation, reconciliation and reporting services.
- Position and performance reporting functions and features.
- Practice management services.
- Advisor services-help desk.
- Presentations and marketing support.

LFAS and Placemark are non-affiliated companies. Placemark charges the client an annual fee for each account administered by Placemark. The annual fee is paid from a portion of the overall management fee charged by LFAS.

#### **Administrative Services Provided by Unaffiliated Service Providers**

LFAS engages unaffiliated service providers to provide certain administrative services for UMAP. LFAS may use service provider's technology platforms for support in administering UMAP. Service providers may provide assistance with data reconciliation, investment planning, performance reporting, fee calculation and billing, research, client database maintenance, quarterly performance evaluations, payable reports, web site administration, models, trading platforms, and other functions related to the administrative tasks of managing client accounts. Due to LFAS's business arrangement with unaffiliated service providers, such service providers will have access to client accounts, but will not serve as an investment advisor to LFAS clients. The service providers may charge the client an annual fee for each

account administered by the service provider. The annual fee paid to such service providers is paid from the portion of the overall management fee charged by LFAS.

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.

This section is intended to be a summary of UMAP. All clients contracting for UMAP services will be provided a copy of UMAP's Wrap-Fee Program Brochure.

#### ***D. Dunham & Associates Asset Allocation Program***

We have entered into an arrangement with Dunham & Associates Investment Counsel, Inc. (DAIC), an unaffiliated SEC registered investment adviser in order to offer asset management services through the Dunham Standard Asset Allocation Program ("Standard Program") and Custom Asset Allocation Program ("Custom Program") to certain clients. Both programs are wrap fee programs sponsored by DAIC.

Both Programs offer DAIC's proprietary family of sub-advised mutual funds (the "Dunham Funds"). DAIC serves as investment adviser to the Dunham Funds. DAIC is primarily a manager-of-managers, and as such, recommends and monitors a third-party sub-adviser for each of the Dunham Funds. DAIC selects the Dunham Funds, or other mutual funds that are offered in the Programs (collectively, "Eligible Funds"). DAIC also determines the allocations and sector weights of the core asset allocation models ("Core Allocations"). DAIC maintains a Core Fixed Income Allocation and Core Equity Allocation that may be used to create a blend of fixed income and equity funds. A portion of the Core Fixed Income Allocation may include equities. DAIC continually monitors the Core Allocations and adjusts them generally on a quarterly basis to reflect market conditions, performance and other factors.

LFAS will choose from the Core Allocations and/or any combination of Eligible Funds available in the selected Program, representing different asset classes, to diversify their portfolios based upon the long-term investment objectives selected by the client.

LFAS is provided full discretionary authority over the DAIC account in order to make changes to the client's investment selections and selected allocations. LFAS will work with the client to develop asset allocation recommendations based on LFAS' assessment of the client's individual investment needs and objectives, financial status, tax status, and risk tolerance, which information LFAS will obtain through personal interviews and reviews of information provided by the client.

LFAS is responsible for implementing asset allocations recommendations by buying, selling or exchanging shares of the Eligible Funds. Such responsibility is implemented on a discretionary basis which means LFAS may make changes to the client's allocation without prior approval from the client (See Item 16 – Investment Discretion for more information). LFAS is also responsible for the ongoing monitoring and evaluation of the client's asset allocations.

DAIC is responsible for calculating and deducting all advisory fees assessed for the DAIC program. The maximum fee charged for this program is 2.25% with DAIC retaining .25% of the fee. LFAS annual fees are divided and billed quarterly, in arrears. The portion paid to DAIC is divided and billed monthly, in arrears. Please refer to the DAIC Wrap Fee Program Brochure for full details regarding the fee billing arrangements and procedures.

For the Standard Program, the Dunham Funds' transfer agent, Gemini Fund Services LLC, serves as the custodian for Funds' shares held in a client account. For the Custom Program, Dunham Trust Company



(DTC), an affiliate of DAIC, serves as custodian of account assets. Clients shall be responsible for paying any additional (non-Program) fees or charges of the custodian, including transaction fees, IRA custodial fees and trading costs, if applicable.

Clients signing up for this service are required to execute the DAIC Program Asset Allocation Program Application which will include the Client Program Asset Allocation Agreement between LFAS and the client. Finally, all clients will receive a copy of the DAIC Wrap Fee Program Brochure which provides additional details for the DAIC program. Services will be provided until terminated by either party (i.e. LFAS or the client). LFAS will provide 30 days written notice in the event of termination. Clients can terminate services by providing 7 days written notice for IRA, Roth IRA, SEP IRA, and SIMPLE IRA account registrations and within 5 days for all other account types. Final fee payments will be pro-rated based on the number of days services are provided in the final period and charged upon termination.

### **3. Third Party Money Managers**

#### ***A. Manager Access Select***

We have entered into an arrangement with LPL Financial to provide services through the Manager Access Select Program ("Manager Select") sponsored by LPL Financial. In Manager Select we assist clients in identifying third-party investment advisers from a list of available advisers to assist you with respect to investment of your funds. At your request, LPL Financial may also act as portfolio manager on Manager Select accounts. Portfolio managers may also hire one or more sub-advisors to manage all or part of your Manager Select account. LPL Financial is responsible for conducting due diligence on third party investment advisers and approving third party investment advisers for inclusion in Manager Select. We conduct our own due diligence and approval process prior to recommending a third party investment adviser to you.

We assist you in completing a confidential client profile enabling you determine appropriate investment guidelines. The confidential client profile is used to determine investment guidelines, risk tolerance, and other factors which assist in ascertaining the suitability of the Manager Select account and appropriate third party investment advisers.

Through Manager Select, we act as a solicitor when recommending you use third-party investment advisers. As a result, we are paid a portion of the fee charged and collected by LPL Financial as the sponsor of Manager Select.

We are available to answer questions you may have regarding your account and act as the communication conduit between you and the third-party investment advisers. Third-party investment advisers take discretionary authority to determine the securities to be purchased and sold for you. Neither we nor our representatives have any trading authority with respect to your Manager Select account. Unless you direct otherwise in writing, third party investment advisers are responsible for voting proxies solicited by, or with respect to, issuers held in an account.

You are required to execute a Manager Select client agreement and establish a brokerage account through LPL Financial who provides you with quarterly account statements (provided monthly when activity occurs), confirmations and performance reports. Third party investment advisers seek to obtain the best execution possible given the direction to trade through LPL Financial. In some cases, third party investment advisers, in connection with their duty to seek to achieve best execution, may choose to execute transactions through a broker/dealer other than LPL Financial.

In considering whether or not to restrict the execution of transactions through LPL Financial, LPL Financial evaluated its capacities to execute, clear and settle transactions. When securities transactions are effected through LPL Financial, there are no brokerage commissions charged to the account. If the third party investment adviser chooses to execute a transaction through a broker/dealer other than LPL Financial, the execution price may include a commission or fee imposed by the executing broker/dealer. In evaluating whether to execute a trade through a broker/dealer other than LPL Financial, the third party investment adviser considers the fact that the account is not charged a commission if it is effected through LPL Financial.

You should consider whether or not appointing LPL Financial as the broker/dealer may or may not result in certain costs or disadvantages to you as a result of possibly less favorable executions. In particular, you should understand that your Manager Select account may not be able to participate in block trades affected by a third party investment adviser for its other accounts, which may result in a difference between prices charged to a Manager Select account and the third-party investment adviser's other accounts.

Transactions in fixed income securities may involve mark-ups or mark-downs or other charges in addition to the advisory fee. LPL Financial may act as a principal on fixed income trades in Manager Select accounts. In cases where LPL Financial acts as a principal on fixed income trades, LPL Financial may receive additional compensation to the extent it is able to sell fixed income securities for a price higher than what is paid. This may result in higher costs and lower performance than you would have otherwise received.

LPL Financial may aggregate your transactions with other clients' to improve the quality of execution. When transactions are aggregated, the actual prices applicable to the aggregated transactions are averaged, and your account is deemed to have purchased or sold its proportionate share of the securities involved at the average price obtained.

A complete description of the third-party investment adviser's services, fee schedules and account minimums is disclosed in the third party investment adviser's Form ADV Part 2A which is provided to you at the time a third-party investment adviser is selected.

In the Manager Select program, clients pay LPL Financial, Adviser and Portfolio Manager a single wrap fee ("Account Fee") for advisory services and execution of transactions. Clients do not pay LPL Financial brokerage commissions, markups or transaction charges for execution of transactions in addition to the Account Fee.

The Account Fee is negotiable between the client and Adviser and is set out in the Account Application. The Account Fee is typically a straight percentage based on the value of all assets in the account, including cash holdings. The Account Fee also may be structured on a tiered basis, with a reduced percentage rate based on reaching certain thresholds. The maximum Account Fee is 3.00%.

The Account Fee is paid to LPL Financial and is shared among LPL Financial, Adviser and Portfolio Manager. LPL Financial retains up to 0.43% for its administrative, custody and clearing services. LPL Financial pays a portion of the Account Fee to the Portfolio Manager, and pays the remaining portion of the Account Fee to the Adviser. The portion of the Account Fee paid to Portfolio Managers is negotiated between LPL Financial and the Portfolio Manager and ranges from 0.25% to 1.50% of account assets per year. Because the fee rates charged by the Portfolio Managers vary, an Adviser may have a financial incentive to recommend one Portfolio Manager over another.

The annual fees are divided and paid quarterly in advance through a direct debit in your account. LPL Financial is responsible for calculating and debiting all fees from your account(s). You must provide LPL Financial written authorization to debit advisory fees from your accounts and pay those fees to us. Fees are based on the account's asset value as of the last business day of the prior calendar quarter. Fees for accounts opened at any time other than the beginning of a quarter are prorated based on the number of days remaining in the initial quarter. If you participate in Manager Select, you must execute the Manager Select Client Agreement.

We may also receive other compensation for participating in Manager Select such as bonuses, awards, or other things of value offered by LPL Financial. The amount of this compensation may be more or less than if you had participated in our other advisory programs or if you paid separately for investment advice, brokerage and other client services. Therefore, we may have an incentive to recommend Manager Select over other programs.

Clients may also incur certain charges imposed by LPL Financial or third parties other than us in connection with investments made through Manager Select accounts, including among others, the following types of charges: mutual fund management fees and administrative servicing fees, omnibus processing fees, sub-transfer agent fees, networking fees, other transaction charges and service fees, IRA and Qualified Retirement Plan fees, administrative servicing fees for trust accounts, and other charges required by law. LPL Financial and our representatives, in their capacity as LPL Financial registered representatives, may receive a portion of certain of these third party fees.

Clients are advised that we may have a conflict of interest by only offering those third-party investment advisers that have agreed to participate in Manager Select. In addition, we may receive additional compensation from advisory product sponsors. Such compensation may not be tied to the sales of any products. Compensation may include such items as gifts valued at less than \$100 annually, an occasional dinner or ticket to a sporting event, or reimbursement in connection with educational meetings or advertising or marketing initiatives.

You are advised that there may be other third-party managed programs that may be suitable to you that may be more or less costly. No guarantees can be made that your financial goals or objectives are achieved. Further, no guarantees of performance can be offered. Investments involve risk, including the possible loss of principal.

You can terminate a Manager Select account by providing written notice to LPL Financial. Upon termination, you are entitled to a prorated refund of any pre-paid quarterly fees based on the number of days remaining in the quarter after termination. If you close the account within the first six months as a result of withdrawals bringing the account value below the required minimum, both we and LPL Financial reserve the right to retain the pre-paid quarterly fees for the current quarter in order to cover the administrative cost of establishing a Manager Select account. Those fees may include costs to transfer positions into and out of the account, data entry costs to open the account, costs associated with reconciling positions in order to issue quarterly performance reports and the cost of re-registering positions.

## ***B. Model Wealth Portfolios***

LFAS has entered into an arrangement with LPL Financial so that it can provide services through the Model Wealth Portfolios (MWP) program, a wrap-fee program sponsored by LPL Financial. Clients signing up for this service must establish a brokerage account through LPL Financial which serves as the

broker/dealer and qualified custodian. MWP offers clients a professionally managed asset allocation program in which LPL Financial, in its capacity as a registered investment adviser, and LFAS direct and manage specified client assets. Clients who invest through the MWP Program will authorize LPL Financial and LFAS on a discretionary basis to purchase and sell mutual funds and exchange-traded funds ("ETF"), pursuant to an investment objective chosen by the Client and liquidate previously purchased securities. Exchange-traded notes ("ETN") and closed end funds may also be purchased in an MWP account.

LFAS' Investment Advisor Representative (IAR) will obtain the necessary financial data from the client and assist the client in determining the suitability of MWP and in setting an appropriate investment objective. The IAR will initiate the steps necessary to open a MWP account and select a model portfolio ("Portfolio") designed by LPL Financial's Research Department or third party investment strategist ("Outside Strategist") consistent with the Client's stated investment objective. LPL Financial's Research Department or the Outside Strategist is responsible for selecting the securities within a portfolio and for making changes to the securities selected. In the case of Portfolios of Outside Strategists, the Outside Strategist provides the Portfolio to LPL Financial and LPL Financial makes the decisions on how to implement the Portfolio. Client grants the IAR discretion to choose among the available Portfolios designed by LPL Financial and Outside Strategists.

The client will appoint LPL Financial as the sole and exclusive broker/dealer with respect to securities transactions in MWP accounts. The client will also appoint LPL Financial to act as Overlay Portfolio Manager ("OPM"). The client will authorize LPL Financial as OPM to act on a discretionary basis to purchase and sell securities and to liquidate previously purchased securities. The client will also authorize the IAR to select the Portfolio in which MWP program assets will be invested and LPL Financial to affect the rebalancing instructions on the frequency selected by the Client or the IAR or as determined by LPL Financial. The OPM may accommodate requests for all or a portion of an account to remain un-invested for a period of time.

LPL Financial will review the client account to determine if rebalancing is appropriate based on the frequency selected by the client at account opening or as altered by the client or IAR from time to time. The choices for frequency of rebalancing review are quarterly (four times per year), semiannually (two times per year) or annually (once per year). The client account will be reviewed on the frequency selected to determine if rebalancing is necessary. At each rebalancing review date, the account will be rebalanced if at least one of the account positions is outside a range determined by the OPM, subject to a minimum transaction amount established by LPL Financial in its discretion. In addition, LPL Financial may review the account for rebalancing in the event that LPL Financial's Research Department or the Outside Strategist changes the Portfolio. LPL Financial may delay placing rebalancing in the event that LPL Financial's Research Department or the Outside Strategists changes the Portfolio. LPL Financial may delay placing rebalancing transactions for non-qualified accounts by a number of days, to be determined by the OPM, in an attempt to limit short-term tax treatment for any position being sold. Transactions in securities in the client account (e.g. for rebalancing, liquidations, deposits or tax harvesting) may be subject to the issuer's frequent trading policy.

LPL Financial follows a dynamic asset allocation investment style in constructing portfolios for MWP clients. Asset allocation methodology is implemented by combining investments representing various asset classes that respond differently to varying market conditions. Thus, if one asset class reacts negatively to certain market events, the potential exists for another asset class to react positively. However, there is no guarantee that the use of an asset allocation strategy will produce favorable results. LFAS is responsible for providing clients with information about the investment strategy and the portfolios

selected for the client.

There are Outside Strategists who manage portfolios using Exchange Traded Funds (ETFs) only. LFAS is responsible for providing clients with information about these investment strategies and the portfolios selected for the client.

Clients will receive quarterly account statements (monthly when activity occurs in the account), confirmations, and performance reports directly from LPL Financial.

In the MWP program, clients pay LPL Financial and Adviser an ongoing advisory fee ("Account Fee"). The Account Fee is negotiable between the client and LFAS and is set out in the Account Application. The Account Fee is a straight percentage based on the value of all assets in the account, including cash holdings. The maximum Account Fee is 2.50%. The Account Fee is paid to LPL Financial, and LPL Financial retains up to 0.65% for its administrative and custodial services and OPM services. For certain Portfolios designed by LPL Financial, LPL Financial retains an additional amount of up to 0.25% as a strategist fee for such Portfolio design services. For Portfolios designed by Portfolio Strategists other than LPL Financial, LPL Financial pays a portion of the Account Fee to the Portfolio Strategist. LPL Financial shares up to 100% of the remaining portion of the Account Fee with the Adviser based on the agreement between LPL Financial and the Adviser.

The annual fees shall be divided and payable quarterly in advance through a direct debit in the client account. LPL Financial is responsible for calculating and debiting all fees from client accounts. Clients must provide LPL Financial written authorization to debit advisory fees from their accounts and pay such fees to LFAS. Fees are based on the account's asset value as of the last business day of the prior calendar quarter. Fees for accounts opened at any time other than the beginning of a quarter will be prorated based on the number of days remaining in the initial quarter. Clients participating in MWP must execute the MWP Client Agreement.

LFAS may also receive other compensation for participating in MWP such as bonuses, awards, or other things of value offered by LPL Financial. The amount of this compensation may be more or less than if the client had participated in other LFAS programs or if the client paid separately for investment advice, brokerage and other client services. Therefore, LFAS may have an incentive to recommend MWP over other programs.

The Account Fee represents compensation for asset management and reporting services. LPL Financial is appointed by client as the sole and exclusive broker/dealer with respect to processing securities transactions for accounts.

If LPL Financial Mutual Fund Models are selected, clients may also incur certain charges imposed by LPL Financial or third parties other than LFAS in connection with investments made through MWP accounts, including among others, the following types of charges: mutual fund management fees and administrative servicing fees, omnibus processing fees, sub-transfer agent fees, networking fees, other transaction charges and service fees, IRA and Qualified Retirement Plan fees, administrative servicing fees for trust accounts, and other charges required by law. LPL Financial and LFAS' associated persons in their capacity as LPL Financial registered representatives may receive a portion of these third party fees.

Clients may incur certain charges imposed by third parties other than LFAS in connection with investments made through the account, including but not limited to, mutual fund sales loads, 12b-1 fees

and surrender charges. However, LFAS does not get paid mutual fund sales loads, 12b-1 fees and surrender charges in fee-based advisory accounts as clients pay annual advisory fees based on account balances. Although clients are still charged those fees, LPL Financial will retain all fees and LFAS or its Advisory Representatives (even in their separate capacities as registered representatives of LPL Financial) do not share or receive such fees.

Clients may terminate an MWP account by providing written notice to LPL Financial. Upon termination, the client is entitled to a prorated refund of any pre-paid quarterly fees based upon the number of days remaining in the quarter after termination. If the account is closed with the first six months by client as a result of withdrawals which bring the account value below the required minimum, LPL Financial and LFAS reserve the right to retain the pre-paid quarterly fees for the current quarter in order to cover the administrative cost of establishing an MWP account which may include costs to transfer positions into and out of the account, data entry costs to open the account, costs associated with reconciling positions in order to issue quarterly performance reports, and the cost of re-registering positions.

This section is intended as a summary of MWP. Clients contracting for MWP will receive the MWP Wrap Fee Program Brochure which provides detailed information regarding MWP.

### ***C. Optimum Market Portfolios***

We have entered into an arrangement with LPL Financial to provide services through the Optimum Market Portfolios Program ("OMP"), a wrap-fee program sponsored by LPL Financial. If you contract for this service you must establish a brokerage account through LPL Financial which serves as the broker/dealer and qualified custodian. OMP offers clients the ability to participate in a professionally managed asset allocation program using OMP Funds Class I shares.

We obtain your necessary financial data and assist you in determining the suitability of OMP and in setting an appropriate investment objective. We assist you with opening an account and determining an investment portfolio. Once the program minimum has been reached and a portfolio selected, LPL Financial purchases OMP funds in amounts appropriate for the portfolio selected. LPL Financial is responsible for rebalancing the account on the frequency selected jointly by you and us. There are several OMP funds that may be purchased within an OMP account. LPL Financial follows a strategic asset allocation investment style in constructing portfolios for OMP clients. Asset allocation methodology is implemented by combining investments representing various asset classes that reflect differently to varying market conditions. Thus, if one asset class reacts negatively to certain market events, the potential exists for another asset class to react positively. However, there is no guarantee that the use of an asset allocation strategy will produce favorable results. We are responsible for providing you with information about the investment strategy and the portfolios selected for you.

You receive quarterly account statements (monthly when activity occurs in the account), confirmations and performance reports directly from LPL Financial.

The maximum annual fee charged through the program is 2.5% of the total value of assets held in your account(s). Fees are negotiable depending on the market value of the account, asset types, your financial situation and trading activity. The annual fees are divided and paid quarterly in advance through a direct debit in your account. LPL Financial is responsible for calculating and debiting all fees from your accounts. You must provide LPL Financial written authorization to debit advisory fees from your account(s) and pay those fees to us. The account quarter begins on the first day of the month in which the account is accepted. Annual fees are divided and billed quarterly in advance by LPL Financial. If you

participate in OMP, you must execute the OMP Market Portfolios Client Agreement. There may be other fees and expenses related to the management of OMP accounts. Full details of all fees are provided in the OMP Form ADV Part 2 Appendix, a copy of which is provided to all clients participating in OMP.

In the OMP program, clients pay LPL Financial and Adviser an ongoing advisory fee ("Account Fee"). The Account Fee is negotiable between the client and the Adviser and is set out in the Account Application. The Account Fee is typically a straight percentage based on the value of all assets in the account, including cash holdings. The Account Fee also may be structured on a tiered basis, with a reduced percentage rate based on reaching certain thresholds. The maximum Account Fee is 2.50%. The Account Fee is paid to LPL Financial and LPL Financial shares up to 100% with the Adviser pursuant to the agreement between LPL Financial and Adviser.

We may also receive other compensation for participating in OMP such as bonuses, awards, or other things of value offered by LPL Financial. The amount of this compensation may be more or less than if you had participated in our other advisory programs or if you paid separately for investment advice, brokerage and other client services. Therefore, we may have an incentive to recommend OMP over other programs.

You may also incur certain charges imposed by LPL Financial or third parties other than us in connection with investments made through OMP accounts, including among others, the following types of charges: mutual fund management fees and administrative servicing fees, omnibus processing fees, sub-transfer agent fees, networking fees, other transaction charges and service fees, IRA and Qualified Retirement Plan fees, administrative servicing fees for trust accounts, and other charges required by law. LPL Financial may receive a certain portion of these third party fees. Further information regarding charges and fees assessed by the OMP Funds are available in the appropriate prospectus.

LPL Financial serves as a sub-services agent with respect to OMP accounts. As such, LPL Financial provides all sub-accounting and shareholder recordkeeping with respect to OMP Fund shares and provides certain administrative services. LPL Financial receives administrative servicing fees from the service agent of the OMP Funds. Further, LPL Financial provides investment consulting services to us regarding the OMP Funds. These services include assistance in selecting sub-advisors to the OMP Funds, providing quarterly fact sheets about the OMP Funds, meeting with sub-advisors of the OMP Funds to discuss performance, and assisting the investment adviser of the OMP Funds for making recommendations on sub-advisors to the Board of Trustees. LPL Financial receives investment consulting compensation from the investment adviser to the OMP Funds.

You can terminate an OMP account by providing written notice to LPL Financial. Upon termination, you are entitled to a prorated refund of any pre-paid quarterly fees based on the number of days remaining in the quarter after termination. If you close the account within the first six months as a result of withdrawals bringing the account value below the required minimum, we and LPL Financial reserve the right to retain the pre-paid quarterly fees for the current quarter in order to cover the administrative cost of establishing an OMP account. These fees may include costs to transfer positions into and out of the account, data entry costs to open the account, costs associated with reconciling positions in order to issue quarterly performance reports and the cost of re-registering positions.

This section is intended as a summary of OMP. If you contract for OMP services, you receive the OMP Form ADV Part 2A Appendix which provides detailed information regarding OMP.

#### ***D. Personal Wealth Portfolios***

We have entered into an arrangement with LPL Financial to provide services through the Personal Wealth Portfolios ("PWP"), a wrap-fee program sponsored by LPL Financial. If you contract for this service you must establish a brokerage account through LPL Financial which serves as the broker/dealer and qualified custodian.

The PWP program is a unified managed account program in which LPL Financial and LFAS provide ongoing investment advice and management. In PWP, clients invest in asset allocation portfolios designed by LPL Financial's Research Department, which include a combination of mutual funds, exchange-traded funds ("ETFs") and investment models ("Models") provided to LPL Financial by third party money managers. The Models typically consist of equity and fixed income securities, but may include investment company securities. LPL Financial's Research Department selects the mutual funds, ETFs and Models to be made available in a Portfolio.

We obtain your necessary financial data and assist you in determining the suitability of PWP and in setting an appropriate investment objective. We assist you with opening an account and determining an investment portfolio. Once the program minimum has been reached and a portfolio selected, LPL Financial acts as the overlay portfolio manager in coordinating the trades among the various securities and sleeves of a PWP account. LPL Financial is responsible for rebalancing the account on the frequency selected jointly by you and us.

You receive quarterly account statements (monthly when activity occurs in the account), confirmations and performance reports directly from LPL Financial.

In the PWP program, clients pay LPL Financial and Adviser a single wrap fee ("Account Fee") for advisory services and execution of transactions. The Account Fee is negotiable between the client and the Adviser and is set out in the Account Application. The Account Fee is a straight percentage based on the value of all assets in the account, including cash holdings. The maximum Account Fee is 2.50%. The Account Fee is paid to LPL Financial, and LPL Financial retains up to 0.80% for its OPM services, administrative, custody and clearing services and the Portfolio design services of LPL Financial Research. LPL Financial pays a portion of the Account Fee to the PWP Advisors. LPL Financial shares up to 100% of the remaining portion of the Account Fee with the Adviser based on the agreement between LPL Financial and the Adviser.

The annual fees are divided and paid quarterly in advance through a direct debit in your account. LPL Financial is responsible for calculating and debiting all fees from your accounts. You must provide LPL Financial written authorization to debit advisory fees from your account(s) and pay those fees to us. The account quarter begins on the first day of the month in which the account is accepted. Annual fees are divided and billed quarterly in advance by LPL Financial. If you participate in PWP, you must execute the PWP Client Agreement. There may be other fees and expenses related to the management of PWP accounts.

We may also receive other compensation for participating in PWP such as bonuses, awards, or other things of value offered by LPL Financial. The amount of this compensation may be more or less than if you had participated in our other advisory programs or if you paid separately for investment advice, brokerage and other client services. Therefore, we may have an incentive to recommend PWP over other programs.



You may also incur certain charges imposed by LPL Financial or third parties other than us in connection with investments made through PWP accounts, including among others, the following types of charges: mutual fund management fees and administrative servicing fees, omnibus processing fees, sub-transfer agent fees, networking fees, other transaction charges and service fees, IRA and Qualified Retirement Plan fees, administrative servicing fees for trust accounts, and other charges required by law. LPL Financial may receive a certain portion of these third party fees. Further information regarding charges and fees assessed by the PWP Funds are available in the appropriate prospectus.

You can terminate a PWP account by providing written notice to LPL Financial. Upon termination, you are entitled to a prorated refund of any pre-paid quarterly fees based on the number of days remaining in the quarter after termination. If you close the account within the first six months as a result of withdrawals bringing the account value below the required minimum, we and LPL Financial reserve the right to retain the pre-paid quarterly fees for the current quarter in order to cover the administrative cost of establishing a PWP account. These fees may include costs to transfer positions into and out of the account, data entry costs to open the account, costs associated with reconciling positions in order to issue quarterly performance reports and the cost of re-registering positions.

This section is intended as a summary of PWP. If you contract for PWP services, you receive the PWP Form ADV Part 2A Appendix which provides detailed information regarding PWP.

#### ***E. Genworth Financial Wealth Management Platform***

The Genworth Platform is sponsored by Genworth Financial Wealth Management, Inc., a registered investment adviser. The Genworth Platform has two options. The first is an Asset Allocation System that LFAS may use to manage client assets. It is made up of model portfolios provided by a number of institutional investment strategists. The portfolio designs are based on the information, research, asset allocation methodology and investment strategies of the investment strategists. The second option is a Private Managed Account Program where LFAS introduces clients to investment managers who provide discretionary management of individual portfolios of equity and/or fixed income securities.

For clients with accounts through Genworth, LFAS offers clients model portfolios composed by a group of independent investment strategists in the Genworth Platform. The independent investment strategists have no direct relationship with LFAS or the clients, make no analysis of the clients' individual circumstances or objectives, and do not tailor the Model Portfolios to any specific client's needs.

LFAS' Advisory Representatives assist the client in selecting the Model Portfolio(s) that best suit the client's objectives. The client then specifically directs the account to be invested in accordance with the chosen Model Portfolio. When the client selects the Model Portfolio, the client further directs that the account holdings be automatically adjusted to reflect any adjustment in the Model Portfolio by the investment strategist. This client authorization would result in the purchase and sale of certain mutual funds or transfers between variable annuity sub-accounts without further authorization by the client at such time as the investment strategist changes the composition of the selected model portfolio. LFAS has no authority to cause any purchase or sale of securities in any client account, change the Model Portfolio or to direct the account to be invested in any manner other than as previously authorized by the client.

Genworth Platform client fees are payable quarterly, in advance, based on the average market value of assets under management during the previous quarter. LFAS, Genworth Financial Wealth Management,

LPL Financial, the investment strategists who design the portfolios, and others who provide support services for the Genworth Platform may receive a portion of the fee paid by the client.

The maximum advisory fee charged to clients will not exceed 2.25% per year. Custodian fees may be charged separately from the Genworth Platform client fees. The amount of the advisory fee charged by LFAS and paid by the client depends on a variety of factors. LFAS may retain up to 1.2% of the total fees charged to client for its role as investment adviser.

A condition of participation in the Genworth Platform is that all accounts are held at Pershing, LLC. Pershing, LLC serves as Custodian for Retirement Accounts. Execution and clearance of transactions is provided by Pershing. As a result, best execution may not be achieved.

A complete description of the Genworth Platform and related fees and charges can be found in the Genworth Wrap Fee Program Brochure, which will be provided to all clients prior to or at the time an account is established. Clients should carefully review the Genworth Disclosure Brochure prior to establishing an account.

#### ***F. 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.

As previously disclosed, LFAS' Advisory Representatives are registered representatives of LPL Financial. The Advisory Representatives can earn commissions when selling securities through LPL Financial. Clients always have the option to purchase securities and investment products through other brokers or agents not affiliated with LFAS.

#### **4. 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.

All recommendations of investment options and portfolios will be submitted to the client for the client’s ultimate approval or rejection. Therefore, it is always the client’s responsibility to accept investment recommendations of LFAS and then physically make changes to the plan itself.

In the event a client contracts with LFAS for one-on-one consulting services with plan participants, such services are consultative in nature and do not involve LFAS implementing recommendations in individual participant accounts. It will be the responsibility of each participant to implement changes in the participant’s individual accounts.

Retirement plan consulting services are not management services, and LFAS does not serve as administrator or trustee of the plan. LFAS does not act as custodian for any client account or have access to client funds or securities (with the exception of, some accounts, having written authorization from the client to deduct our fees). In addition, we do not implement any transactions in a retirement plan or participant’s account. For retirement plan consulting services, the retirement plan or the plan participant who elects to implement any recommendations made by us is solely responsible for implementing all transactions.

### 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.

#### Important ERISA Disclosure Information

LFAS will disclose, to the extent required by ERISA Regulation Section 2550.408b-2(c), to you any change to the information that we are required to disclose under ERISA Regulation Section 2550.408b-2(c)(1)(iv) as soon as practicable, but no later than sixty (60) days from the date on which we are informed of the change (unless such disclosure is precluded due to extraordinary circumstances beyond our control, in which case the information will be disclosed as soon as practicable).

In accordance with ERISA Regulation Section 2550.408b-2(c)(vi)(A), we will disclose within thirty (30) days following receipt of a written request from the responsible plan fiduciary or Plan Administrator (unless such disclosure is precluded due to extraordinary circumstances beyond our control, in which case the information will be disclosed as soon as practicable) all information related to the Qualified Retirement Plan Agreement and any compensation or fees received in connection with the Agreement that is required for the Plan to comply with the reporting and disclosure requirements of Title 1 of ERISA and the regulations, forms and schedules issued thereunder.

If we make an unintentional error or omission in disclosing the information required under ERISA Regulation Section 2550.408b-2(c)(1)(iv) or (vi), we will disclose to you the correct information as soon as practicable, but no later than thirty (30) days from the date on which we learn of such error or omission.

#### 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 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.

Direct Bill. If you elect the Direct Bill option, we will send a detailed billing invoice for each billing period. If services to the Plan commence on a date other than the first day of a billing period, we will pro-rate that initial partial billing period fee and include details regarding the partial initial billing period fee on the billing invoice. Fees are due within thirty (30) days after receipt of the billing invoice.

Fee Deduction. If you elect the Fee Deduction option, you must authorize the Plan custodian to deduct the fee from the Plan and to direct such fee to LFAS. Fees for billing periods will be prorated based on the number of days that services were provided during the billing period. Upon request, we are able to send you a fee billing invoice showing the amount of the fee that will be deducted, the manner in which the fee was calculated, any adjustments to the fee and an explanation of such adjustments.

Fiduciary Management Services may be provided on either a Non-Wrap Fee or Wrap Fee basis. In a Non-Wrap Fee account, brokerage commissions and/or 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 brokerage commissions or transaction fees from the custodian or you. In a Wrap Fee account, brokerage commissions and/or 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.

Some projects may be for a set time period and terminate on a specific date or end of a pre-determined period. In all situations, services can be terminated upon thirty (30) days following either party providing the other party with written notice. There is no penalty or "termination fee" for the termination of services. If services are terminated within five business days of executing an agreement for services with LFAS services will be terminated without penalty. If terminated after the initial five business days, you are responsible for payment of fees for services completed prior to termination of services. If services are terminated mid-period, a prorated fee is charged based on the number of days that services were provided during that period. If you have paid the fee in advance, we will promptly issue a pro-rated

refund. Upon termination of the agreement, please understand we have no obligation to recommend or take any action with regard to the Plan.

### **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**

- LFAS requires a minimum account size of \$40,000 to open a Managed Assets Program account and there is no minimum for Wealth Management Program accounts. A minimum of \$50,000 is required for Unified Managed Account Program accounts. Exceptions to this minimum may be granted at the discretion of LFAS.
- The minimum investment required for Genworth accounts is generally \$50,000 and a minimum of \$250,000 for Private Managed Accounts. Exceptions may be granted to the minimums at the discretion of Genworth and LFAS.
- For Manager Access Select accounts, a minimum investment amount of \$100,000 is required. A minimum account value of \$50,000 generally is required for Model Wealth Portfolios. LPL Financial requires a minimum investment amount of \$250,000 to establish a Personal Wealth Portfolios account. A minimum investment amount of \$15,000 is required for Optimum Market Portfolios accounts. Exceptions to these minimums may be granted by LPL Financial and 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. 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:

- Current Income,
- Balanced,
- Growth & Income,
- Growth, and
- Aggressive Growth

The Advisor Representative is still responsible for communicating with his/her client and gathering all client information. Please refer to the *Information Required by Part 2B of Form ADV: Brochure Supplement* section of this Disclosure Brochure to see the business, education and other information of the LFAS Investment Committee.

The following sections provide brief descriptions of some of the more common methods of analysis and investment strategies that are used by LFAS.

**Level Four Advisory Services uses the following methods of analysis in formulating investment advice.**

**Charting** - The set of techniques used in technical analysis in which charts are used to plot price movements, volume, settlement prices, open interest, and other indicators, in order to anticipate future price movements. Users of these techniques, called chartists, believe that past trends in these indicators can be used to extrapolate future trends.

**Cyclical** - Analyzes the investments sensitive to business cycles and whose performance is strongly tied to the overall economy. For example, cyclical companies tend to make products or provide services that are in lower demand during downturns in the economy and higher demand during upswings. Examples include the automobile, steel, and housing industries. The stock price of a cyclical company will often rise just before an economic upturn begins, and fall just before a downturn begins. Investors in cyclical stocks try to make the largest gains by buying the stock at the bottom of a business cycle, just before a turnaround begins.

**Fundamental** - A method of evaluating a security by attempting to measure its intrinsic value by examining related economic, financial and other qualitative and quantitative factors. Fundamental analysts attempt to study everything that can affect the security's value, including macroeconomic factors (like the overall economy and industry conditions) and individually specific factors (like the financial condition and management of companies). The end goal of performing fundamental analysis is to produce a value that an investor can compare with the security's current price in hopes of figuring out what sort of position to take with that security (underpriced = buy, overpriced = sell or short). This method of security analysis is considered to be the opposite of technical analysis. Fundamental analysis is about using real data to evaluate a security's value. Although most analysts use fundamental analysis to value stocks, this method of valuation can be used for just about any type of security.

**Technical** - A method of evaluating securities by analyzing statistics generated by market activity, such as past prices and volume. Technical analysts do not attempt to measure a security's intrinsic value, but



instead use charts and other tools to identify patterns that can suggest future activity. Technical analysts believe that the historical performance of stocks and markets are indications of future performance.

**Level Four Advisory Representatives use the following investment strategies when managing client assets and/or providing investment advice.**

LFAS' primary method of analysis or strategy is Strategic Asset Allocation which calls for setting target allocations and then periodically rebalancing the portfolio back to those targets as investment returns skew the original asset allocation percentages. The concept is akin to a "buy and hold" strategy, rather than an active trading approach. Of course, the strategic asset allocation targets may change over time as the client's goals and needs change and as the time horizon for major events such as retirement and college funding grow shorter. Some of the risks involved with using this method include having an inappropriate risk tolerance given the client's goals and objectives, investing in assets that may be too conservative or too aggressive for the client's stated risk tolerance, not properly re-balancing the portfolio to maintain the integrity of the strategic asset allocation.

In addition to strategic asset allocation, we may also use Tactical Asset Allocation which allows for a range of percentages in each asset class (such as Stocks = 40-50%). These are minimum and maximum acceptable percentages that permit the investor to take advantage of market conditions within these parameters. Thus, a minor form of market timing is possible, since the investor can move to the higher end of the range when stocks are expected to do better and to the lower end when the economic outlook is bleak. Similar risks described under strategic asset allocation are associated with tactical asset allocation.

We also use the following general investment strategies when managing accounts.

- Long term purchases - Investments held at least a year.
- Short term purchases - Investments sold within a year.
- Trading - Investments sold within 30 days.
- Option writing including covered options. Options are contracts giving the purchaser the right to buy or sell a security, such as stocks, at a fixed price within a specific period of time.

For clients with accounts through Genworth, LFAS offers clients model portfolios composed by a group of independent investment strategists in the Genworth Platform. The independent investment strategists have no direct relationship with LFAS or the clients, make no analysis of the clients' individual circumstances or objectives, and do not tailor the Model Portfolios to any specific client's needs.

LFAS' Advisory Representatives assist the client in selecting the Model Portfolio(s) that best suit the client's objectives. The client then specifically directs the account to be invested in accordance with the chosen Model Portfolio. When the client selects the Model Portfolio, the client further directs that the account holdings be automatically adjusted to reflect any adjustment in the Model Portfolio by the investment strategist. This client authorization would result in the purchase and sale of certain mutual funds or transfers between variable annuity sub-accounts without further authorization by the client at such time as the investment strategist changes the composition of the selected model portfolio. LFAS has no authority to cause any purchase or sale of securities in any client account, change the Model Portfolio or to direct the account to be invested in any manner other than as previously authorized by the client.

### **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. There are certain additional risks associated when investing in securities through our investment management program. The following are some additional risks clients need to be aware of.

- ETF and Mutual Fund Risk – When LFAS invests in an ETF or mutual fund for a client, the client will bear additional expenses based on its pro rata share of the ETF's or mutual fund's operating expenses, including the potential duplication of management fees. The risk of owning an ETF or mutual fund generally reflects the risks of owning the underlying securities the ETF or mutual fund holds. Clients may also incur brokerage costs when purchasing ETFs.
- Market Risk – Either the stock market as a whole, or the value of an individual company, goes down resulting in a decrease in the value of client investments. This is also referred to as systemic risk.
- Equity (stock) market risk – Common stocks are susceptible to general stock market fluctuations and to volatile increases and decreases in value as market confidence in and perceptions of their issuers change. If you held common stock, or common stock equivalents, of any given issuer, you would generally be exposed to greater risk than if you held preferred stocks and debt obligations of the issuer.
- Company Risk. When investing in stock positions, there is always a certain level of company or industry specific risk that is inherent in each investment. This is also referred to as unsystematic risk and can be reduced through appropriate diversification. There is the risk that the company will perform poorly or have its value reduced based on factors specific to the company or its industry. For example, if a company's employees go on strike or the company receives

unfavorable media attention for its actions, the value of the company may be reduced.

- Fixed Income Risk. When investing in bonds, there is the risk that issuer will default on the bond and be unable to make payments. Further, individuals who depend on set amounts of periodically paid income face the risk that inflation will erode their spending power. Fixed-income investors receive set, regular payments that face the same inflation risk.
- Options Risk. Options on securities may be subject to greater fluctuations in value than an investment in the underlying securities. Purchasing and writing put and call options are highly specialized activities and entail greater than ordinary investment risks.
- Management Risk – Your investment with our Firm varies with the success and failure of our investment strategies, research, analysis and determination of portfolio securities. If our investment strategies do not produce the expected returns, the value of the investment may decrease.

#### **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) broker/dealer, 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**

LFAS Advisory Representatives may also be licensed to sell securities in a capacity as Registered Representatives or registered principals with LPL Financial. Some LFAS Advisory Representatives may not be registered with LPL Financial. For those that are, such LFAS Advisory Representatives, acting in their separate capacities as Registered Representatives or registered principals of LPL Financial, may sell, for commissions, general securities products such as stocks, bonds, mutual funds, exchange-traded funds, and variable annuity and variable life products to advisory clients. As such, LFAS Advisory

Representatives may suggest that advisory clients implement investment advice by purchasing securities products through a commission-based LPL Financial account in addition to an advisory account. In the event investment advisory clients elect to purchase these products through LPL Financial, LPL Financial and the client's LFAS Adviser Representative, in the capacity as LPL Financial Registered Representative, will receive the normal and customary commission compensation in connection with the specific product purchased. LFAS does not require its Adviser Representatives to encourage clients to implement investment advice through LPL Financial.

Clients of LFAS are free to implement investment advice through any broker/dealer or product sponsor they may select. However, clients should understand that, due to certain regulatory constraints, LFAS Advisory Representatives, in the capacity as a dually Registered Representative, must place all purchases and sales of securities products in commission-based brokerage accounts through LPL Financial or other LPL Financial approved institutions.

### **Accounting Services**

LFAS is under common ownership with Level Four Tax & Advisors, LLC, an accounting firm that primarily provides tax services. Because LFAS and Level Four Tax & Advisors, LLC are related companies, there is an economic incentive to refer clients of LFAS to Level Four Tax & Advisors, LLC. However, Advisory Representatives are not required to refer their clients to the accounting firm and may recommend their clients use other accounting firms. The accounting firm does not pay LFAS or its Advisory Representatives referral fees for introducing clients and clients are never obligated to use the services of Level Four Tax & Advisors, LLC.

In addition, 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 own Level Four Group, LLC and sell insurance products through Level Four Insurance Services.

### **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, Greg 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**

As stated in Item 5 – Fees and Compensation, clients wishing to implement LFAS' advice are free to select any broker they wish and are so informed. If clients wish to have LFAS' associated persons implement the advice in their capacity as registered representative, LPL Financial will be used. Most of the associated persons of LFAS are registered representatives of LPL Financial and are required to use the services of LPL Financial when acting in their capacity as registered representatives. LPL Financial has a wide range of approved securities products for which LPL Financial performs due diligence prior to selection. LPL Financial's registered representatives are required to adhere to these products when implementing securities transactions through LPL Financial. Commissions charged for these products may be higher or lower than commissions clients may be able to obtain if transactions were implemented through another broker/dealer. Because the associated persons of LFAS may also be registered representatives of LPL Financial, LPL Financial provides compliance support to LFAS' associated persons. In addition to compliance support, LPL Financial also provides the associated persons of LFAS, and therefore LFAS, with back-office operational, technology, and other administrative support.

If clients wish to implement the advice of LFAS through most of the programs described in this Disclosure Brochure, LPL Financial will be the primary broker/dealer and custodian recommended due to LFAS' associated persons' relationship with LPL Financial. LFAS recommends broker/dealers and custodians that LFAS feels will provide services in a manner and at a cost that will allow LFAS to meet its duty of best execution. However, LFAS may be limited in the broker/dealer or custodians that it is allowed to use due to LFAS' associated persons relationship with LPL Financial. LPL Financial may limit or restrict the broker/dealer or custodial platforms for its registered representatives that are also independently licensed due to its duty to supervise the transactions implemented by these individuals.

While there is no direct linkage between the investment advice given to clients and LFAS' recommendation of LPL Financial, economic benefits may be provided by LPL Financial to LFAS that will not be provided if the client selects another broker/dealer or account custodian. These benefits may include: negotiated costs for transaction implementation, a dedicated trade desk that services LPL Financial participants exclusively, a dedicated service group and an account services manager dedicated to LFAS' accounts, access to a real-time order matching system, electronic download of trades, balances and position information, access, for a fee, to an electronic interface with the account custodian's software, duplicate and batched client statements, confirmations and year-end reports.

Clients should understand that not all investment advisers require the use of a particular broker/dealer or custodian. Some investment advisers allow their clients to select whichever broker/dealer the client decides. By directing clients to use a particular broker/dealer, LPL Financial, LFAS may achieve the most favorable execution of client transactions and the practice requiring the use of LPL Financial may cost clients more money than if the client used a different broker/dealer or custodian.

TD Ameritrade serves as broker/dealer and qualified custodian for all accounts established through the LFAS Managed Assets Program. LFAS' recommendation of TD Ameritrade is based primarily on minimizing client fees and expenses, but also on past experiences, as well as offerings or services TD Ameritrade provides that LFAS or client may require or find valuable such as online access. Transaction costs charged by TD Ameritrade may be higher than those charged by other broker/dealers in return for those products and services provided by TD Ameritrade. Expense and fee structures of various broker/dealers are periodically reviewed by LFAS to ensure Program accounts are receiving best execution. Accordingly, while LFAS will consider competitive rates, it may not necessarily obtain the lowest possible rates for client account transactions. Therefore, the overall services provided by TD Ameritrade are evaluated to determine best execution. TD Ameritrade has a wide range of available securities products for which LFAS performs due diligence prior to selection.

Clients should be aware that not all investment advisers require the use of a particular broker/dealer. Some investment advisers will manage accounts at any broker/dealer or offer more alternatives than what LFAS permits. However, to participate in an advisory program sponsored by LFAS, clients will need to open or transfer accounts to broker/dealers required by LFAS. Although LFAS receives benefits from both LPL Financial and TD Ameritrade, they do not provide client referrals to the Firm.

#### **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**

Unless clients contract for annual retainer services, financial planning services terminate upon the presentation of the plan or completion of the consultation. However, LFAS recommends that clients have their financial situation reviewed and updated at least annually. 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. All accounts are reviewed by a member of the investment committee.

#### **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**

Some of our Advisory Representatives sell securities products in their separate capacities as registered representatives of LPL Financial. They also sell insurance products as independently licensed insurance agents. The Advisory Representatives can earn commissions when selling securities and insurance products in these separate capacities. They may also receive 12b-1 fees from some investment companies.

Some of the advice offered by the associated persons involves investments in mutual fund products. Load and no-load mutual funds may pay annual distribution charges sometimes referred to as 12b-1 fees. The associated persons may receive a portion of these 12b-1 fees from some investment companies in their separate capacities as registered representatives. Clients should be aware that these 12b-1 fees come from fund assets, and thus, indirectly from client's assets. The receipt of these fees could represent



an incentive for registered representatives to recommend funds with 12b-1 fees or higher 12b-1 fees over funds with no fees or lower fees, therefore creating a potential conflict of interest.

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 II 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 fee 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.

Specific to the LFAS Managed Assets Program, 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.

Although LFAS is deemed to have custody on only LFAS Managed Assets Program accounts, 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.

For accounts managed through the LFAS Managed Assets Program, LFAS may elect to execute bond trades through bond broker/dealers in order to obtain a better price for the client and then have the bonds delivered into/from the client's TD Ameritrade brokerage account. This practice is enabled through the TD Ameritrade Trade Away service. This is the only case in which LFAS selects a broker/dealer to be used without specific client consent. TD Ameritrade charges a service fee per order entered at an executing broker/dealer by LFAS. The Trade Away Service Fee may be charged to the client's account.

#### **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 leave 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  
5601 Granite Parkway  
Suite 950  
Plano, TX 75024

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

## **BUSINESS CONTINUITY PLAN DISCLOSURE**

LFAS has developed a comprehensive business continuity plan that covers LFAS' operations. The plan is designed to ensure that LFAS is prepared to continue providing service to clients in the event a significant disruption of any kind occurs to LFAS' business operations. The plan addresses business disruptions of varying severity and scope. It provides for testing at least annually and in response to any material changes affecting LFAS' business. Although it is impossible to anticipate every scenario, the plan is reasonably designed to enable LFAS to resume doing business upon the occurrence of those events that are most likely to affect LFAS.

What follows is a description of how LFAS will respond to the following four types of disruptions: (1) A firm-only disruption, (2) a disruption that affects a single building, (3) a disruption that affects the entire city or business district, and (4) a disruption that affects the entire North Texas region. LFAS has also included information about how long it expects to take to recover from these disruptions.

### ***Firm-Only Disruptions***

To respond to a disruption that affects only LFAS, such as a computer virus, LFAS has on-site full-time employees who are fingerprinted associated persons or registered representatives of LPL Financial, to successfully guide LFAS through disruptions that may affect operations, the use of crisis communications systems and procedures that address life, health, and safety issues; damage assessment; damage mitigation; personnel mobilization and mission-critical systems. If this type of disruption takes place, LFAS intends to restore all critical services within one day after the disruption occurs. However, in light of the various types of disruptions of this nature that could take place, it may take longer to resume operations in one or more services during any particular disruption.

### ***Disruptions that Affect a Single Building***

In the event of a disruption that affects LFAS' office, such as a fire in the building, the plan calls for a response involving multiple locations. LFAS will resume critical services by moving key personnel to an alternate location, to the extent necessary. Certain key personnel may also work remotely by connecting to the LPL Financial network from a remote location. In addition to relocating key personnel to back-up facilities, LFAS will, if necessary, transfer responsibility for certain operations and support services to an offsite location. LFAS intends to resume operations in all critical service areas within one day after a disruption of this nature occurs. It may, however, take as long as two or three days to continue doing business in one or more critical service areas depending on the availability of data.

### ***Disruptions that Affect the Entire City or Business District***

If a disruption significant enough to affect the entire city or business district, such as an Act of God or a terrorist attack that cuts off access to LFAS' office, under the plan, LFAS will resume critical services at a back-up location. As above, certain key employees will work remotely and certain operations and support services would be handled at alternate locations. LFAS intends to resume operations in all of its critical service areas within one day after a disruption of this nature occurs. It may, however, take up to three or four days to recover depending on the availability of data and on the availability of key employees.

### ***Disruptions that Affect the Entire North Texas Region***

In the event of a disruption that affects the entire North Texas Region, such as a regional power outage, LFAS will resume critical service areas from back-up locations. Although LFAS intends to resume operations within one day after the disruption occurs, one or more critical service areas may not be able to resume operations until the disruption is over.

In all of the situations described above, LFAS expects to continue doing business and expects to resume operations within the specified time frames. However, in the event that a business disruption results in a significant loss of life at LFAS' office or otherwise results in key employees being unavailable or unable to report to their designated location, the recovery times described above may be significantly increased. Furthermore, although LFAS expects to continue operating regardless of the type of disruption, it is impossible to anticipate every scenario. It is, therefore, possible that a significant business disruption could occur and as a result, LFAS may be unable to continue doing business. In those situations, the plan provides procedures to help ensure that the customers have prompt access to their funds and securities.

LFAS will continue to devote substantial resources to the enhancement of its business continuity plan and procedures.

### **Information Required by Part 2B of Form ADV: *Brochure Supplement***

#### **Joseph W. Globensky, Manager and Investment Committee Member**

##### ***Item 1 – Cover Page***

This brochure supplement provides information about Joseph Globensky that supplements the information previously provided in this brochure. Please contact our main office at 866-834-1040 if you have any questions about the contents of this supplement. Additional information about Joseph Globensky is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

##### ***Item 2 – Educational Background and Business Experience***

Born: 1968

##### **Education Background:**

- Michigan State University, BA Finance, 1990
- Texas A&M University, MS Finance, 1993

##### **Business Background & Other Business Activity:**

- Level Four Advisory Services, LLC, Investment Advisor Representative, 01/2005 to Present;
- LPL Financial Corporation, Registered Representative, 11/2012 to Present;
- Level Four Insurance Services, Insurance Agent, 10/2002 to Present;
- Level Four Group, LLC, Chief Financial Officer, 10/2002 to Present;
- LF Properties, Ltd, Limited Partner, 07/2004 to Present;
- Level Four Tax & Advisors, LLC, Vice President, 08/2010 to Present; and
- Lincoln Financial Securities, Registered Representative, 11/2007 to 11/2012;
- Securities America, Inc., Registered Representative, 10/2002 to 11/2007.

##### ***Item 3 – Disciplinary Information***

Joseph Globensky has no legal or disciplinary events to report.

##### ***Item 4 – Other Business Activities***

##### **Activity 1 – Registered Representative**

Although LFAS does not sell products or services other than investment advice, Joseph Globensky is separately licensed as a registered representative with LPL Financial, a registered securities broker/dealer, member of the Financial Industry Regulatory Authority (FINRA) and the Securities Investors Protection Corporation (SIPC). When acting in his/her separate capacity as a registered representative of LPL Financial, Joseph Globensky may sell, for commissions, general securities products such as stocks, bonds, mutual funds, exchange-traded funds, and variable annuity and variable life products to advisory clients. As such, Joseph Globensky may suggest that advisory clients implement investment advice by purchasing securities products through a commission-based LPL Financial account in addition to a LFAS advisory account.

The receipt of commissions creates an incentive for Joseph Globensky to recommend those products for which he/she will receive a commission. Consequently, the objectivity of the advice rendered to clients could be biased. Joseph Globensky controls for this potential conflict of interest by discussing with clients the benefits and negatives of establishing a fee-based account through LFAS versus establishing a commission-based account through LPL Financial. LFAS does not require its Advisory Representatives to encourage clients to implement investment advice through LPL Financial. Joseph Globensky does not earn commissions in fee-based accounts. Joseph Globensky may receive 12b-1 fees from certain mutual fund companies as outlined in the fund's prospectus. 12b-1 fees come from fund assets, therefore, indirectly from client assets. The receipt of such fees could represent an incentive for Joseph Globensky to recommend funds with 12b-1 fees over funds that have no fees or lower fees. Joseph Globensky will receive 12b-1 fees only in commission-based brokerage accounts.

Clients are never obligated or required to establish accounts through LFAS or LPL Financial. However, if a client does not choose to accept Joseph Globensky's advice or decides not to establish an account through LPL Financial, Joseph Globensky may not be able to provide management and advisory services to the client. Clients should understand that, due to certain regulatory constraints, Joseph Globensky, in his/her capacity as a LPL Financial registered representative must place all purchases and sales of securities products in commission-based brokerage accounts through LPL Financial or its other approved institutions.

#### Activity 2 – Insurance Agent

Joseph Globensky is independently licensed to sell insurance and annuity products through various insurance companies. When acting in this capacity, Joseph Globensky will receive commissions for selling insurance and annuity products.

Joseph Globensky may also receive other incentive awards for the recommendation/sale of annuities and other insurance products. The receipt of compensation and other incentive benefits may affect the judgment of Joseph Globensky when recommending products to its clients. While Joseph Globensky endeavors at all times to put the interest of his/her clients first as a part of Joseph Globensky's overall fiduciary duty to clients, clients should be aware that the receipt of commissions and additional compensation itself creates a conflict of interest, and may affect Joseph Globensky's decision making process when making recommendations.

Clients are never obligated or required to purchase insurance products from or through Joseph Globensky and may choose any independent insurance agent and insurance company to purchase insurance products. Regardless of the insurance agent selected, the insurance agent or agency will receive normal commissions from the sale.

Level Four Group, LLC is the sole owner of LFAS and Level Four Insurance Services, LLC, a licensed insurance agency. Joseph Globensky may sell insurance products through Level Four Insurance Services.

#### Activity 3 – Chief Financial Officer

Joseph Globensky is the Chief Financial Officer at Level Four Group, LLC. Level Four Group, LLC is a business consulting firm and the sole owner of LFAS and Level Four Insurance Services, LLC.

#### Activity 4 – Level Four Tax & Advisors, LLC

Joseph Globensky is a Vice President of Level Four Tax & Advisors, LLC, an accounting and tax consulting firm. Although he does not provide accounting and tax services himself, Joseph Globensky may refer his clients in need of tax consulting services to Level Four Tax & Advisors, LLC. Services and fees charged by Level Four Tax & Advisors, LLC are separate and in addition to any fees charged by LFAS. Clients are never obligated or required to use the services of Level Four Tax & Advisors, LLC.

### ***Item 5 - Additional Compensation***

Certain product sponsors may provide Joseph Globensky with other economic benefits as a result of Joseph Globensky's recommendation or sale of the product sponsors' investments. The economic benefits received by Joseph Globensky from product sponsors can include but are not limited to, financial assistance or the sponsorship of conferences and educational sessions, marketing support, incentive awards, payment of travel expenses, and tools to assist Joseph Globensky in providing various services to clients.

In addition, LPL Financial has a similar program. If Joseph Globensky meets certain production levels, Joseph Globensky can receive incentive trips, discounts on technology, marketing support and other services from LPL Financial.

Although LFAS and Joseph Globensky endeavor at all times to put the interest of their clients ahead of their own interests or those of the Firm's officers, directors, or representatives ("affiliated persons"), these arrangements could affect the judgment of Joseph Globensky when recommending investment products. These situations present a conflict of interest that may affect the judgment of affiliated persons including Joseph Globensky.

### ***Item 6 - Supervision***

Gregg Overstake, LFAS Chief Compliance Officer, is ultimately responsible for supervising the investment advice and services provided by LFAS Advisory Representatives, including Joseph Globensky. Investment portfolios and programs offered by LFAS are reviewed and monitored on an on-going basis. LFAS has developed reports and internal controls to identify transactions that may be out of the ordinary or inconsistent with a client's investment objectives. Mr. Overstake's phone number is (866) 834-1040.

### **Edmon "Jake" Tomes, Manager and Investment Committee Member**

#### ***Item 1 – Cover Page***



This brochure supplement provides information about Jake Tomes that supplements the information previously provided in this brochure. Please contact our main office at 866-834-1040 if you have any questions about the contents of this supplement. Additional information about Jake Tomes is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## ***Item 2 – Educational Background and Business Experience***

Born 1974

### ***Education Background:***

- Ambassador University: Bachelor of Science in Psychology, 1997

### ***Business Background:***

- Level Four Advisory Services, LLC, Investment Advisor Representative, 01/2005 to Present;
- LPL Financial Corporation, Registered Representative, 11/2012 to Present;
- Level Four Insurance Services, Insurance Agent, 03/2002 to Present;
- Level Four Group, LLC, President/CEO, 05/2000 to Present;
- LF Properties, Ltd, Limited Partner, 07/2004 to Present;
- Level Four Tax & Advisors, LLC, Vice President, 08/2010 to Present;
- Lincoln Financial Securities, Registered Representative, 11/2007 to 11/2012;
- Securities America, Inc, Registered Representative, 10/2002 to 11/2007

## ***Item 3 – Disciplinary Information***

Jake Tomes has no legal or disciplinary events to report.

## ***Item 4 – Other Business Activities***

### **Activity 1 – Registered Representative**

Although LFAS does not sell products or services other than investment advice, Jake Tomes is separately licensed as a registered representative with LPL Financial, a registered securities broker/dealer, member of the Financial Industry Regulatory Authority (FINRA) and the Securities Investors Protection Corporation (SIPC). When acting in his/her separate capacity as a registered representative of LPL Financial, Jake Tomes may sell, for commissions, general securities products such as stocks, bonds, mutual funds, exchange-traded funds, and variable annuity and variable life products to advisory clients. As such, Jake Tomes may suggest that advisory clients implement investment advice by purchasing securities products through a commission-based LPL Financial account in addition to a LFAS advisory account.

The receipt of commissions creates an incentive for Jake Tomes to recommend those products for which he/she will receive a commission. Consequently, the objectivity of the advice rendered to clients could be biased. Jake Tomes controls for this potential conflict of interest by discussing with clients the benefits and negatives of establishing a fee-based account through LFAS versus establishing a commission-based account through LPL Financial. LFAS does not require its Advisory Representatives to encourage clients to implement investment advice through LPL Financial. Jake Tomes does not earn commissions in fee-based accounts.

Jake Tomes may receive 12b-1 fees from certain mutual fund companies as outlined in the fund's prospectus. 12b-1 fees come from fund assets, therefore, indirectly from client assets. The receipt of such fees could represent an incentive for Jake Tomes to recommend funds with 12b-1 fees over funds that have no fees or lower fees. Jake Tomes will receive 12b-1 fees only in commission-based brokerage accounts.

Clients are never obligated or required to establish accounts through LFAS or LPL Financial. However, if a client does not choose to accept Jake Tomes' advice or decides not to establish an account through LPL Financial, Jake Tomes may not be able to provide management and advisory services to the client. Clients should understand that, due to certain regulatory constraints, Jake Tomes, in his/her capacity as a LPL Financial registered representative must place all purchases and sales of securities products in commission-based brokerage accounts through LPL Financial or its other approved institutions.

#### Activity 2 – Insurance Agent

Jake Tomes is independently licensed to sell insurance and annuity products through various insurance companies. When acting in this capacity, Jake Tomes will receive commissions for selling insurance and annuity products.

Jake Tomes may also receive other incentive awards for the recommendation/sale of annuities and other insurance products. The receipt of compensation and other incentive benefits may affect the judgment of Jake Tomes when recommending products to its clients. While Jake Tomes endeavors at all times to put the interest of his/her clients first as a part of Jake Tomes' overall fiduciary duty to clients, clients should be aware that the receipt of commissions and additional compensation itself creates a conflict of interest, and may affect Jake Tomes' decision making process when making recommendations.

Clients are never obligated or required to purchase insurance products from or through Jake Tomes and may choose any independent insurance agent and insurance company to purchase insurance products. Regardless of the insurance agent selected, the insurance agent or agency will receive normal commissions from the sale.

Level Four Group, LLC is the sole owner of LFAS and Level Four Insurance Services, LLC, a licensed insurance agency. Jake Tomes may sell insurance products through Level Four Insurance Services.

#### Activity 3 – President/CEO

Jake Tomes is the President/CEO at Level Four Group, LLC. Level Four Group, LLC is a business consulting firm and the sole owner of LFAS and Level Four Insurance Services, LLC.

#### Activity 4 – Level Four Tax & Advisors, LLC

Jake Tomes is a Vice President of Level Four Tax & Advisors, LLC, an accounting and tax consulting firm. Although he does not provide accounting and tax services himself, Jake Tomes may refer his clients in need of tax consulting services to Level Four Tax & Advisors, LLC. Services and fees charged by Level Four Tax & Advisors, LLC are separate and in addition to any fees charged by LFAS. Clients are never obligated or required to use the services of Level Four Tax & Advisors, LLC.

#### ***Item 5 – Additional Compensation***

Certain product sponsors may provide Jake Tomes with other economic benefits as a result of Jake Tomes' recommendation or sale of the product sponsors' investments. The economic benefits received by Jake Tomes from product sponsors can include but are not limited to, financial assistance or the

sponsorship of conferences and educational sessions, marketing support, incentive awards, payment of travel expenses, and tools to assist Jake Tomes in providing various services to clients.

In addition, LPL Financial has a similar program. If Jake Tomes meets certain production levels, Jake Tomes can receive incentive trips, discounts on technology, marketing support and other services from LPL Financial.

Although LFAS and Jake Tomes endeavor at all times to put the interest of their clients ahead of their own interests or those of the Firm's officers, directors, or representatives ("affiliated persons"), these arrangements could affect the judgment of Jake Tomes when recommending investment products. These situations present a conflict of interest that may affect the judgment of affiliated persons including Jake Tomes.

### ***Item 6 – Supervision***

Gregg Overstake, LFAS Chief Compliance Officer, is ultimately responsible for supervising the investment advice and services provided by LFAS Advisory Representatives, including Jake Tomes. Investment portfolios and programs offered by LFAS are reviewed and monitored on an on-going basis. LFAS has developed reports and internal controls to identify transactions that may be out of the ordinary or inconsistent with a client's investment objectives. Mr. Overstake's phone number is (866) 834-1040.

### **Darryn D. Pope, Manager and Investment Committee Member**

### ***Item 1 – Cover Page***

This brochure supplement provides information about Darryn Pope that supplements the information previously provided in this brochure. Please contact our main office at 866-834-1040 if you have any questions about the contents of this supplement. Additional information about Darryn Pope is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

### ***Item 2 – Educational Background and Business Experience***

#### ***Education Background:***

- Texas A&M University: Bachelor of Business Administration in Marketing and Management, 1989

#### ***Business Background:***

- Level Four Advisory Services, LLC, Investment Advisor Representative, 01/2005 to Present;
- LPL Financial Corporation, Registered Representative, 11/2012 to Present;
- Level Four Insurance Services, Insurance Agent, 10/2002 to Present;
- Level Four Group, LLC, Chief Training Officer, 10/2002 to Present;
- LF Properties, Ltd, Limited Partner, 07/2004 to Present;
- Level Four Tax & Advisors, LLC, President, 08/2010 to Present;
- Lincoln Financial Securities, Registered Representative, 11/2007 to 11/2012;
- Securities America, Inc, Registered Representative, 10/2002 to 11/2007

### ***Item 3 – Disciplinary Information***

Darryn Pope has no legal or disciplinary events to report.

#### ***Item 4 – Other Business Activities***

##### **Activity 1 – Registered Representative**

Although LFAS does not sell products or services other than investment advice, Darryn Pope is separately licensed as a registered representative with LPL Financial, a registered securities broker/dealer, member of the Financial Industry Regulatory Authority (FINRA) and the Securities Investors Protection Corporation (SIPC). When acting in his/her separate capacity as a registered representative of LPL Financial, Darryn Pope may sell, for commissions, general securities products such as stocks, bonds, mutual funds, exchange-traded funds, and variable annuity and variable life products to advisory clients. As such, Darryn Pope may suggest that advisory clients implement investment advice by purchasing securities products through a commission-based LPL Financial account in addition to a LFAS advisory account.

The receipt of commissions creates an incentive for Darryn Pope to recommend those products for which he/she will receive a commission. Consequently, the objectivity of the advice rendered to clients could be biased. Darryn Pope controls for this potential conflict of interest by discussing with clients the benefits and negatives of establishing a fee-based account through LFAS versus establishing a commission-based account through LPL Financial. LFAS does not require its Advisory Representatives to encourage clients to implement investment advice through LPL Financial. Darryn Pope does not earn commissions in fee-based accounts.

Darryn Pope may receive 12b-1 fees from certain mutual fund companies as outlined in the fund's prospectus. 12b-1 fees come from fund assets, therefore, indirectly from client assets. The receipt of such fees could represent an incentive for Darryn Pope to recommend funds with 12b-1 fees over funds that have no fees or lower fees. Darryn Pope will receive 12b-1 fees only in commission-based brokerage accounts.

Clients are never obligated or required to establish accounts through LFAS or LPL Financial. However, if a client does not choose to accept Darryn Pope's advice or decides not to establish an account through LPL Financial, Darryn Pope may not be able to provide management and advisory services to the client. Clients should understand that, due to certain regulatory constraints, Darryn Pope, in his/her capacity as a LPL Financial registered representative must place all purchases and sales of securities products in commission-based brokerage accounts through LPL Financial or its other approved institutions.

##### **Activity 2 – Insurance Agent**

Darryn Pope is independently licensed to sell insurance and annuity products through various insurance companies. When acting in this capacity, Darryn Pope will receive commissions for selling insurance and annuity products.

Darryn Pope may also receive other incentive awards for the recommendation/sale of annuities and other insurance products. The receipt of compensation and other incentive benefits may affect the judgment of Darryn Pope when recommending products to its clients. While Darryn Pope endeavors at all times to put the interest of his/her clients first as a part of Darryn Pope's overall fiduciary duty to clients, clients should be aware that the receipt of commissions and additional compensation itself creates a conflict of interest, and may affect Darryn Pope's decision making process when making recommendations.

Clients are never obligated or required to purchase insurance products from or through Darryn Pope and may choose any independent insurance agent and insurance company to purchase insurance products.

Regardless of the insurance agent selected, the insurance agent or agency will receive normal commissions from the sale.

Level Four Group, LLC is the sole owner of LFAS and Level Four Insurance Services, LLC, a licensed insurance agency. Darryn Pope may sell insurance products through Level Four Insurance Services.

#### Activity 3 – Chief Training Officer

Darryn Pope is the Chief Training Officer at Level Four Group, LLC. Level Four Group, LLC is a business consulting firm and the sole owner of LFAS and Level Four Insurance Services, LLC.

#### Activity 4 – Level Four Tax & Advisors, LLC

Darryn Pope is the President of Level Four Tax & Advisors, LLC, an accounting and tax consulting firm. Although he does not provide accounting and tax services himself, Darryn Pope may refer his clients in need of tax consulting services to Level Four Tax & Advisors, LLC. Services and fees charged by Level Four Tax & Advisors, LLC are separate and in addition to any fees charged by LFAS. Clients are never obligated or required to use the services of Level Four Tax & Advisors, LLC.

#### ***Item 5 – Additional Compensation***

Certain product sponsors may provide Darryn Pope with other economic benefits as a result of Darryn Pope's recommendation or sale of the product sponsors' investments. The economic benefits received by Darryn Pope from product sponsors can include but are not limited to, financial assistance or the sponsorship of conferences and educational sessions, marketing support, incentive awards, payment of travel expenses, and tools to assist Darryn Pope in providing various services to clients.

In addition, LPL Financial has a similar program. If Darryn Pope meets certain production levels, Darryn Pope can receive incentive trips, discounts on technology, marketing support and other services from LPL Financial.

Although LFAS and Darryn Pope endeavor at all times to put the interest of their clients ahead of their own interests or those of the Firm's officers, directors, or representatives ("affiliated persons"), these arrangements could affect the judgment of Darryn Pope when recommending investment products. These situations present a conflict of interest that may affect the judgment of affiliated persons including Darryn Pope.

#### ***Item 6 – Supervision***

Gregg Overstake, LFAS Chief Compliance Officer, is ultimately responsible for supervising the investment advice and services provided by LFAS Advisory Representatives, including Darryn Pope. Investment portfolios and programs offered by LFAS are reviewed and monitored on an on-going basis. LFAS has developed reports and internal controls to identify transactions that may be out of the ordinary or inconsistent with a client's investment objectives. Mr. Overstake's phone number is (866) 834-1040.

**ANY QUESTIONS: LFAS' Chief Compliance Officer, Gregg Overstake, remains available to address any questions regarding this Part 2A.**