

Firm Brochure

(Part 2A of Form ADV)

March 31, 2017

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This brochure provides information about the qualifications and business practices of Lenox Wealth Advisors, Inc. If you have any questions about the contents of this brochure, please contact us at: (212) 231-9062. 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 Lenox Wealth Advisors is available on the SEC's website at www.adviserinfo.sec.gov. References to our firm as a "registered investment adviser" or any reference to being "registered" does not imply a certain level of skill or training.

Item 2 - Material Changes

Since the last annual update filed on March 31, 2016, this brochure has been revised to reflect organizational changes and involvement in operations and management of Lenox Wealth Advisors, Inc. by personnel of Lenox Advisors, Inc., an affiliate of Lenox Wealth Advisors, Inc. Whenever you would like to receive a complete copy of our brochure, please contact us by telephone at (212) 231-9062.

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Item 4 - Advisory Business

Lenox Wealth Advisors, Inc. (“LWA”) offers investment management and wealth advisory services to individuals, families, trusts, not-for-profit organizations, and business entities. Our mission is to help our clients create a financially secure and fulfilling future. LWA acts as a fiduciary for its clients and takes that role very seriously, offering objective and unbiased wealth management services to investment management clients.

LWA is a corporation formed in the State of New York on March 10, 2011. Our company is wholly owned by NFP Corp. (“NFP”).

David M. Carter and Gregory K. Reynolds have primary responsibility for day-to-day management of LWA. Mr. Carter, LWA’s Chief Investment Officer, has over 20 years of investment experience. Mr. Reynolds, LWA’s Chief Operating Officer and Chief Compliance Officer, has over 15 years of investment experience. Certain management and oversight functions of LWA reside with five personnel members of Lenox Advisors, Inc., an affiliate of NFP and LWA, and such persons (collectively, “Lenox Management”) have power to exercise a controlling influence over LWA’s management and policies.

We provide investment management services and wealth advisory services to clients.

1. Custom Investment Management Services: LWA offers discretionary investment management services to clients. Under this program, a client may impose restrictions relative to investing in certain securities or types of securities, which will be set forth in their applicable investment policy statement. Fees are charged based upon an annual percentage of assets under management, as described below under “Fees and Compensation.”
2. Wealth Advisory Services: LWA may provide a variety of analytical and administrative services to illuminate financial risks, establish investment strategy, and initiate actions with estate and/or tax professionals who also service our clients, where appropriate. We provide these services in conjunction with our investment management services described above and do not charge separately for them. They are included in the fees charged for the investment management services, as described further below.
3. Prosperity Program Services: LWA offers discretionary investment management services to clients through its Prosperity Program. Under this program, clients can choose among five Prosperity Portfolios, each of which offers an allocation of equities, fixed income, and alternative investments constructed to meet a specific risk tolerance. Under this program, a client cannot impose restrictions on investing in certain securities or types of securities. An investment in a Prosperity Portfolio requires a smaller minimum than that which LWA generally requires. Fees are charged based upon an annual percentage of assets under management, as described below under “Fees and Compensation.”

LWA only provides investment advisory services as described in this brochure. LWA does not provide legal or tax advice and LWA does not act as a law, accounting or tax firm. LWA is not an insurance agency and does not offer insurance products or advice on insurance.

Investment policy statements are created to reflect the strategy to be employed for each client as well as the client’s risk tolerance and investment objectives. Further, LWA documents the terms

of our client relationships in a written Wealth Management Agreement or other formal document appropriate to the circumstances (the “Agreement”), which describes the terms pursuant to which LWA provides services to its clients. The fees LWA charges for services are set forth in the Agreement. Both the client and LWA can each terminate the Agreement by providing at least 30 days written notice to the other.

As of December 31, 2016, LWA had assets under management of \$856,675,041, all of which is managed on a discretionary basis. LWA does not currently manage any assets on a non-discretionary basis.

Item 5 - Fees and Compensation

LWA’s fee for investment management services shall be an asset based fee calculated as a percentage of the market value of the assets managed and payable in quarterly installments at the beginning of each calendar quarter. Fees are based on the net market value of the client account on the last day of the prior quarter. The asset base for the initial quarter shall be calculated on a pro rata basis commencing on the day the assets are initially allocated to LWA for investment management services. After the initial quarter, the fee, which is compounded using an average daily balance, may be adjusted in the next billing cycle to account for deposits, withdrawals and asset allocation. In limited circumstances, LWA may bill client accounts in arrears, also on a quarterly basis.

Custom Investment Management Services

For equity and alternative investments, the fee schedule is typically as follows:

- 1.25% on the first \$1,000,000
- 1.22% on the next \$1,000,000
- 0.92% on the next \$3,000,000
- 0.82% on assets in excess of \$5,000,000

For fixed income investments, the fee schedule is typically as follows:

- 0.50% up to the first \$2,500,000
- 0.45% on the next \$2,500,000
- 0.40% on the next \$5,000,000
- 0.35% on assets in excess of \$10,000,000

The minimum account size is \$1,000,000 although this requirement may be waived from time to time in LWA’s discretion. While it is not LWA’s general policy, LWA may negotiate fees on a client account different than those shown based upon certain criteria such as, but not limited to, the size or complexity of a relationship, portfolio composition, type of assets, anticipated future additional assets, dollar amounts of assets to be managed or related accounts. Therefore, client relationships may exist where the fees are higher or lower than the fees described in the schedule above.

Prosperity Program Services

For these services, the fee schedule is as follows:

1.25% on assets up to \$1,000,000

The minimum account size is \$100,000 although this requirement may be waived from time to time in LWA's discretion. This fee also may be different from above based on the referral/solicitor arrangement discussed later in this brochure. Prosperity Program accounts larger than \$1,000,000 will have pricing applied as set forth in the Custom Investment Management Services above.

Payment Terms and Additional Costs

A client may terminate their Agreement by providing LWA at least 30 days' advance written notice to establish a termination date. The portfolio value at the end of the prior quarter would be the basis for the final fee computation, adjusted for the number of days during the billing quarter prior to termination. Any unearned fees paid in advance will be promptly refunded.

Investment management fees are billed quarterly, in advance. Therefore fees become due at the beginning of each three-month billing period. Clients will authorize LWA to debit fees directly from a designated client account. Only in the limited circumstance where the investment management fee cannot be paid directly from a client's account, such will be invoiced. In such cases, invoices are due and payable in full upon receipt.

Clients will enter into separate custodial/clearing agreements with the applicable custodian for their account. Custodians may charge separate custody fees and transaction fees on purchases or sales of securities, mutual funds and exchange-traded funds recommended by LWA. Such fees are charged by the custodian, paid at the time of the transaction and represent an additional expense to clients. Occasionally, for best execution purposes or other business reasons, LWA may choose a broker different from the client's custodian, and that broker may charge commission to execute the trade, which will be borne by the client. LWA is committed to achieving best execution and to minimizing trading and related costs. Please refer to the "Brokerage Practices" section of this brochure for more information on LWA's selection and review of brokers.

Clients may bear additional costs and expenses in addition to the LWA investment management fees described above. For example, if a client's portfolio is managed by a third party advisor, that advisor may charge a separate management fee for their services. Some investments in a client account such as mutual funds, separate accounts, limited partnerships, and other vehicles are subject to management fees charged by the managers/sponsors of such investments. With respect to mutual funds, such fees are generally referred to as expense ratios. For example, an expense ratio of 0.50 means that a mutual fund company charges for its services at a rate of 0.5% on an annual basis. These fees are in addition to the investment management fees clients pay to LWA. Other charges may include, but are not limited to, brokerage commissions, transaction fees, charges imposed directly by a mutual fund, index fund, or exchange traded fund, certain deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions.

LWA may pay a referral fee to solicitors as described under the section titled “Client Referrals and Other Compensation.” This fee is included in the investment management fee noted above. Clients referred to LWA through solicitors do not pay higher fees. Rather, the referral fee is deducted from LWA’s investment management fee.

If a solicitor sells an investment product on a fee or commission basis to an LWA client, LWA will not charge an investment management fee for managing this asset, rather the value of this product will be excluded when calculating the investment management fee.

Item 6 - Performance-Based Fees and Side-By-Side Management

LWA does not charge “incentive based” or “performance-based” fees.

Item 7 - Types of Clients

LWA generally offers investment advice to individuals, families, trusts, not-for-profit organizations, and business entities. Client relationships vary in scope, size and length of service.

The minimum account sizes with respect to Custom Investment Management Services and Prosperity Program Services are described under Item 5 above.

Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss

LWA utilizes strategic and tactical asset allocation strategies. Our core philosophy is that asset allocation can be the primary driver of long-term returns. We look for investment opportunities that best meet our clients’ needs, wherever they may exist around the globe and/or across asset classes. LWA also embraces an open architecture approach so that it can utilize its due diligence and manager research to choose from a broad selection of investment managers. We perform both quantitative and qualitative research to select managers. This manager universe is primarily comprised of index funds, mutual funds, exchange-traded funds, although where appropriate, this universe may include separate accounts, limited partnerships and individual securities. We combine our diversified allocation approach with an active management of risk and a commitment to a low cost investment model when constructing a client’s portfolio. The investment management team’s approach combines top-down and bottom-up analysis and also incorporates both quantitative and qualitative inputs to emphasize long-term strategic and short term tactical exposures throughout all parts of the portfolio.

The process begins by monitoring economic and corporate results, globally and domestically, to assess their possible influence on equity and bond markets. This review and analysis of macroeconomic and market trends is the basis of our research approach. We then implement our analysis by employing both active and passive investments matching the proper vehicles to a client’s stated objectives.

LWA manages multiple investment strategies across the risk-reward spectrum, spanning from pure capital preservation to pure growth. LWA determines a client’s investment strategy to help meet their goals based upon the information provided by a client and the client’s advisors, a review of their risk tolerance, time horizon and cash flow needs. This strategic allocation is then actively managed for risk tactically through broad exposures (beta) as well as exposure to

specific underlying holdings (alpha). LWA determines tactical ranges, often through its Investment Committee, and communicates such determinations to each client, per their client's customization wishes.

Where LWA provides Custom Investment Management Services, LWA may allocate (and/or recommend that the client allocate) a portion of a client's investment assets among unaffiliated independent investment managers in accordance with the client's designated investment objective(s). In such situations, the independent manager(s) shall have day-to-day responsibility for the active discretionary management of the allocated assets. LWA shall continue to render investment advisory services to the client relative to the ongoing monitoring and review of account performance, asset allocation and client investment objectives. Factors which LWA shall consider in recommending independent manager(s) include the client's investment objective(s) and the management style, performance, reputation, financial strength, reporting, pricing, and research of the various investment managers. The goal of each investment strategy is to generate risk-adjusted returns consistent with each client's investment objective.

Investing in securities involves risk of loss that clients should be prepared to bear. The material investment risks that a client may encounter include the following:

1. Interest-rate Risk: Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
2. Market Risk: The price of a security, bond or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events.
3. Inflation Risk: When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.
4. Currency Risk: Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
5. Reinvestment Risk: This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e., interest rate). This primarily relates to fixed income securities.
6. Business Risk: These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.
7. Liquidity Risk: Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.

8. **Financial Risk:** Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.

Item 9 - Disciplinary Information

Neither LWA nor its employees have been the subject of any disciplinary actions. A member of Lenox Management has been subject to disciplinary action as follows:

- As a registered securities representative of an unaffiliated broker-dealer, Michael Book resolved a matter on October 28, 2013, without admitting or denying the findings, with the broker-dealer's primary regulator, the Financial Industry Regulatory Authority (FINRA). The underlying incident involved violations of certain FINRA Rules when registered representatives he was recruiting removed files containing nonpublic personal information of customers from their prior broker-dealer firm. The findings and incident were not related to the investment advisory activities of Mr. Book or to the investment advisory business of Lenox Advisors and Lenox Wealth Advisors. Mr. Book consented to a censure and a \$15,000 fine to resolve the matter with FINRA.

Item 10 - Other Financial Industry Activities and Affiliations

LWA's investment advisory services are available on an investment platform sponsored by MML Investor Services, LLC ("MML"), a member of the MassMutual Financial Group and a registered broker-dealer and SEC registered investment adviser. LWA is one of several investment adviser options available on the MML platform. LWA has entered into a solicitation arrangement with MML whereby it compensates MML for referring clients to LWA. Certain registered representatives and/or investment adviser representatives of MML who are expressly authorized to refer clients to LWA, receive a portion of the compensation paid to MML under the solicitation arrangement.

Lenox Advisors, Inc.

Lenox Advisors, Inc., an affiliated New York State registered investment adviser and licensed insurance agency ("Lenox Advisors"), is also a wholly-owned subsidiary of NFP. Certain of the management and oversight functions of Lenox Advisors and LWA reside with Lenox Management. Lenox Management has the power to exercise a controlling influence over Lenox Advisor's (as well as LWA's) management and policies. Of the total revenue generated by LWA and Lenox Advisors; a percentage of is then paid to Lenox Management.

LWA and Lenox Advisors have the following relationships and arrangements:

- The five members of Lenox Management are employees of Lenox Advisors. As members of Lenox Management, such persons have the power to exercise a controlling influence over the management and policies of both LWA and Lenox Advisors.
- Personnel of Lenox Advisors serve in significant capacities with respect to LWA including oversight and management of certain functions of LWA as follows: 1) the Chief Financial Officer of Lenox Advisors, Christina Mantzaris, provides similar financial and accounting services to LWA and 2) David B. Schrohe of Lenox Advisors

provides business management oversight with respect to LWA; Mr. Reynolds, LWA's Chief Operating Officer and Chief Compliance Officer, and Mr. Carter, LWA's Chief Investment Officer, report to Mr. Schrohe. Ms. Mantzaris and Mr. Schrohe are subject to compliance policies and procedures and code of ethics of LWA.

- Although LWA and Lenox Advisors maintain separate and distinct office space, LWA utilizes certain resources and administrative personnel of Lenox Advisors. LWA has entered into an agreement with Lenox Advisors for the purpose of documenting how certain administrative (i.e., back office) resources of Lenox Advisors may be utilized by LWA and how the costs associated with such usage will be allocated between the two entities.

LWA and Lenox Advisors also have arrangements whereby employees and independent contractors of Lenox Advisors make referrals to LWA as follows:

- Lenox Advisors has employees and independent contractors who are also investment adviser representatives of Lenox Advisors and can render advice regarding asset allocation and the selection of third party investment management programs, such as LWA. Such persons may also be registered representatives and/or investment adviser representatives of MML.
- Lenox Advisors, as a New York State registered investment adviser, provides fee-based financial planning services to its clients. Existing financial planning clients of Lenox Advisors may be referred to LWA for its investment management services.
- Lenox Advisors is a licensed insurance agency. In addition certain independent contractors of Lenox Advisors, in their individual capacities, are licensed insurance agents. Certain of these individuals are also registered representatives and/or investment adviser representatives of MML. LWA anticipates that it will receive referrals from the insurance agents engaged by Lenox Advisors.

A potential conflict of interest exists when employees and independent contractors of Lenox Advisors make referrals to LWA as follows:

- Where Lenox Advisors has employees and independent contractors who are also investment adviser representatives of Lenox Advisors, such person may receive a portion of the referral fee paid by MML to LWA. A conflict of interest exists because the employee or independent contractor of Lenox Advisors could recommend LWA based on the receipt of this compensation rather than on a client's best interests.
- Compensation paid to Lenox Management based on the revenue generated by LWA and Lenox Advisors. The members of Lenox Management can influence the management decisions of Lenox Advisors and LWA, including decisions with respect to employee compensation, hiring, firing, and promotions. Consequently, a conflict of interest exists because an employee or independent contractor of Lenox Advisors could recommend LWA based on the potential to increase the compensation paid to supervisors of the firm (i.e., the members of the Lenox Management) rather than on a client's best interest.

- The investment management fees charged by LWA are directly related to the amount of assets that it manages, which increases the revenues earned by NFP. Compensation paid to employees of Lenox Advisors and LWA, such as base salaries and bonuses, is based on the overall profitability of LWA and Lenox Advisors. Consequently, employees and independent contractors of Lenox Advisors have an incentive to recommend the investment advisory services of LWA rather than the services of another investment adviser on the MML platform.

LWA has policies and procedures to ensure that it is acting in the best interests of its clients in providing investment management services and that investment decisions and recommendations are not a product of a conflict of interest. LWA's Chief Compliance Officer, Gregory K. Reynolds, remains available to address any questions that a client or prospective client may have regarding this conflict of interest. LWA anticipates that many of its clients will continue to maintain a separate and continuing relationship with Lenox Advisors and/or MML relative to their investment, financial planning and/or insurance-related needs.

NFP Corp. ("NFP")

LWA is owned by NFP which owns other registered investment advisers, broker-dealers, insurance agencies and other product and service providers ("NFP Affiliates"). To the extent LWA may recommend that you purchase or sell products and services from or through NFP Affiliates and these NFP Affiliates and our firm may receive compensation as a result of such recommendations. A recommendation that you purchase or sell products or services by or through an NFP Affiliate creates a conflict of interest as it could result in increased compensation to an NFP Affiliate and/or LWA.

Item 11 - Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

We maintain a written code of ethics, in accordance with the Advisers Act, that is intended to create an ethical culture within our firm. Our code of ethics requires our employees to comply with federal securities laws, safeguard material non-public information about client transactions and to report their personal securities holdings. Our code sets forth standards of business conduct required from our employees when dealing with our clients. Employees are required to treat sensitive information with confidentiality and are forbidden to misuse any such information. We will provide a copy of our code of ethics upon request by contacting LWA's Chief Compliance Officer, Gregory K. Reynolds, at (212) 231-9062.

Neither LWA nor any related person of LWA recommends, buys, or sells for client accounts, securities in which LWA or any related person of LWA has a material financial interest. LWA and its employees may buy or sell securities that are also held by or recommended to clients. This presents a potential conflict of interest because it may create a situation where LWA or its employees are in a position to benefit from the sale or purchase of these securities. To mitigate this conflict, LWA has a personal securities transaction policy in place to monitor the personal securities transactions and holdings of each LWA employee. The Chief Compliance Officer of LWA reviews all employee trades each quarter. The personal trading reviews ensure that the

personal trading of employees does not affect the markets and that clients of LWA receive preferential treatment.

Item 12 - Brokerage Practices

LWA generally requires that investment management accounts be maintained at Charles Schwab & Co., Inc. (“Schwab”). Simultaneous to formally engaging LWA, a client must also enter into a separate custodial/clearing agreement with Schwab. All securities transactions for client accounts will generally be placed with the custodian; it should be noted that not all investment advisers require their clients to execute transactions through a specified broker-dealer.

Factors in Selecting a Broker-Dealer/Custodian

LWA considers a variety of factors in selecting Schwab as a custodian. These factors include the financial strength and stability of the organization, market leadership, independence, reputation, core competencies, strengths and weaknesses, quality and breadth of trading program, trade order execution and settlement, aggregate trading management, commission rates, trade error policies, technology, innovation, client servicing abilities, and ability to provide best execution. LWA considers all of these factors in seeking to obtain the most favorable execution for our clients’ trades. LWA evaluates the quality and cost of services received from Schwab on an ongoing basis.

Additional Benefits Provided by a Broker Dealer/Custodian

LWA may receive support services and/or products from Schwab or another broker dealer or custodian of a client which may assist us to better monitor and service client accounts maintained at such institutions. These services and products may be received without any cost and/or at a discount and are not material considerations when recommending a particular broker-dealer or custodian. Included within the support services may be investment-related research, pricing information and market data, software and other technology that provide LWA access to client account data, compliance resources, practice management-related publications, consulting services, attendance at conferences, meetings, and other educational and/or social events, marketing support, computer hardware and/or software and/or other products used by LWA in furtherance of its investment advisory business operations. While some of the support services and/or products will assist LWA in managing and administering client accounts, other services or products may not directly provide such assistance, but rather will aid LWA in efficiently and effectively managing and developing its business enterprise.

Clients of LWA do not pay more for investment transactions effected and/or assets maintained at Schwab as a result of this arrangement. There is no corresponding commitment made by LWA to Schwab or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as a result of the above arrangement.

At its discretion, Schwab may also provide LWA with other services intended to help LWA manage and further develop its business enterprise, including assistance in the following areas: consulting, publications and presentations, information technology, business succession, and marketing. In addition, Schwab may make available or arrange and/or pay for these types of services provided by independent third parties, including regulatory compliance.

Soft Dollar Benefits

In return for effecting securities transactions through a designated broker-dealer/custodian, LWA receives certain investment research products or services which assist LWA in its investment decision making process for its clients pursuant to Section 28(e) of the Securities Exchange Act of 1934 (generally referred to as a “soft-dollar” arrangement). Investment research products or services received by LWA may include, but are not limited to, analyses pertaining to specific securities, companies or sectors; market, financial and economic studies and forecasts; financial publications; portfolio management systems, and; statistical and pricing services.

Although the commissions paid by LWA’s clients comply with LWA’s duty to obtain best execution, a client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where LWA determines, in good faith, that the commission is reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of broker-dealer services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although LWA will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client account transactions. Although the investment research products or services that may be obtained by LWA will generally be used to service all of LWA’s clients, a brokerage commission paid by a specific client may be used to pay for research that is not used in managing that specific client’s account.

If the broker-dealer/custodian did not provide soft dollar benefits, LWA would have to pay for these products and services. The amount of soft dollar benefits that LWA receives depends on the volume of brokerage transactions that LWA places with the broker-dealer/custodian. LWA has a conflict of interest because the firm has an incentive to: 1) cause clients not to pay the lowest compensation the firm might otherwise be able to negotiate, 2) cause clients to engage in more securities transactions than would otherwise be optimal, and 3) only recommend broker-dealers that provide soft dollar benefits.

With respect to investment research products or services obtained by LWA that have a mixed use of both a research and non-research (e.g., administrative, etc.) function, LWA shall make a reasonable allocation of the cost of the product or service according to its use. Specifically, the percentage of the product or service that provides assistance to LWA’s investment decision-making process will be paid for with soft dollars while that portion which provides administrative or other non-research assistance will be paid for by LWA with hard dollars. LWA has a conflict of interest in determining this amount since it has an incentive to designate as little as possible of the cost as administrative to minimize the portion that the firm must pay directly. The brokerage commissions or transaction fees charged by the designated broker-dealer/custodian are exclusive of, and in addition to, LWA’s investment management fee. LWA evaluates the quality and cost of services received from Schwab on an ongoing basis.

Aggregate Trades

Where appropriate, LWA will aggregate buy and sell orders for client accounts trading in the same security on the same day. By aggregating trades, LWA is trying to improve the

marketability and execution quality of the transaction for all clients involved. Once the aggregated trade is fully filled and executed, client accounts participating in the trade will receive the average price of all executed trades in the aggregated order. This ensures no client is more or less advantaged than any other participants in the order. If an aggregated order is partially filled at the close of the trading day, the order is allocated on a pro rata basis according to the original aggregated allocation.

Where LWA provides Custom Investment Management Services, LWA generally effects client transactions independently. However, LWA may combine client transactions if it decides to purchase or sell the same securities for several clients at approximately the same time. If LWA does not combine transactions when it has the opportunity to do so, clients could pay higher brokerage costs.

Item 13 - Review of Accounts

LWA continuously monitors portfolio holdings. The Chief Investment Officer and/or Chief Compliance Officer review accounts at least quarterly for consistency with the client's Investment Policy Statement. At least annually, LWA obtains updated client information either directly from the client, or in consultation with an affiliated or unaffiliated solicitor who may have referred the client to LWA.

LWA gathers this information to determine whether there has been a change in the client's account circumstances, financial condition, risk profile, or investment objectives that would warrant a change in their investment strategy. LWA may rebalance and actively change the allocation of discretionary accounts as warranted and as limited by the Investment Policy Statement.

To the extent clients of LWA have relationships with other third parties, including Lenox Advisors, who they receive financial, legal, accounting, tax, insurance, estate or other advice, for the administrative benefit of the client, the client may authorize such third party advisors to work directly with LWA to update and communicate certain information and objectives.

Changes in the client's situation, such as a change in financial condition, risk profile, or investment objectives, as well as the incapacity or death of the client or a close family member of the client trigger immediate review of the client's accounts. In addition, there may be other triggers for reviewing client's accounts such as significant market movements, new investment information, or changes in the regulatory and tax laws.

LWA will provide clients, on a quarterly basis after the first full quarter, with regular account reports either via mail or email. These quarterly reports summarize account activity and show the performance of the accounts, including the starting and ending values for the quarter, as well as a detailed account appraisal as of the last trading day of the quarter. Schwab, the custodian, will also provide clients with monthly account statements and transaction confirmations.

Item 14 - Client Referrals and Other Compensation

If a client is introduced to LWA by a solicitor, LWA may pay that solicitor a referral fee in accordance with the requirements of the Advisers Act and any corresponding state securities law regulations. The applicable rules mandate, among other things, that a client receive this

brochure, LWA execute an agreement with the solicitor, and that a client receive a compensation disclosure statement detailing the amount LWA will pay the solicitor for the client referral. Any such referral fee shall be paid solely from LWA's advisory fee, and will not result in any additional charges to the client.

As described under Item 10, LWA has entered into a solicitation arrangement with MML whereby it compensates MML for referring clients to LWA. The compensation paid to MML is based on a percentage of the investment management fee paid to LWA by the applicable client.

Item 15 - Custody

LWA does not hold or maintain client assets but has constructive custody where it is authorized to directly debit a client's investment management fee from his/her account. Third-party qualified custodians hold and maintain client assets and those custodians provide account statements directly to clients at their address of record on at least a quarterly basis. LWA urges clients to carefully review these statements promptly and compare such account statements with account statements provided by LWA. LWA statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities. Please note that third party custodians do not verify the accuracy of LWA's advisory fee calculation.

Item 16 - Investment Discretion

LWA accepts discretionary authority to manage securities accounts on behalf of clients. If a client grants LWA discretionary authority, we can determine, without obtaining specific client consent, the securities to be bought or sold, and the amount of the securities to be bought or sold. For best execution purposes, LWA also accepts the discretion to choose to execute trades away from the custodian which can result in additional commissions charged to the client's account.

The client approves the custodian to be used by signing their new account or new advisor form. LWA does not receive any portion of the transaction fees or commissions paid by the client to the custodian and/or brokers.

Discretionary trading authority allows LWA to promptly and more efficiently implement the client's investment objectives. Clients who engage LWA on a discretionary basis may, at any time, in writing, revoke LWA's discretion. In providing Custom Investment Management Services, a client may impose restrictions relative to investing in certain securities or types of securities. Where LWA provides services under the Prosperity Program, a client cannot impose restrictions on investing in certain securities or types of securities.

Item 17 - Voting Client Securities

LWA does not vote client proxies. Clients will receive proxies or other solicitations directly from the account custodian and will be responsible for: (1) directing and voting the proxies solicited by issuers of owned securities, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to investments in client accounts. Clients may contact by contacting LWA's Chief Compliance Officer, Gregory K. Reynolds, at (212) 231-9062 to discuss any questions regarding a particular solicitation.

Item 18 - Financial Information

LWA does not have any financial impairment that would preclude LWA from meeting its contractual commitments to clients. LWA has never been the subject of a bankruptcy petition. LWA does not serve as a custodian for client funds or securities.