

FIRM BROCHURE
(Part 2A of Form ADV)

March 30, 2016

Lido Advisors, LLC

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Part 2A of Form ADV (the “Brochure”) provides information about the qualifications and business practices of Lido Advisors, LLC. If you have any questions about the contents of this Brochure, please contact us at (310) 278-8232 and/or lschusterman@lidoadvisors.com. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Lido Advisors, LLC is a registered investment adviser with the U.S. Securities and Exchange Commission; however, such registration does not imply a certain level of skill or training and no inference to the contrary should be made.

Additional information about Lido Advisors, LLC and its investment adviser representatives also is available on the SEC’s website at www.adviserinfo.sec.gov.

ITEM 1: COVER PAGE

Please refer to previous page.

ITEM 2: MATERIAL CHANGES

The following material changes have been made to the brochure dated July 31, 2015:

Item 4 – *Advisory Services* – updated to reflect the name of the mutual fund that LAL sub-advises has changed to the Oakhurst Capital Defined Risk Fund. Also, updated the assets under management amounts to reflect as of December 31, 2015, and included language regarding the fact that LAL recommends both affiliated and unaffiliated Private Funds to qualifying clients, including the Churchill Realty Fund II, LP that is indirectly owned by Ken Stern who is a Managing Director and IAR of LAL.

Item 5 – *Fees* – updated to include disclosures regarding the fact that certain IARs of LAL receive indirect benefits from assets invested in Churchill Realty Fund II, LP. Also added a summary of the firm’s valuation policy.

Item 6 – *Performance Based Fees and Side-by-Side Management*- updated to reflect that performance fees are only charged by Private Funds to investors who meet the definition of “qualified client” under Rule 205-3 of the Investment Advisers Act of 1940. Therefore, any client or employee that invests in the Private Funds recommended by LAL that do not meet such definition, will not be charged a performance based fee by the Private Fund.

Item 8 – *Methods of Analysis and Risk of Loss* – updated to clarify certain material risks pertaining to the Churchill Realty Fund II, LP.

Item 10 – *Financial Industry Activities and Affiliations* – added disclosures regarding the fact that certain LAL senior managers have partial ownership of Oakhurst Advisors, LLC, which is an affiliated investment adviser. Also added disclosures on a loan made by K&W, a minority owner of LAL to LAL.

Item 11 – *Code of Ethics* – updated to include disclosures on the fact that the Churchill Realty Fund, II, which LAL is indirectly owned by certain LAL IARs, is also recommended for investment to certain LAL clients.

Item 12 - *Brokerage Practices* – updated to reflect that LAL Associated Persons that invest in any Private Funds must receive written approval from the CCO prior to investing.

Item 13 – *Review of Accounts* – updated to include disclosures on how the Private Funds’ valuations are reported to clients by LAL.

Item 15 – *Custody* – added disclosures regarding the fact that LAL, due to the fact that certain IARs indirectly own the Churchill Realty Fund II, could be deemed to have custody of the fund and what steps the firm will take if that happens.

Clients and prospective clients are strongly encouraged to review this Brochure very carefully. Pursuant to SEC Rules, LAL will ensure that clients receive a summary of any materials changes to this Brochure within 120 days of the close of LAL’s fiscal year, along with a copy of this Brochure or an offer to provide the Brochure. Additionally, as LAL experiences material changes in the future, we will send you a summary of our “Material Changes” under separate cover. For more information about the firm, please visit www.lidoadvisors.com. Additional information about LAL and its investment adviser representatives is available on the SEC’s website at www.adviserinfo.sec.gov.

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ITEM 4: ADVISORY BUSINESS

A. Description of Firm

Lido Advisors, LLC (“LAL” or the “Firm”) is a Los Angeles-based investment management firm founded in 2001. Prior to July 1, 2015, the Firm operated as “Lido Advisors, Inc.” LAL has branch offices located in Dallas, Texas, Rancho Santa Fe, California, San Diego, California, Broomfield, Colorado, Las Vegas, Nevada, Tavares, Florida, and New York City, New York. As discussed more fully in Item 4.B. below, LAL offers a variety of services, which includes investment management and asset allocation, financial planning, and retirement and estate planning. LAL offers these services to individuals, high net worth clients, pension and profit sharing plans, trusts, estates, charitable organizations, corporations, unaffiliated registered investment companies (mutual funds) and other types of business entities.

LAL currently is registered with the SEC as an investment adviser and is a Delaware limited liability company. The states that we conduct business in are reflected in Part 1 of our Form ADV, a copy of which can be found on www.adviserinfo.sec.gov.

The majority (85%) of LAL is owned by Lido Advisors Holdings, LLC, a Delaware limited liability company (“LAH”), with the remaining interests (15%) being held by K&W, LLC, a California limited liability company (“K&W”). Notably, K&W is not involved in the day-to-day management of LAL and has passive ownership only. K&W is owned by a substantial ultra-high net worth family office investor and current client of LAL. LAH in turn is managed by its members. Members include Kushner Holdings, Inc. (“KHI”), a California corporation that owns 40% of LAH and whose sole shareholder is Gregory Kushner - LAL’s Chairman and Chief Executive Officer. The remaining interests of LAH are held by Jason Ozur (30% owner), LAL’s current Senior Managing Director and Portfolio Manager; Alyssa Weinberger, Senior Managing Director (15% owner) and Jeffrey Westheimer, Senior Managing Director (15% owner). Notably, Mr. Kushner, through his ownership of KHI, will have limited preferential rights related to certain material corporate actions.

B. Types of Advisory Services Offered

1. Investment Management by LAL

Going Way Beyond Stocks and BondsTM, LAL utilizes unique investment strategies to help put a clients goals within reach, and to manage volatility in their investment portfolio. We believe that a portfolio should contain assets that are truly less correlated to one another. Therefore, LAL offers clients tailored investment management services that encompass not only the traditional asset classes of fixed income and domestic equities, but also includes hybrid offerings, liquid and non-liquid alternative investments, non-liquid fixed income investments and cash. For purposes of these categorizations, equities are defined as common stocks, exchange traded funds (“ETFs”) based on stock indices, equity mutual funds, publicly traded master limited partnerships, publicly traded royalty trusts, and publicly traded real estate investment trusts (“REITs”). Fixed income investments include government bonds, municipal bonds, corporate bonds, high yield bonds, foreign bonds, preferred stocks, CDs, loans, ETFs based on bond indices, fixed income mutual

funds, short-term fixed income instruments, structured notes, and certain preferred stocks. The hybrid categorization generally includes merger funds, long-short commodity funds, structured notes, covered options, and other hybrid mutual funds (based on equity volatility). Liquid alternative investments represent long-only investments which invest exclusively in single sector or commodities ETFs or mutual funds. On the other hand, non-liquid alternative investments include hedge funds, fund of funds, private equities, private real estate investment trusts, private real estate holdings and oil and gas LPs. Non-liquid fixed income investments, defined as longer-term investments in loans secured by first trust deed mortgages, include first trust deed loans and client directed family mortgages. Cash represents either money market funds or cash equivalents.

Thinking Outside the Style Box™

A part of our unique investment approach is having the discipline to implement a strategy and remain nimble to take advantage of potential opportunities as they present themselves. The main objective is to look beyond simple stock and bond allocations. Focusing on an alternative process gives us the potential ability to reduce risk while attempting to increase return and income, independent of the volatility in the stock market.

Below is a list of the main strategies offered by LAL:

- *Hedged Hybrid Strategy* - is a hedge fund replication strategy investing only in publicly traded registered mutual funds. The mutual funds utilized all have a common characteristic; the managers are opportunistic in nature and are not “style box” managers. These managers have the ability to raise cash, be short or market neutral and can invest in a variety of assets. The strategy has an overall targeted risk (Beta) that helps us have a better understanding of how the portfolio may perform during various market conditions. The allocations are continually monitored to track their performance compared to their risk level, as well as how each mutual fund manager is correlated to the stock market and to the other funds in the allocation.
- *Core Equity Strategy* - the foundation of the strategy is driven by asset allocation decisions, accentuating stocks with a certain geography or market capitalization; and then consideration is given to economic cycles, momentum and fundamental drivers that may reveal tactical opportunities that warrant investment consideration. The next step is choosing the best investment vehicle for the allocation—mutual fund, ETF, separate account manager or private investment offering.
- *Tactical (ETF) Portfolio Management Strategy*— aims to achieve attractive absolute returns while providing lower volatility, utilizing only ETFs.
- *SectorStrat™* – is a tactical strategy that has the goal of adding value in the U.S. large capitalization stock universe. This strategy utilizes low cost ETFs, and invests in different sectors of the economy based on factors such as momentum, quantitative and qualitative input.

- *Equity Collar Strategy* – an options based equity strategy that seeks to limit downside participation in an equity oriented strategy, by both purchasing downside protection (buying a put option) while financing (partially or fully) the protection with selling some potential upside participation (writing a covered call option).
- *Fixed Income* - seeking both the potential for current income and/or a reduction in portfolio risk by using various fixed income strategies. Through an open architecture platform, we have identified several managers that buy bonds in the marketplace and place them in our client accounts at institutional, pricing. We also utilize mutual funds and ETFs to further diversify the fixed income allocation, sometimes in less volatile or opportunistic strategies that can help us to better control duration and credit risk.

Please refer to Item 8 below for further details on the above strategies.

In some cases, LAL uses certain third party asset managers (“TPAMs”) to affect various strategies on behalf of a client's account; (*see* 4.B.2., below regarding the use of TPAMs and Item 8 for more information on LAL’s methods of analysis and investment strategies, and their associated risks).

LAL has entered into independent contractor agreements with certain individuals employed at Ken Stern & Associates, Inc. (“KS&A”), including the CEO and Managing Director, Ken Stern, to serve as investment adviser representatives (“IARs”) of LAL. KS&A is an SEC registered investment adviser that is not affiliated with LAL. The services these individuals provide as IARs of LAL include, but are not limited to (i) general investment advice and recommendations, including research in the above referenced asset classes, and (ii) investment management recommendations for certain LAL client accounts (as determined by LAL) based on the client investment objectives and guidelines. All investment recommendations made by these IARs are reviewed by LAL for suitability purposes. Please refer to Items 5, 8, 10, 12 & 14 for further information regarding this arrangement, including the conflicts of interest created by this arrangement and how LAL addresses such conflicts. LAL also has entered into a sub-advisory relationship with KS&A, along with a services agreement, which are described more fully in Item 4.B.2 below.

LAL generally manages all client assets on a fully discretionary basis, but for select clients, may provide non-discretionary management upon request and at the sole discretion of LAL. In exercising full discretionary authority, LAL selects, without first obtaining client’s permission: (1) the securities to be bought and sold; (2) the amounts of securities to be transacted and whether it will be individually or blocked traded; (3) the broker-dealer through which transactions will be executed; and where applicable, (4) the TPAM to be used to manage a portion of the client's portfolio (see below). LAL’s discretionary authority may be subject to conditions imposed by a client. This occurs when a client restricts or prohibits transactions in a security for a specific company or for an industry sector, or requests that the Firm place trades with a specific broker-dealer (aka "directed brokerage"). While LAL generally allows Clients to impose reasonable restrictions on the types of securities and/or industries they do not want to be included in their portfolio, each client assumes responsibility for informing LAL in writing of any changes to these restrictions or to their overall investment objectives.

For certain clients, LAL recommends that a portion of such client's assets be invested in certain private investments. These include, without limitation, both affiliated and unaffiliated hedge funds, real estate funds, managed futures funds, mezzanine funds, private equity funds, venture capital funds, and other types of private pooled investment vehicles (collectively "Private Funds"). The Private Funds may invest in various types of instruments, including but not limited to equities, debt instruments, commodities, futures contracts, real estate, first trust deeds, private companies, and other private investment funds.

When determining which clients should receive a recommendation to invest in a Private Fund, LAL considers a number of factors, including but not limited to a client's sophistication, risk tolerances and qualifications, investment objectives, and the amount of available assets in the client's account(s). LAL's goal is to allocate in a fair and balanced manner; however, given these differing factors, the allocation of investment opportunities in Private Funds to LAL clients is mainly subjective and not all qualifying clients will be provided an investment opportunity.

For those clients that receive a recommendation to invest in Private Funds, it is important that they read each offering or private placement memorandum prior to investing to fully understand the risks and conflicts pertaining to the Private Fund investment. (Please refer to Item 12 for further information on the allocation of Private Fund investments).

The client assets with each Private Fund are held at the custodian selected by each Private Fund's sponsor or investment manager. The performance of these Private Funds typically is reported directly from the sponsor and is tracked by LAL. Clients are provided with private placement memorandums and other offering and subscription documentation that detail the nature, risks and associated fees of each Private Fund. It is important that the client read these documents before investing to fully understand the types of investments, risks and conflicts relate to the Private Funds. LAL and certain LAL IARs have affiliations and/or arrangements with the issuer, general partner, managing member, or investment manager (as applicable) of certain Private Funds. Also, there are times when certain LAL Associated Persons invest in the Private Funds. Please also refer to Items 5, 6, 10, 11 and 12 for further information, including the conflicts surrounding this activity and how the firm addresses such conflicts.

Notably, some of the private funds, mutual funds and ETFs selected by LAL employ alternative or riskier strategies, such as the use of leverage, derivatives or hedging. Leverage is the use of debt to finance an activity. For example, leverage is used when one uses margin to buy a security. Derivatives can be riskier than other types of investments because they may be more sensitive to changes in economic or market conditions than other types of investments and could result in losses that significantly exceed the original investment. The use of derivatives may not be successful, resulting in investment losses, and the cost of such strategies may reduce investment returns. Hedging, on the other hand, occurs when an investment is made in order to reduce the risk of adverse price movements in a security. For example, hedging is used when one takes an offsetting position in a related security, such as an option or short sale. While leverage or hedging can operate to increase rates of return, it also increases the amount of risk inherent in an investment. Other funds may employ other alternative techniques which carry inherent higher degrees of risks. Please review these considerations carefully with your portfolio

manager prior to investing. Please also refer to Item 8 below for detailed information regarding the Firm's methods of analysis and the risks surrounding such investments.

Ken Stern of KS&A, who also serves as a Managing Director and IAR of LAL, is an owner, Managing Member and Managing Director of APS/Hill Street Partners, LLC ("APS/HSR"), a real estate syndication firm. Among other things, APS/HSR serves as managing member of CREF II GP, LLC, which is the general partner of the Churchill Realty Fund II, LP ("Churchill Fund II"). From time to time, LAL IARs, including Mr. Stern and those other KS&A IARs that also are IARs of LAL (see Item 10 below for details) will recommend the Churchill Fund II to qualifying LAL clients. A conflict of interest exists due to this arrangement, which affects the ability of LAL and certain of its IARs to provide the qualifying clients with unbiased, objective investment advice concerning the selection of certain investments for such clients' accounts. The conflict is fully disclosed in the Churchill Fund II's offering documents, which is provided to each investor prior to purchase and should be read carefully prior to committing capital to the Churchill Fund II. In addition, please refer to Items 5, 6, 7, 8, 10, 11, 13, and 14 for further disclosures regarding the Churchill Fund II, including the fees received by LAL and Mr. Stern, how LAL addresses the conflict surrounding this arrangement, potential custody issues, and reporting.

There are times when a client decides to use margin in their account, or when a margin account is necessary, such as when a client invests in the Equity Collar Strategy. Use of margin in an investment advisory account increases a client's asset-based fee. If margin is used to purchase additional securities, the total value of eligible account assets increases, as does your asset-based fee. In addition, clients will be charged margin interest by the custodian on the debit balance in their custodial account. Notably, the increased asset-based fee that a client pays presents a conflict since it creates an incentive for LAL to recommend the use of margin. However, please note that using margin is not suitable for all investors; the use of margin increases leverage in a client's account and therefore increases overall risk. To assist clients in understanding risks surrounding margin accounts, LAL provides clients considering margin accounts with a summary page outlining the main risks, which must be executed by the client upon opening an account with LAL.

2. Asset Allocation Services

LAL begins by developing an asset allocation plan that balances a client's overall financial objectives with individual attributes including risk tolerance, income requirements, liquidity requirements, income taxes and time horizon.

This is accomplished by gathering pertinent information during the account opening process from each client vis-à-vis a Client Risk Profile Form, Investment Policy Statement ("IPS") or other similar documentation.

In determining and maintaining the appropriate allocation plan for our clients, LAL professionals will perform the following services:

- Analysis of the client's current financial situation and prior investment experience

- Assistance in setting goals to determine appropriate time horizons, investment objectives, income taxes, family structure and amounts needed to accomplish investment goals
- Analysis of the client's risk tolerance
- Selection of appropriate asset classes
- Investment selection utilizing, as appropriate, no-load mutual funds, equity and fixed income securities, private funds, first trust deed funds, and third party asset managers
- Ongoing monitoring of fund, securities and manager performance
- Ongoing portfolio performance analysis
- Portfolio modifications and reallocation as determined by LAL to be advisable for the client's needs and the applicable market and economic conditions

3. Selection of Third-Party Asset Managers ("TPAMs")

LAL may delegate the active discretionary management of all or part of a discretionary client's assets in their managed account(s) to one or more independent third party asset managers ("TPAMs") based on the client's stated investment objectives, guidelines, and restrictions. Access to TPAMs may be provided by LAL through a third party platform of approved investment managers that is made available by agreement between LAL and the platform provider, through a sub-advisory relationship between LAL and the TPAM, and/or through a direct TPAM contractual engagement with the client.

The TPAMs will have discretionary authority over those assets allocated to them for management and they will be authorized to buy, sell, and trade in securities in accordance with the client's investment objectives. LAL's fees could differ, if and when it allocates a client's assets to one or more TPAMs and such client may be required to enter into a separate advisory agreement directly with the TPAM selected, which is in addition to the agreement entered into between the client and LAL.

Once a TPAM is selected, LAL continues to monitor the chosen TPAM to ensure the TPAM adheres to the philosophy and investment style for which they were selected.

In its sole discretion, LAL has the authority (pursuant to the investment management agreement between LAL and each client) to add, replace or change any TPAM on behalf of a client (to the extent that the client has not entered into a direct engagement agreement with the TPAM), without the client's prior consent.

As mentioned above, certain individuals of KS&A, including the CEO and Managing Director, Ken Stern, are IARs of both KS&A and LAL. LAL has entered into a sub-advisory arrangement with KS&A, whereby KS&A will serve as a TPAM for certain LAL clients. In addition, LAL has entered into a "Services Agreement" with KS&A, whereby KS&A provides specified services to LAL including, but not limited to: providing research and investment management recommendations, prospect and client services and support to other IARs of LAL. These relationships create a conflict of interest, which LAL addresses by providing disclosure to clients at the time of entering into an advisory agreement with LAL, mainly through the delivery of this Brochure and the Supplemental Brochures (Form ADV Part 2Bs). Additionally, LAL has implemented supervisory procedures to oversee and monitor the outside business activities of its

IARs. Importantly, as part of LAL's fiduciary duty to clients, the Firm and its IARs endeavor at all times to put the interests of the clients first, and recommendations and investments will only be made to the extent that they are reasonably believed to be suitable and in the best interests of the client.

4. Financial Planning

LAL provides financial planning services to its investment management clientele who desire such services. Generally, these services are provided for no additional fee, other than the investment management fee being paid, and include, but are not limited to, providing advice on the following:

- Investment Portfolio Analysis & Asset Allocation
- Evaluation of outside investment accounts & assessment of overall financial position
- Insurance and risk management evaluation
- Estate and retirement planning
- Tax awareness
- Wealth transfer and charitable giving
- College savings
- Family governance and living expense considerations

To begin the process, LAL generally collects, organizes and assesses various client data including information concerning the client's lifestyle, risk tolerance, and cash flow, as well as identification of the client's financial concerns, goals, and objectives. The primary objective of this process is to allow LAL to assist the client in developing a strategy for the successful management of income, assets, and liabilities in order to meet the client's individual financial goals and objectives.

As applicable, Clients will receive LAL's recommendations about available alternatives and will have the option of utilizing LAL to implement those plan recommendations. Advice may be given on non-securities matters and any implementation of LAL's recommendations is entirely at the client's discretion. Clients are advised that a potential conflict of interest exists if LAL recommends its own investment management services or if a LAL representative recommends products or services offered in such representative's capacity as a registered representative of a broker-dealer. Furthermore, there can be no assurance that LAL's financial planning services or any products recommended by a financial plan are at the lowest available cost.

Clients are free at all times to accept or reject any of LAL's financial planning recommendations provided and further retain the authority and discretion over all such implementation decisions. However, it is likely that through the financial planning process, LAL may advise a client to use LAL for all its investment management services. Clients are advised that this poses a potential conflict of interest since LAL and its principals will receive remuneration if/when LAL's Investment Management Services are utilized by the client. Should a client decide to implement any financial planning recommendations provided by LAL, the client may, but is under no obligation to, utilize LAL to implement those recommendations.

5. Family Office and Consultation Services Offered to Clients

Depending on a client's needs, LAL may provide its clients with a broad range of family office and consultation services, which may include non-investment related matters, such as a review of estate and tax planning issues. LAL or its investment adviser representatives do not provide specific estate or income tax advice, but will introduce the client to unaffiliated CPAs or attorneys upon the client's request or will work directly with client's advisors as needed.

Clients who initially engage LAL for consultation services only and later wish to engage LAL for discretionary investment management services are required as necessary to enter into a separate written agreement with LAL for such services, for which LAL will be paid a separate and additional fee based on assets under management in accordance with the client's written agreement. Similarly, to the extent that clients desire to implement securities transactions recommended in a financial plan through a LAL representative in his/her capacity as a registered representative of a broker-dealer, such representatives would receive usual and customary commissions or fees for effecting such transactions (See Item 5 "Fees and Compensation - Compensation for Sales of Securities or Other Investment Products").

6. Sub-Advisory Services to a Registered Investment Company

LAL provides investment management services to an unaffiliated investment company registered under the Investment Company Act of 1940, the Oakhurst Capital Defined Risk Fund, through a sub-advisory arrangement ("Sub-Advised Mutual Fund"). LAL manages the Sub-Advised Mutual Fund portfolio assets based on the Fund's specific investment objectives and restrictions, as outlined in the Sub-Advised Mutual Fund's prospectus and statement of additional information. Please refer to prospectus of the Oakhurst Capital Defined Risk Fund for a complete description of the investment objective and risks pertaining to the Fund.

C. Information Relating to All LAL Services

1. Gathering Individual Client Information

The investment advice provided by LAL is customizable, with each client's portfolio managed based upon the individual needs, objectives, and other financial goals of the client. At the onset of the client relationship, LAL memorializes each client's investment objectives, risk tolerance, investment guidelines, time horizons and other important and necessary information in a Client Risk Profile or IPS. The information provided in the Client Risk Profile or IPS, together with any other information relating to the client's overall financial circumstances, will be used by LAL to determine the appropriate portfolio asset allocation and investment strategy or to formulate a customized financial plan (as applicable) for each client.

LAL will not assume any responsibility for the accuracy of the information provided by the client. LAL is not obligated to verify any information received from the client or from the client's other professionals (e.g., attorney, accountant, etc.) and is expressly authorized to rely on such information. Under all circumstances, clients are responsible for promptly notifying LAL in writing of any material changes to the client's financial situation, investment objectives, time

horizon, or risk tolerance. In the event that a client notifies LAL of changes in the client's financial circumstances or to the information in their Client Risk Profile or IPS, LAL will review such changes and recommend any necessary revisions to the client's portfolio. LAL representatives will generally meet with all clients no less than annually to review the client's investment goals and current advisory portfolios. Advisory representatives are also available during normal business hours to consult with clients.

2. Advisory Agreements

Prior to engaging LAL to provide investment advisory services, the client will be required to enter into one or more written agreements with LAL setting forth the terms and conditions under which LAL shall render its services (collectively the "Agreement").

In accordance with Rule 204-3 under the Investment Advisers Act of 1940, as amended ("Advisers Act"), LAL will provide a disclosure brochure (Form ADV Part 2A) and one or more brochure supplements (Form ADV Part 2B) to each client or prospective prior to or contemporaneously with the execution of an investment advisory agreement.

The Agreement between LAL and the client will continue in effect until terminated by either party pursuant to the terms of the Agreement. LAL's annual fee shall be prorated through the date of termination as defined in the Agreement and any remaining balance shall be charged or refunded to the client, as appropriate, in a timely manner.

Neither LAL nor the client may assign the Agreement without the consent of the other party. Transactions that do not result in a change of actual control or management of LAL shall not be considered an assignment.

D. Assets Under Management

As of December 31, 2015, the following represents the amount of client assets under management by LAI on a discretionary and non-discretionary basis:

Type of Account	Assets Under Management ("AUM")
Discretionary	\$1,309,297,058.00
Non-Discretionary	\$32,581,343.00
Total:	\$1,341,878,401.00

ITEM 5: FEES AND COMPENSATION

A. Advisory Fees

LAL charges fees based on a percentage of AUM as well as hourly charges and fixed fees, depending on the particular types of advisory services to be provided. The specific fees charged by LAL for its advisory services will be set forth in each client's written agreements with LAL.

Although LAL believes its advisory fees are competitive, clients should be aware that lower fees for comparable services may be available from other sources.

1. Asset Management Fees

For its advisory services and asset allocation, LAL charges a percentage of AUM based on the fair market value of the client's account as reported by the custodian(s) of record as of the close of business on the last business day of the preceding calendar quarter. Asset management fees are calculated and paid quarterly in advance based on the following annual percentages:

Percentage	Managed Asset Amount
1.25%	on account assets under \$1,000,000
1.00%	on the next \$9,000,000
0.75%	on next \$10,000,000
0.50%	on next \$30,000,000
0.25%	over \$50,000,000

A Minimum Fee of \$2,500 per quarter applies. The minimum fee level may be waived or reduced at the sole discretion of LAL. Lower fees for comparable services may be available from other sources. In addition, AUM fees may be negotiated, changed waived or reduced with respect to any client, including but not limited to accounts for our employees and/or family members at the sole discretion of LAL. Some of the factors relevant to charging different fees are the account size, the investment strategy, the type of client, and the nature of the relationship between the potential client and LAL.

The above mentioned fees will be charged on assets that are managed or advised by LAL. Clients may have assets in accounts or portfolios which are not managed by LAL but which are included in the client's LAL performance reports at the request of the client. LAL charges a quarterly fee of 0.0625% (0.25% annual fee) for this customized performance reporting, but has the sole discretion to lower or waive the fee.

Should a client open an account during the quarter, management fees will be prorated for assets held for a partial quarter based on the number of days that the account was open during the quarter. In the event that LAL's services are terminated mid-quarter, the annual fee shall be prorated through the date of termination as defined in the Agreement and any earned, unpaid balance will be immediately due and payable by client, and any pre-paid unearned fees will be promptly refunded to the client.

Please note that the fees charged by mutual funds, Private Funds, and TPAMs are exclusive of, and in addition to, LAL's investment advisory fee. Please refer to Item 5.B below for additional information.

2. Fixed Management Fees

While most clients are charged an asset based management fee, LAL does negotiate an annual fixed rate management fee with certain clients. The annual fee is billed either quarterly in

advance or arrears as negotiated with the client. Pre-paid unearned fees will be promptly refunded to client.

3. Client Consultation Fees

LAL offers consultation services at an hourly rate that does not exceed \$500 per hour, and which is negotiable, based upon the services requested. Clients may elect to receive these services on a fixed fee basis.

4. Sub-Advised Mutual Fund Fees

LAL is paid an annual sub-advisory management fee of 0.50% of the daily net assets of the Sub-Advised Mutual Fund by the Fund's adviser. The fee is calculated by the adviser monthly based on the average daily net assets of the Fund's portfolio and paid quarterly. LAL has agreed to allow the adviser to the Sub-Advised Mutual Fund to withhold the fee equal to 50% of the adviser's expenses in accordance with an Expense Limitation Agreement between the adviser and the Sub-Advised Mutual Fund. Detailed management fee and related expense information are contained in the prospectus and statement of additional information for the Sub-Advised Mutual Fund, which should be read carefully before investing. No performance fees are charged to this mutual fund.

5. Billing Authorization

Through the investment advisory agreement, clients provide LAL with authority to invoice the client's custodian directly for payment of LAL's fees. The custodian debits the fees from the client's account(s) as soon as practicable following the last business day of each calendar quarter and sends the amount to LAL. Clients may, if preferred, pay LAL's quarterly fees by check. In such cases, LAL will send the invoice directly to the client.

Clients will receive a periodic (at least quarterly) account statement from the custodian, reflecting among other things, any fees withdrawn by the custodian and paid to LAL. Clients are urged to compare statements received by their custodian, with those statements sent by LAL. For more information on the reports LAL provides to its clients, please refer to Item 13 below.

B. Other Fees and Expenses

Clients should understand that the advisory fees described in the sections above do not include certain charges imposed by third parties such as custodial fees, mutual fund fees and expenses, fees charged by TPAMs, and Private Fund management and incentive fees. Client assets also may be subject to transaction costs, retirement plan administration fees (if applicable), deferred sales charges on mutual funds initially deposited in the account, 12b-1 fees, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions.

Client assets invested in mutual funds will be subject to certain fees and expenses imposed directly by mutual funds to their shareholders, which shall be described in each fund's prospectus. These fees will generally include a management fee, other fund expenses, and a

distribution fee. If the sponsor also imposes sales charges, a client typically pays an initial or deferred sales or surrender charge. When suitable, LAL recommends that certain clients purchase the Sub-Advised Mutual Fund. Should this occur, any portion of a client's account assets that is invested in the Sub-Advised Mutual Fund will not be subject to LAL's asset management fee. However, the client will be subject to the fees and charges applicable to all shareholders of the Sub-Advised Mutual Fund, which includes a sub-advisory fee paid to LAL, as outlined in the Fund's prospectus and statement of additional information. Clients that are charged a fixed management fee by LAL for advisory services will be subject to both the LAL fixed fee and the fees and charges applicable to all shareholders of the Sub-Advised Mutual Fund, which includes a sub-advisory fee paid to LAL. Notably, a conflict of interest exists since LAL receives both fees for the management of the client's assets as well as those assets invested in the Sub-Advised Mutual Fund.

As part of LAL's fiduciary duty to clients, LAL and its representatives will endeavor at all times to put the interests of the clients first, and recommendations will only be made to the extent that they are reasonably believed to be in the best interests of the client. Additionally, the conflicts related to these services are disclosed by LAL to clients at the time of entering into an advisory agreement through the delivery of this Disclosure Brochure (Form ADV Part 2A).

In addition, client assets invested with TPAMs recommended and/or utilized by LAL will be subject to management fees charged by those TPAMs, as described in each manager's disclosure brochure (Form ADV Part 2A).

Client assets invested in hedge funds or other Private Funds are also subject to management fees, performance fees and other expenses as described in each fund's offering materials. These fees and expenses are separate from and in addition to the fees charged by LAL.

Clients should carefully review the fees charged by any mutual fund TPAM, hedge funds or other Private Funds in which the client's assets are invested, together with the fees charged by LAL, to fully understand the total amount of fees to be paid by the client and in order to evaluate the advisory services being provided.

As outlined in Item 4 above, Ken Stern of KS&A, who also serves as a Managing Director and IAR of LAL, is an owner, Managing Member and Managing Director of APS/HSR. APS/HSR is a real estate syndication firm that among other things, serves as managing member of CREF II GP, LLC, which is the general partner of the "Churchill Fund II", which is a privately held real estate investment fund. There are times when LAL IARs will recommend that LAL clients invest in the Churchill Fund II. For those clients who invest in the Churchill Fund II, LAL will reduce the investment management fees collected on assets invested in the Churchill Fund II such that the fees shall be the lesser of: (i) 0.75% of the assets under management invested in the Churchill Fund II; or (ii) a 25% reduction on the client's applicable investment management fee (as described in the fee schedule above) for assets invested in the Churchill Fund. Thus, in no case will an LAL client be assessed fees that exceed 0.75% on assets invested in the Churchill Fund II.

No IAR of LAL will receive commissions or any other transaction based compensation from the Churchill Fund II or the Fund's General Partner. However, certain IARs of LAL, specifically Ken Stern, Jeff A. Christie and Brendan Van Cleve, who also are IARs of KS&A receive an indirect benefit on assets invested in the Churchill Fund II, which is outlined in the Fund's offering documents. This benefit creates a conflict as it could incentivize the IARs to recommend that LAL clients invest in the Churchill Fund II. Mr. Stern also serves on the Investment Committee of the Churchill Fund II, in addition to the Investment Committees for LAL and KS&A. Please see Item 4 above and Items 6, 10, 11, and 13 below for additional information regarding fees, affiliations and conflicts of interest concerning this relationship.

Additionally, clients will incur brokerage commissions and other execution costs charged by the custodian or executing broker-dealer in connection with transactions for a client's account. Clients should further understand that all custodial fees and any other charges, fees and commissions incurred in connection with transactions for a client's account will be paid out of the assets in the account and are exclusive of and in addition to the fees charged by LAL. LAL does not share in any of these fees but may elect at its option, to bear the cost of certain transactions under certain circumstances. Please refer to Item 12 of this Brochure entitled "Brokerage Practices" for additional important information about the brokerage and transactional practices of LAL.

C. Important Considerations

1. Compensation for and Conflicts Related to Sales and Securities or Other Investment Products

Certain representatives of LAL, in their individual capacities, are also registered representatives of Investment Security Corp. ("ISC"), a securities broker-dealer registered with the SEC and member of the Financial Industry Regulatory Authority ("FINRA"). In this capacity, these individuals may transact in various types of securities or investment products and receive separate and typical compensation for doing so.

Should a client elect to implement a securities transaction with such registered representatives of ISC, these individuals may receive commissions or fees for the sale of Private Funds or other securities purchased in a client's advisory account. In addition, certain LAL representatives (as applicable), also receive additional ongoing 12b-1 fees for mutual fund purchases from the mutual fund company during the period that the client maintains the mutual fund investment. LAL typically reduces the advisory fees payable by clients to offset the amount of any net commissions received by LAL representatives.

Clients should be aware that the receipt of additional compensation itself creates an inherent conflict of interest, and may affect the judgment of these individuals when making recommendations. LAL and ISC are separate, nonaffiliated entities. Nevertheless, to the extent that a LAL representative recommends the purchase of securities or other investment products where the representative receives commissions for doing so, a conflict of interest exists because the representative may have an incentive to make recommendations based on the compensation received rather than on a client's needs. As more fully described below, to mitigate this conflict

of interest, LAL generally will reduce the advisory fees payable by clients to offset the amount of any net commissions received by LAL representatives.

LAL has adopted certain procedures designed to mitigate the effects of these conflicts. LAL and its representatives endeavors at all times to put the interests of the clients first, and recommendations only will be made to the extent that they are reasonably believed to be in the best interests of the client. Additionally, the conflicts presented by these practices are disclosed to clients at the time of entering into an advisory agreement, mainly through the delivery of the LAL Disclosure Brochure (ADV Part 2A) and ADV Part 2B Supplement Brochures. Clients are not obligated to implement recommended transactions through any LAL representative or any particular broker-dealer. Clients have the option to purchase any recommended investment products or services through brokers or agents other than ISC.

Please refer to Item 10 for additional information regarding the financial industry affiliations of LAL and its representatives.

2. Advisory Fee Reduced to Offset Commissions

As noted above, LAL charges a quarterly advisory fee based on assets under management and such advisory fee is in addition to commissions, if any, received by LAL IARs in their capacity as registered representative of ISC (see additional information in Item 4.C.1 above and Items 10 and 12 below) on sales of securities or investment products made to LAL advisory clients. LAL generally reduces the advisory fees payable by such clients with respect to those securities purchased for the client's account to offset the amount of any net commissions received by IARs of LAL for such securities.

3. LAL's Valuation Policy

When determining market value of an account for purposes of calculating advisory fees, LAL's policy is as follows: For all publicly traded securities held in client accounts, LAL receives daily prices electronically from a third party provider, which are reconciled with daily prices received by clients' custodians. Any discrepancies are corrected as promptly as possible. The reconciled prices are used for determining market value. For investments in privately held securities (*i.e.* Private Funds), LAL relies upon the valuations provided by the operator/issuer of each holding. Depending on the type of Private Fund and underlying investments, valuations can be reflected at cost until such time as the operator/issuer provides an updated valuation. LAL generally follows the pricing policies of the operator/issuer of the Private Funds. However, in the event that a valuation is not timely provided by the operator/ issuer or there is some market or other relevant event which LAL believes impacts the valuation provided, then the Private Fund holding will be fair valued in accordance with LAL's written valuation procedures. Please also refer to Item 13.C for further information regarding reporting valuations on client account statements.

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

LAL does not charge performance-based fees (*i.e.*, fees calculated based on a share of capital gains upon or capital appreciation of the funds or any portion of the funds of an advisory client). Consequently, LAL does not engage in side-by-side management of accounts that are charged a performance-based fee with accounts that are charged another type of fee (such as assets under management). As described above, LAL provides investment management services for a fixed fee, hourly charges and/or based upon a percentage of assets under management, in accordance with SEC Rule 205(a)(1). Notably, accounts that are managed in the same style (*e.g.*, moderately aggressive) may not be managed the same way due to the client's overall investment objective, discretion of the investment professional assigned to the account, asset size and account restrictions.

Importantly, some of the Private Funds that LAL's clients and employees invest in do charge performance/incentive based fees, which are outlined in the respective product's offering documents and should be reviewed by investors prior to investing. These performance fees can only be charged to investors that meet the definition of "qualified client" outlined in Rule 205-3 under the Investment Advisers Act of 1940. Any client or employee investing in a Private Fund that charges performance/incentive fees that did/does not meet such definition is not charged a performance/incentive fee by the Private Fund. LAL does not receive any portion of these performance/incentive fees paid to the Private Funds. However, Mr. Stern of KS&A, who also is a Managing Director and IAR of LAL, as owner of APS/HSR does indirectly participate in the compensation received by APS/HSR, including manager compensation (including any performance fees) paid by the Churchill Fund II. Please refer to Items 4 & 5 above, and Items 10, 11, and 13 below for additional information on Mr. Stern's association with APS/HSR, the conflicts surrounding this association and how LAL addresses such conflicts. Also refer to Item 8 below regarding risks surrounding Private Funds (including the Churchill Fund II) and other investments made by LAL.

ITEM 7: TYPES OF CLIENTS

LAL provides its services to individuals, pension and profit sharing plans, trusts, estates, charitable organizations, registered investment companies (mutual funds), corporations and business entities.

LAL does not require a minimum account size but does reserve the right to decline any potential client for any reason. Prior to engaging LAL to provide any of the investment advisory services described in this Brochure, the client will be required to enter into one or more written agreements with LAL setting forth the terms and conditions under which LAL shall render its services. As noted in Item 5.A.1., LAL does charge a minimum fee of \$2,500 per quarter, which may be waived or reduced at the sole discretion of LAL.

If a Client's account is a pension or other employee benefit plan governed by the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), LAL may be a fiduciary to the plan. In providing our investment management services, the standard of care imposed upon us is to act with the care, skill, prudence and diligence under the circumstances then prevailing that a

prudent man acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims. LAL will provide certain required disclosures to the “responsible plan fiduciary” (as such term is defined in ERISA) in accordance with Section 408(b)(2), regarding the services LAL provides and the direct and indirect compensation received by such clients. Generally, these disclosures are contained in this Form ADV Part 2A, the client agreement and/or in separate ERISA disclosure documents, and are designed to enable the ERISA plan’s fiduciary to: (1) determine the reasonableness of all compensation received by LAL; (2) identify any potential conflicts of interests; and (3) satisfy reporting and disclosure requirements to plan participants.

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

A. Methods of Analysis and Investment Strategies

Generally, LAL uses a variety of analytical information to assist with its security analysis. Such information includes fundamental and technical analysis. The primary sources of information used by LAL include market news reports, financial publications, outside research reports, prospectuses, and interpretation of exchange market data.

As described in Item 4 above, LAL also has entered into independent contractor agreements with certain individuals employed at KS&A, including its CEO and Managing Director, Ken Stern, to serve as IARs of LAL. The services they provide as IARs of LAL include, but are not limited to: (1) general investment advice and recommendations, including research in the above referenced asset classes, and (2) investment management recommendations for certain LAL client accounts (as determined by LAL) based on the client investment objectives and guidelines. While the investment research and recommendations provided by the IARs to LAL clients are typically provided simultaneously with investment research and recommendations made to KS&A clients, such recommendations may be the same or different depending upon the individual needs, goals and objectives of each client, along with the investment strategy(ies) determined appropriate for each client. All investment recommendations made by these IARs are reviewed by LAL for suitability purposes. Additionally, LAL has entered into a Services Agreement with KS&A, whereby KS&A provides services to LAL including, but not limited to: research and investment management recommendations, prospect and client services and support to IARs of LAL. Please refer to Items 4, 10, 12 and 14 for additional information regarding this arrangement.

The investment strategies LAL pursues on behalf of clients may include, depending on each client’s risk tolerance and overall investment objectives, long- and short-term purchases, trading, short sales, trading on margin, and option writing including covered options, uncovered options or spreading strategies. LAL may recommend, on occasion, redistributing investment allocations to diversify the portfolio in an effort to reduce risk and increase performance. LAL may recommend specific investments to increase sector weighting and/or dividend potential, or may recommend employing cash positions as a possible hedge against market movement which may adversely affect a client’s portfolio. Additionally, LAL may recommend selling positions for reasons that include, but are not limited to, harvesting capital gains or losses, business or sector risk exposure to a specific security or class of securities, overvaluation or overweighting

of the position(s) in a client's portfolio, change in the risk tolerance of the client, or any risk deemed unacceptable for the client's risk tolerance.

In addition, as outlined in Item 4 above, LAL offers the following specialized investment strategies:

- *The Hedged Hybrid Strategy* - is a hedge fund replication strategy investing only in publicly traded registered mutual funds. The mutual funds utilized all have a common characteristic; the managers are opportunistic in nature and are not "style box" managers. These managers have the ability to raise cash, be short or market neutral and can invest in a variety of assets. The strategy has an overall targeted risk (Beta) that helps us have a better understanding of how the portfolio may perform during various market conditions. The allocations are continually monitored to track their performance compared to their risk level, as well as how each mutual fund manager is correlated to the stock market and to the other funds in the allocation. .
- *The Core Equity Strategy* - the foundation of the strategy is driven by asset allocation decisions, accentuating stocks with a certain geography or market capitalization; and then consideration is given to economic cycles, momentum and fundamental drivers that may reveal tactical opportunities that warrant investment consideration. The next step is choosing the best investment vehicle for the allocation—mutual fund, ETF, separate account manager or private investment offering
- *SectorStratTM* – is a tactical strategy that has the goal of adding value in the U.S. large capitalization stock universe. This strategy utilizes low cost ETFs, and invests in different sectors of the economy based on factors such as momentum, quantitative and qualitative input.
- *The Tactical (ETF) Portfolio Management Strategy* - aims to achieve attractive absolute returns while attempting to provide lower volatility, utilizing only ETFs. This strategy utilizes an active, tactical approach to attempt to obtain good risk adjusted returns using a disciplined fundamental and technical research methodology. The strategy also seeks to enhance risk adjusted returns, realize gains and reduce risk over time by varying the level of exposure to asset classes and sectors when deemed appropriate. There may be times when hedging strategies are implemented in an effort to reduce equity risk exposure. In addition, there may be times the strategy is invested in excess or high levels of cash and/or cash equivalents during adverse market conditions in an effort to reduce market risk.
- *Equity Collar Strategy* - is an options based equity strategy that seeks to limit downside participation in an equity oriented strategy, by both purchasing downside protection (buying a put option) while financing (partially or fully) the protection with selling some potential upside participation (writing a covered call option). A "collar" is an option strategy that entails writing an out of the money call option and at the same time purchasing an out of money put option on a long underlying security position. The purchase of the put helps protect the investor from large downward movements. The put

is financed by writing the out of money call option, as it provides immediate income. However it also limits the future gains on the underlying security. This strategy can be at \$0 cost, other than transaction costs, and income generating, or require additional financing depending on the level of protection and exposure required.

- *Fixed Income* - seeking both the potential for current income and/or a reduction in portfolio risk by using various fixed income strategies. Through an open architecture platform, we have identified several managers that buy bonds in the marketplace and place them in our client accounts at institutional pricing. We also utilize mutual funds and ETFs to further diversify the fixed income allocation, sometimes in less volatile or opportunistic strategies that can help us to better control duration and credit risk.

As noted in Item 4 above, in some cases LAL allocates certain of its clients' assets to TPAMs for investing. When selecting a TPAM for a client, LAL reviews information about the TPAM, such as its disclosure brochure and/or other material supplied by the TPAM or independent third parties for a description of the TPAM's investment strategies, past performance and risk results to the extent available.

The Private Funds in which LAL clients may invest pursue different investment processes and strategies than LAL, which generally are considered risky. The processes and strategies for the Private Funds, including the Churchill Fund II are disclosed in each Private Fund's offering documents and can include, but not limited to hedging, leverage, short sales, uncovered options, futures, and forward foreign exchange contracts, private loans, real estate investments, and other non-liquid investments. Such strategies carry a risk of total loss of principal. Each Private Fund investment have varying degrees of illiquidity depending on the type of fund and its underlining investments, which are outlined in a fund's offering documents and should be reviewed prior to investment.

B. Material Risks

Investing in securities involves a significant risk of loss. LAL's investment recommendations are subject to various market, currency, economic, political and business risks, and such investment decisions may not always be profitable. Clients should be aware that there may be a loss or depreciation to the value of the Client's account, which Clients should be prepared to bear. There can be no assurance that the Client's investment objectives will be obtained and no inference to the contrary should be made. Clients are advised that they should only commit assets for management that can be invested for the long term, that volatility from investing can occur, and that all investing is subject to risk and consequently, the value of the client's account may at any time be worth more or less than the amount invested. In addition, there is no assurance that a mutual fund, ETF or Private Fund (including the Churchill Fund II) will achieve its investment objective or that any of LAL's investment strategies will be profitable. Past performance of investments is no guarantee of future results.

The following is an outline of the main risks pertaining to the asset classes utilized by LAL:

- **Market Risk:** The price of the security 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.
- **Equity Risk:** Historically, the equity markets have moved in cycles, and the value of equity securities may fluctuate significantly from day-to-day. Individual companies may report poor results or be negatively affected by industry and/or economic trends and developments. The prices of securities issued by such companies may suffer a decline in response. These factors contribute to price volatility.
- **Business Risk:** This risk is 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.
- **Foreign Risk:** Investments in foreign securities pose special risks, including currency fluctuation and political risks, and such investments may be more volatile than that of a U.S. only investment. The risks are generally intensified for investments in emerging markets.
- **Currency Risk:** Foreign 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.
- **Political and Legislative Risk:** Companies face a complex set of laws and circumstances in each country in which they operate. The political and legal environment can change rapidly and without warning, with significant impact, especially for companies operating outside of the United States or those companies who conduct a substantial amount of their business outside of the United States.
- **Credit Risk:** The risk that principal and/or interest on a fixed income investment will not be paid in a timely manner or in full due to changes in the financial condition of the issuer. Generally, the higher the perceived credit risk, the higher the rate of interest investors will receive on their investment.
- **Interest Rate Risk:** The risk that the value of an interest-bearing investment will change due to changes in the general level of interest rates in the market. The market value of a bond fluctuates inversely to the change in interest rates; that is, as interest rates rise, bond prices fall and vice versa.

Interest rate risk is commonly measured by a bond's duration; the greater a bond's duration, the greater the impact on price of a change in interest rates. Investors may incur a gain or loss from bonds sold prior to the final maturity date.

Many bonds are rated by a third party Nationally Recognized Statistical Rating Organization (NRSRO), for example, Moody's Investor Services or Standard & Poor's Inc. While ratings may assist investors to determine the creditworthiness of the issuer, they are not a guarantee of performance. U.S. Treasury bills, notes and bonds are

guaranteed by the full faith and credit of the United States and therefore are deemed to carry no risk of default.

- **Reinvestment Risk:** The risk that interest and principal payments from a bond will be reinvested at a lower yield than that received on the original bond. During periods of declining interest rates, bond payments may be invested at lower rates; during periods of rising rates, bond payments may be invested at higher rates.
- **Call Risk:** The risk that a bond will be called by its issuer. A callable bond has a provision which allows the issuer to purchase the bond back from the bondholders at a predetermined price. Generally, issuers call bonds when prevailing rates are lower than the cost of the outstanding bond. Call provisions allow an issuer to retire high-rate bonds on a predefined call schedule.
- **Prepayment Risk:** Some types of bonds are subject to prepayment risk. Similar to call risk, prepayment risk is the risk that the issuer of a security will repay principal prior to the bond's maturity date, thereby changing the expected payment schedule of the bonds. Prepayment risk is particularly prevalent in the mortgage-backed bond market, where a drop in interest rates can trigger a refinancing wave. When investors in a bond comprised of the underlying pool of mortgages receives his or her principal back sooner than expected, they may be forced to reinvest at prevailing, lower rates.
- **Liquidity Risk:** The risk stemming from the lack of marketability of an investment that cannot be bought or sold quickly enough to prevent or minimize a loss. Liquidity risk is typically reflected in a wide bid-ask spread or large price movements. It also is a risk associated with an investment in Private Funds.
- **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.
- **Opportunity Cost Risk:** The risk that an investor may forego profits or returns from other investments.
- **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.

Below are some of the main risks associated with investing in options:

- When writing covered call options to produce income for a client's account, there may be times when the underlying stock is "called" (call option contract exercised or assigned) by the investor that purchased the call option. That means the client would be required to sell the underlying security at the exercise (pre-determined) price to that investor.
- Clients may be required to open a margin account in order to invest in options, which carries additional risks (see page 7 above for details) and would result in margin interest costs to the client.

- Option positions may be adversely affected by company specific issues (the issuer of the underlying security) which may include but are not limited to bankruptcy, insolvency, failing to file with regulatory bodies, being delisted, having trading halted or suspended, corporate reorganizations, asset sales, spin offs, stock splits, mergers and acquisitions. In addition, market related actions, political issues, and economic issues may adversely affect the option market. These factors could restrict, halt, suspend, or terminate option positions written (sold) or purchased.
- Changes in value of the option may not correlate with the underlying security, and the account could lose more than principal amount invested.

Options involve risk and are not suitable for all clients. Therefore, a client should read the option disclosure document, “Characteristics and Risks of Standardized Options”, which can be obtained from any exchange on which options are traded, at www.optionsclearing.com, or by calling 1-888-OPTIONS, or by contacting your broker/custodian.

Prior to entering into an agreement with LAL, a client should carefully consider: (1) committing to management only those assets that the client believes will not be needed for current purposes and that can be invested on a long-term basis, usually a minimum of three to seven years, (2) that volatility from investing in the stock market can occur, and (3) that over time the client’s assets may fluctuate and at any time be worth more or less than the amount invested.

LAL typically invests for the long-term and generally does not engage in high frequency trading. Nevertheless, third party investment managers selected by LAL may employ such strategies, and as a result, such frequent trading can result in increased brokerage and other transaction costs.

Depending on the sophistication and risk tolerances of its clients, LAL may recommend, as part of a client’s overall investment strategy, that a portion of such client’s assets be invested in Private Funds or other alternative investments. Such investments present special risks for LAL’s clients, including without limitation, limited liquidity, higher fees, volatile performance, heightened risk of loss, limited transparency, special tax considerations, subjective valuations and limited regulatory oversight. Therefore, private investments may not be suitable for all LAL clients and will be offered only to those qualifying clients for whom an investment therein is determined to be suitable (Please refer to Item 12 below for further information on allocation of Private Fund investments). Generally, such investments are available for investment only to a limited number of sophisticated investors who meet the definition of “accredited investor” under Regulation D of the Securities Act of 1933, as amended (the “Securities Act”) and “qualified client” under the Investment Advisers Act of 1940. It is important that each potential qualified investor fully read each offering or private placement memorandum prior to investing.

Private Funds often impose performance-based fees or incentive allocations payable to the fund manager or general partner. Such performance-based fee/incentive allocation structures may create an incentive for the managers of the Private Funds to make investments that are riskier or more speculative than would be the case in the absence of a performance-based fee/incentive allocation structure. Additionally, the performance-based fee structure could also cause the portfolio managers responsible for the Private Funds to devote a disproportionate amount of time

to the management of the Private Funds, and compensation may be larger than it otherwise would have been because the fee/incentive allocation will be based on account performance instead of a percentage of assets under management. Please refer to Item 6 above for additional information.

Some of the Private Funds, ETFs and mutual funds that LAL invest in for clients, along with some of LAL's investment strategies employ alternative or riskier strategies, such as the use of leverage or hedging. Leverage is the use of debt to finance an activity. For example, leverage is used when one uses margin to buy a security. Hedging on the other hand occurs when an investment is made in order to reduce the risk of adverse price movements in a security. For example, hedging is used when one takes an offsetting position in a related security, such as an option or short sale. While leverage or hedging can operate to increase rates of return, it also increases the amount of risk inherent in an investment. Other Private Funds, ETFs and mutual funds may employ other alternative techniques which carry inherent higher degrees of risks.

LAL may recommend investments in Private Funds or mutual funds that are considered "funds of funds" and the investments and strategies for the underlying portfolio funds may include leverage, short sales, uncovered options, futures, derivative instruments, forward and swap foreign exchange contracts, non-U.S. securities, "junk" bonds, and illiquid investments. Such funds carry high costs, substantial risks, such as the risks inherent in an investment in securities, as well as specific risks associated with each particular underlying fund's investment strategy.

Additionally, certain Private Funds may be more illiquid than others, meaning that an investor's investment may be "locked up" for a defined period of time or for the life of the Private Fund. The illiquidity of each Private Fund depends on a few factors, including but not limited to the type and liquidity of the Private Fund's underlying investments. It is important for investors to read the Private Fund's offering documents fully before investing.

LAL may recommend that certain clients invest in various types of structure notes. These securities are highly complex, generally defined as a debt obligation whose cash flow characteristics depend upon one or more indices or that have embedded forwards or options or securities where an investor's investment return and the issuer's payment obligations are contingent on, or highly sensitive to, changes in the value of underlying assets, indices, interest rates or cash flows. These types of investments carry a number of risks, which include, but are not limited to:

- Credit/Forfeiture risk - structured notes are unsecured debt from investment banks (borrower), so there is the risk that the bank cannot pay back the loan.
- Liquidity risk - structured notes rarely trade after issuance and selling a structured note before maturity may prove difficult and be executed at significant discount to the purchase price.
- Pricing risk - structured notes are priced on a matrix, not net-asset-value. Matrix pricing is essentially a best-guess approach.
- Income Risk - Under certain structures, anticipated income may not be fixed or guaranteed and may be dependent upon the performance of an underlying index or securities.

- Foreign Currency Risks – there may be exposure, directly or indirectly, to foreign currency risk due to any foreign currencies, securities or commodities that may be linked to the respective structured note.
- Call Feature Risk - Structured notes may have early redemption rights for the issuer bank, which if exercised would result in a required redemption prior to maturity and loss of any remaining coupon payments.

Full disclosure of the risk factors for each structured note invested in by LAL is available from the relevant term sheets and prospectuses or offering documents, which is generally provided to clients at the time of investment by the executing broker. Clients should carefully review the risk factors section in the relevant offering documents for complete information.

LAL may recommend to certain clients that they invest in first trust deeds (*i.e.*, you lend money to a borrower to purchase real property and receive a deed of trust on the real property until the loan is paid in full) and/or certain private investment vehicles, such as limited liability companies (LLC), limited partnerships (LP) and/or private funds that utilize invested assets to purchase real property (private residences, commercial property or a combination of both). While LAL believes this type of investment suitable for certain clients, such investments are not guaranteed from loss of principal and carry risks. Mainly, investments in trust deeds or real estate are considered illiquid investments since there is no publicly traded market for these types of investments. In addition, investments in trust deeds or real estate are not insured by the Federal Deposit Insurance Corporation (FDIC) or any other state or federal agency. Some of the more specific risks include, but are not limited to the following:

Risks for Investments in First Trust Deeds:

1. The value of the underlying property is appraised as of a specific date. There is no guarantee or assurance that the appraised value reflects a value that a buyer would be willing to pay.
2. The borrower's ability to continue to make payments and repay the loan will depend upon the borrower's financial condition, which could change over time.
3. Default by the borrower could affect monthly payments. Under extreme cases, it may be necessary to foreclose or take other actions to protect your investment. The total amount received upon foreclosure could be more or less than the total amount invested.
4. If a borrower files a reorganization or full insolvency bankruptcy, the foreclosure process could be stalled. Additionally, investors could incur significant legal fees and costs in attempting to obtain a relief. (Relief consists of getting court approval to release the property out of the bankruptcy so that the property can be foreclosed upon.) Furthermore, the court could modify the terms of the loan by extending the due date, changing the interest rate and payment structure, or causing the priority of the loan to be subordinated to a bankruptcy court-approved financing plan.

5. Investing in any trust deed investment also is subject to possible loss due to uninsured losses from disasters such earthquakes, floods, tsunamis, terrorist attacks, etc. Clients should carefully review the risk factors section in the relevant offering documents for complete information.

Risks for Investments in Private Investment Vehicles that Invest in Real Estate (Please note the risks listed below are in addition to the principal risks associated with investing in a private investment vehicle, which are outlined in their respective offering materials provided to clients prior to investing):

1. The value of the real estate property is generally appraised upon purchase. Over time, the value of the real estate property can vary widely depending on market conditions. There is no guarantee or assurance that the carried value reflects a value that a buyer would be willing to pay.
2. If the real estate investments are obtained by a loan and the borrower (*i.e.*, private fund, LLC or LP) is unable at any time to make the loan payments, it may cause the holder of the note (*e.g.*, bank etc.) to foreclose or take other actions to protect their investment.

Additional risks associated with trust deed or real estate investments include economic conditions, neighborhood values, interest rates, the supply of and demand for properties of like kind, the ability of the borrower to obtain necessary alternative financing and certain city, state and/or federal regulations.

Investing in any general real estate investment also is subject to possible loss due to uninsured losses from disasters such earthquakes, floods, tsunamis, terrorist attacks, etc. Clients should carefully review the risk factors section in the relevant offering documents for complete information.

There are risks pertaining to investments made for the Sub-Advised Mutual Fund that are outlined in detail in the Fund's prospectus and statement of information. It is important for potential mutual fund shareholders to fully read these documents before investing.

ITEM 9: DISCIPLINARY INFORMATION

Registered investment advisers such as LAL are required to disclose all material facts regarding any legal or disciplinary events that would be material to a client's or prospective client's evaluation of LAL or the integrity of its management. LAL does not have any such legal or disciplinary events and thus has no information to disclose with respect to this Item.

ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

A. Other Financial Industry Activities

LAL's Chairman & CEO, Greg Kushner, is a registered representative and branch manager of Investment Security Corporation ("ISC"), an SEC registered broker-dealer and member of

FINRA. Mr. Kushner conducts securities brokerage and related business through ISC and may receive separate and typical commissions or fees for doing so. As a registered representative of ISC, Mr. Kushner may introduce money managers to other broker-dealers, and introduces potential clients to money managers who may direct trades to such broker-dealers. Mr. Kushner may also refer clients to hedge funds or other Private Funds in his capacity as a registered representative of ISC. Mr. Kushner receives commissions on trades conducted through introduced broker-dealers and a portion of the fees charged by hedge funds or other Private Funds for clients who are referred to those funds.

LAL and ISC are separate, nonaffiliated entities. Nevertheless, a conflict of interest exists to the extent that LAL recommends the purchase of securities where Mr. Greg Kushner or another LAL representative receives commissions or other compensation for doing so. LAL has adopted certain procedures designed to mitigate the effects of these conflicts. Importantly, as part of LAL's fiduciary duty to clients, LAL and its representatives will endeavor at all times to put the interests of the clients first, and recommendations will only be made to the extent that they are reasonably believed to be in the best interests of the client. Additionally, the conflicts presented by these practices are disclosed to clients at the time of entering into an advisory agreement, mainly through the delivery of this Disclosure Brochure (Form ADV Part 2A) and the Form ADV Part 2B Supplemental Brochures. Clients are not obligated to implement any recommended transactions through any LAL representative or any particular broker-dealer. Clients have the option to purchase any recommended investment products or services through brokers or agents other than ISC.

In addition, LAL charges a quarterly advisory fee based on assets under management and such advisory fee is in addition to commissions, if any, received by LAL IARs in their capacity as registered representative of ISC on sales of securities or investment products made to LAL advisory clients. However, LAL generally reduces the advisory fees payable by such clients with respect to those securities purchased for the client's account to offset the amount of any net commissions received by IARs of LAL for such securities.

As mentioned in Item 4 and Item 8 above, LAL has entered into independent contractor agreements with three IARs, Ken Stern, Jeffrey Christie, and Brendan Van Cleve, who perform advisory services to certain LAL clients on behalf of LAL. Each IAR is a senior manager and IAR of KS&A, which is an SEC registered investment advisory firm. KS&A and LAL are not affiliated companies. Additionally, LAL and KS&A have entered into a Services Agreement, whereby LAL pays KS&A for performing certain services, including research and investment management recommendations, prospect and client services support to IARs of LAL. Mr. Stern, as owner and Managing Director of KS&A, indirectly receives a benefit from such arrangement.

LAL also has three IARs, Scott Gunn, William Walsh, and Alisha Reilly who perform advisory services on behalf of LAL as independent contractors and have affiliations with unaffiliated investment advisory and broker-dealer firms. Mr. Gunn and Mr. Walsh are senior managers and IARs of LGT Financial Advisors, LLC ("LGT"), an SEC registered investment advisory firm. All three are RRs of ISC.

LAL has an IAR, Craig Sheftell, who performs advisory services on behalf of LAL as an independent contractor and has an affiliation with an unaffiliated broker-dealer. Mr. Sheftell is an RR of Fallbrook Capital Securities Corporation.

When all these IARs/RRs conduct business through their outside investment advisory and brokerage firms, they receive separate and typical compensation for doing so. While they devote as much time to the business and affairs of LAL as is necessary to perform their duties, they also devote a significant amount of time to performing services for the outside businesses. The dual roles and additional compensation create conflicts of interest, mainly due to the fact that their obligations to the outside businesses take time away from their duties performed for LAL.

As noted in Item 4 above, K&W serves as a passive owner of LAL. K&W also is a high-net worth client of LAL. Due to these relationships, conflicts of interest exist in that K&W will receive benefits not available to other clients of the Firm. For instance, as an owner of LAL, K&W will participate in revenues generated by the Firm in proportion equal to K&W's ownership interest. However, as K&W is a "passive owner" only, K&W will not have any authority in the day-to-day management of the Firm; rather, K&W will only have the authority to vote in matters specified in the Firm's Operating Agreement. Also, K&W has made a cash loan to LAL, which requires payback over a set period of time, with interest. The loan is set up as debt and does not provide K&W with additional equity ownership of LAL. Additionally, as an owner of LAL, as well as due to K&W's high net-worth and being a client, K&W receives additional benefits which include, but are not limited to: lower management fees, preferential allocation of investments and the option to invest in types securities not otherwise made available to all LAL clients. The conflicts surrounding the business activities and affiliations listed above are disclosed to clients at the time of entering into an advisory agreement with LAL, through the delivery of this Brochure and the respective Supplemental Brochures (ADV Part 2Bs). Additionally, LAL has implemented certain policies, procedures and internal controls to help mitigate the conflicts. Moreover, as part of LAL's fiduciary duty to clients, the Firm and its IARs endeavor at all times to put the interests of the clients first, and recommendations and investments will only be made to the extent that they are reasonably believed to be suitable and in the best interests of the client.

B. Affiliations

In addition to serving as a registered representative and branch manager of ISC, Mr. Kushner is also the founder and President of Lido Consulting, Inc., a personal services consulting firm specializing in providing consulting and other services to family offices and high net worth individuals. Mr. Kushner also is a member and partial owner (less than 25%) of a new affiliated investment adviser, Oakhurst Advisors, LLC ("Oakhurst Advisors").

Additionally, Mr. Kushner serves as the managing member for seven limited liability companies ("LLCs") that invest in commercial and residential real estate, both directly and through investments in private limited partnerships, including certain Private Funds that LAL clients invest in. The members of these limited liability companies are family members and close friends and the main purpose of each LLC is passive real estate investing. While Mr. Kushner serves as the managing member for the LLCs, he is not involved in the day to day management

of the various properties. Additionally, Mr. Kushner serves as trustee to two family related trusts and CFO to a family foundation, and all three are clients of LAL. Also, Mr. Kushner serves as CFO and is a shareholder of a California corporation that performs real estate management services. This company does provide management services to some of the real estate invested in by the family LLCs. Mr. Kushner spends less than 10% of his work time performing his duties for these outside entities

Mr. Jeffrey Westheimer, who is a Senior Managing Director of LAL, also is the owner of 10 Fifteen Consulting, which is a sole proprietor that provides non-investment related business consulting services. Additionally, Mr. Westheimer is a managing member of a limited liability company ("LLC"), which invests in various commercial and residential real estate, both directly and through investments in private limited partnerships, including certain Private Funds that are invested in by LAL clients. Mr. Westheimer spends less than 5% of his time on his outside business activities. Please refer to Mr. Westheimer's Form ADV Part 2B for complete details, including information on the compensation received regarding these outside business activities.

Mr. Jason Ozur, who serves as a Senior Managing Director and Portfolio Manager of LAL, also provides back office, accounting and related services to certain Private Funds, including the Private Funds managed by Mapleton Capital Management, LLC and related entities, and Thomas James Capital (TJC), in which certain LAL clients have invested. Mr. Ozur also serves as the portfolio manager to the Sub-Advised Mutual Fund, and is a member and partial owner (less than 25%) of Oakhurst Advisors. Additionally, Mr. Ozur is a managing member of a limited liability company that invests in commercial and residential real estate, both directly and through investments in private limited partnerships, including certain Private Funds that LAL clients invest in. Mr. Ozur spends less than 5% of his time on this outside business activity.

The fact that Messrs. Kushner, Westheimer and Ozur are managing members of an LLC that invest in certain Private Funds that are invested in by clients creates a conflict of interest due to the fact that the Private Funds are limited offerings. LAL addresses the conflict through its written Code of Ethics that includes preapproval and reporting requirements of certain personal securities transactions by LAL employees, including Private Funds, and through disclosures to clients. In addition, clients are not obligated to implement recommended transactions in Private Funds or other private limited partnerships.

Ms. Alyssa Weinberger, who is an IAR of LAL and a partial owner of LAH, the parent company of LAL, also is a partial owner (less than 25%) of the Oakhurst Advisors.

Please refer to the respective Form ADV Part 2B for Mr. Kushner, Mr. Westheimer, Mr. Ozur and Ms. Weinberger for complete details on the outside business activities and ownership interests, including information on the related compensation received.

C. Recommendations of Certain Private Fund Investments and Related Conflicts

Mr. Greg Kushner and/or other LAL representatives, in their individual capacities as registered representatives of ISC, have entered into and may continue to enter into arrangements under which they receive a portion of the fees charged by Private Funds as compensation for referring

clients to such Private Funds. This activity creates conflicts of interest. LAL has adopted certain procedures designed to mitigate the effects of these conflicts. Importantly, as part of LAL's fiduciary duty to clients, LAL and its representatives will endeavor at all times to put the interests of the clients first, and recommendations will only be made to the extent that they are reasonably believed to be in the best interests of the client. Additionally, the conflicts presented by these practices are disclosed to clients in writing at the time of entering into an advisory agreement through delivery of this Disclosure Brochure and other written disclosure document(s). Clients are not obligated to implement recommended transactions through any LAL representative or any particular broker-dealer. Clients have the option to purchase any recommended investment products or services through brokers or agents other than ISC. To the extent that any LAL representatives, in their capacity as registered representative of a broker-dealer, receive compensation for transactions in a client's account, LAL will reduce the advisory fee payable by such clients to offset the amount of any such compensation received by the LAL representative.

LAL IARs may recommend an investment in the Churchill Fund II to certain LAL clients. The general partner of the Churchill Fund II is managed by APS/HSR, which is a real estate syndication firm owned by Mr. Ken Stern of KS&A. Neither Mr. Stern nor any IARs of LAL will receive commissions or any other transaction based compensation in connection with LAL clients' investment in the Churchill Fund II. However, the value of clients' investment in the Churchill Fund II will be included in the value of the clients' advisory account assets for purposes of calculation of the investment management fee paid by such clients to LAL. Such investment management fees will be reduced in the following manner: For those LAL clients that invest in the Churchill Fund II, LAL will reduce the investment management fees collected on assets invested in the Churchill Fund II such that the fees shall be the lesser of: (i) 0.75% of the assets under management invested in the fund; or (ii) a 25% reduction on the client's applicable investment management fee (as described in the fee schedule in Item 5.B. above) for assets invested in the fund. Thus, in no case will a client be assessed fees that exceed 0.75% on assets invested in the Churchill Fund II. Even at a reduced fee, this relationship presents a conflict of interest such that while in performance of their respective duties for LAL, Mr. Stern and other LAL IARs will recommend that certain of their investment advisory clients invest in the Churchill Fund II, and in turn, will derive revenue from advisory clients' aggregate assets under management and subsequently a portion of any bonuses or other compensation paid to Mr. Stern and LAL IARs that may be attributed to clients' investment in the Churchill Fund II. Additionally, through his indirect ownership of APS/HSR, Mr. Stern benefits from the profits and remuneration that the Churchill Fund II distributes or pays to APS/HSR, a portion of which are attributed to investments in the Churchill Fund II by LAL clients.

These conflicts of interest affect the ability of LAL and its IARs to provide clients with unbiased, objective investment advice concerning the selection of certain Private Fund investments for client accounts. This could mean that other investments, whose sponsors do not make such payments or in whom Mr. Stern does not have an interest, may be more appropriate for an investment advisory client than an investment in the Churchill Fund II. THEREFORE, A SUBSTANTIAL CONFLICT OF INTEREST EXISTS IN THE SELECTION OF INVESTMENTS FOR LAL CLIENTS. Accordingly, each prospective investor in the Churchill Fund II, prior to making an investment decision to purchase interests, is encouraged to consider

all factors they deem relevant to an investment in this fund, including the conflicts of interest noted above and elsewhere in the fund's Private Placement Memorandum, and to consult with their own advisors regarding such potential investment. For further information on the compensation Mr. Stern receives for performing his outside business activities, along with information on how LAL addresses the conflicts surrounding these activities, please refer to Mr. Stern Form ADV Part 2B – Disclosure Supplement.

LAL also has entered into business arrangements with certain employees, officers and/or owners of issuers of the Private Funds, for which LAL compensates the employee/officer for providing specific services. The services provided under the arrangements are mainly consulting services regarding various business practices and are generally not related to the Private Funds. Nevertheless, a conflict of interest exists due to the fact that LAL recommends their Private Funds to clients. The conflict is addressed mainly by providing disclosures to LAL clients and investors in the Private Funds via this Form ADV Part 2A and fund offering documents.

ITEM 11: CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

A. Code of Ethics Summary

LAL has adopted a Code of Ethics ("Code") in compliance with Rule 204A-1 under the Investment Advisers Act of 1940, as amended and Rule 17j-1 of the Investment Company Act of 1940, as amended. The Code establishes standards of conduct for LAL's supervised persons and includes general requirements that such supervised persons comply with their fiduciary obligations to clients and applicable securities laws, and specific requirements relating to, among other things, personal trading, insider trading, conflicts of interest and confidentiality of client information. It contains written policies reasonably designed to prevent the unlawful use of material non-public information by LAL or any of its associated persons. The Code also requires that certain of LAL's personnel (called "Access Persons") report their personal securities holdings and transactions and obtain pre-approval of certain investments, including initial public offerings and limited offerings. Other than certain exceptions that are outlined in the Code and noted in Item 11.B below, LAL's Access Persons generally may not effect transactions for themselves or for their immediate family members (i.e., spouse, minor children, and adults living in the same household as the Access Person) within three (3) business days before and one (1) business day after any client transaction in the same security.

The Code also requires supervised persons to report any violations of the Code promptly to the Firm's Chief Compliance Officer ("CCO"). Each supervised person receives a copy of the Code and any amendments to it and must acknowledge in writing having received the materials. Annually, each supervised person must certify that he or she complied with the Code during that year. LAL will provide a copy of its Code of Ethics to any client or prospective client upon request.

B. Participation or Interest in Client Transactions

It is LAL's policy not to enter into any principal transactions or agency cross transactions on behalf of client accounts. Principal transactions occur where an adviser, acting as principal for its own account, buys securities from or sells securities to any advisory client. Agency cross transactions occur where a person acts as an investment adviser in relation to a transaction in which the adviser, or an affiliate of the adviser, acts as broker for both the advisory client and for another person on the other side of the transaction.

Neither LAL nor any of LAL's related persons act as general partner in a partnership in which clients are solicited to invest, with the exception of the Churchill Fund II (see Item 10 above for details). Based upon a client's stated objectives, LAL may, under certain circumstances, recommend the purchase or sale of securities in which LAL or its affiliates have also invested in personally. Such recommendations will only be made to the extent that they are reasonably believed to be in the best interests of the client. Importantly, as part of LAL's fiduciary duty to clients, LAL and its Associated Persons will endeavor at all times to put the interests of the clients first and at all times are required to adhere to the Firm's Code of Ethics. Please refer to Item 12 below for further information on the allocation of investments in Private Funds. LAL's officers, directors, agents, and employees ("Associated Persons") also invest personally in certain securities that are purchased for clients, including Private Funds. LAL's Code of Ethics contains certain requirements designed to address the conflicts that arise with regard to personal trading by LAL or its Associated Persons. For example, other than certain exceptions as outlined below, when LAL is purchasing or considering for purchase a security on behalf of a client, no Associated Person may knowingly effect a transaction in that security within three (3) business days before and one (1) business day after any client transaction in the same security. The exceptions include: (i) when the Associated Person's transaction is aggregated with client transactions and the Associates Person receives the same average price as all client participating in such aggregated transaction, (ii) a limited amount of shares of any common stock listed on the S&P 500 Index; (iii) when pre-approved by the CCO or designee; (iv) direct obligations of the Government of the United States; (v) money market instruments, bankers' acceptances, bank certificates of deposit, commercial paper, repurchase agreements and other high quality short-term debt instruments, including repurchase agreements; (vi) shares issued by mutual funds or money market funds; and (vii) shares issued by unit investment trusts that are invested exclusively in one or more mutual funds.

There also are times when LAL's Associated Persons buy and sell certain securities for their own accounts based on personal investment considerations, which LAL does not deem appropriate to buy or sell for clients.

Additionally, there are times when LAL will purchase the same or similar securities for the Sub-Advised Mutual Fund at the same time as it affects transactions for other LAL clients. Additionally, Associated Persons of LAL may invest in the Sub-Advised Mutual Fund. This creates a potential conflict of interest. To address this conflict of interest, LAL has written policies and procedures in their Code of Ethics that requires Associated Persons to report their transactions in the Sub-Advised Mutual Fund. Please refer to Item 12 for further information.

Also, as outlined in Items 5, 6 and 10 above, LAL and its IARs at times recommend that certain qualifying LAL clients invest in the Churchill Fund II, which is a private fund in which an LAL related person, Mr. Kenneth A. Stern, who serves as a Managing Director and IAR of LAL, has as a proprietary/ownership interest. The Churchill Fund II general partner manages the Churchill Fund II and makes all operating decisions for the Fund. The sole and managing member of the general partner is APS/HSR, which is owned by Mr. Stern. The general partner, CREFII GP, LLC is a joint venture controlled in part by Mr. Stern in his capacities as an owner, Managing Member and Managing Director of APS/HSR.

ITEM 12: BROKERAGE PRACTICES

The following discussion summarizes the material aspects of LAL's practices for the recommendation of custodians and the selection of broker-dealers to execute client transactions.

A. Selection Criteria

LAL does not maintain physical custody of clients' assets although we are deemed to have custody of clients' assets where the client has given us authority to debit fees from the client's account (see Item 15 Custody below). Your assets must be maintained in an account at a "qualified custodian," generally a broker-dealer or bank. The custodians that LAL recommends that clients use are Fidelity Investments ("Fidelity"), Charles Schwab & Co., Inc. ("Schwab"), and TD Ameritrade, Inc. ("TD Ameritrade"), all of which are FINRA registered broker-dealers and members of SIPC. LAL is independently owned and operated and not affiliated with Fidelity, Schwab, or TD Ameritrade. These custodians will hold client assets in a brokerage account and buy and sell securities when we instruct them to. While LAL recommends that clients use one of these custodians, the client will decide whether to open an account with one of them by entering into an account agreement directly with the selected custodian. LAL does not open the custodian account for clients.

When performing investment management services, LAL will place transactions for client accounts through the client's appointed custodian (Fidelity, Schwab or TD Ameritrade), since these custodians generally do not charge custodian fees so long as transactions for client accounts are executed through them as broker-dealer. LAL periodically evaluates the commissions charged and the services provided by the custodian and compare those with other broker-dealers to evaluate whether overall best qualitative execution could be achieved by using alternative custodians. Other factors LAL considers when evaluating its choice of custodian include but are not limited to:

- Ability to trade mutual funds and other investments that LAL determines suitable for a client's portfolio;
- Any custodial relationship between the client and the broker-dealer;
- Quality of customer service and interaction with LAL;
- Discount transaction rates; and
- Reliability and financial stability.

For transactions placed for the Sub-Advised Fund, since the assets are held at a custodian bank, LAL has the ability and authority to place buy and sell orders with or through any brokers-dealers it deems will provide the best overall deal at the time of the transaction. For further information please refer to "Best Execution" below.

For those clients who wish to direct brokerage and select broker-dealers/custodians not recommended by LAL, clients should be aware that LAL does not negotiate specific brokerage commission rates with the broker on the client's behalf, or seek better execution services or prices from other broker-dealers. As a result, the client could pay higher commissions and/or receive less favorable net prices on transactions for their account than might otherwise be the case and LAL will have limited ability to ensure that the broker-dealer selected by the client will provide best possible execution. Please refer to "Directed Brokerage" information below.

Fidelity Custodian Arrangement

LAL has an arrangement with National Financial Services LLC, and Fidelity Brokerage Services LLC (together with all affiliates, "Fidelity") through which Fidelity provides LAL with Fidelity's "platform" services. The platform services include, among others, brokerage, custodial, administrative support, record keeping and related services that are intended to support intermediaries like LAL in conducting business and in serving the best interests of their clients but that may benefit LAL. LAL is not affiliated with Fidelity.

Fidelity charges brokerage commissions and transaction fees for effecting certain securities transactions (*i.e.*, transactions fees are charged for certain no-load mutual funds, commissions are charged for individual equity and debt securities transactions). Fidelity enables LAL to obtain many no-load mutual funds without transaction charges and other no-load funds at nominal transaction charges. Fidelity's commission rates are generally considered discounted from customary retail commission rates. However, the commissions and transaction fees charged by Fidelity may be higher or lower than those charged by other custodians and broker-dealers. As part of the arrangement, Fidelity also makes available to LAL, at no additional charge to us, certain research and brokerage services, including research services obtained by Fidelity directly from independent research companies, as selected by LAL (within specified parameters). These research and brokerage services are used by LAL to manage accounts for which LAL has investment discretion.

LAL also may receive additional services, which include services that do not directly benefit LAL clients. As a result of receiving these services for no additional cost, LAL may have an incentive to continue to use or expand the use of Fidelity's services, which creates a potential conflict of interest. LAL examined this potential conflict when it chose to enter into the relationship with Fidelity and has determined that the relationship is in the best interests of clients. As part of the custodian arrangement, a client may pay a commission/transaction fee that is higher than another qualified broker-dealer might charge to effect the same transaction where LAL determines in good faith that the commission/transaction fee is reasonable in relation to the value of the brokerage and research services received.

Schwab Custodian Arrangement

Client Custody and Brokerage Costs

For LAL clients' accounts that Schwab maintains, Schwab is compensated by charging the client commissions or other fees on trades that it executes or that settle into the client's Schwab account. Schwab's commission rates applicable to LAL client accounts were negotiated based on a commitment to maintain \$10 million of clients' assets at Schwab. This commitment benefits LAL clients utilizing Schwab because the overall commission rates a client pays may be lower than they would be if LAL had not made the commitment. In addition to commissions Schwab charges custodial clients a flat dollar amount as a "prime broker" or "trade away" fee for each trade that LAL has had executed by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into the client's Schwab account. These fees are in addition to the commissions or other compensation a client may pay the executing broker-dealer. Because of this, in order to minimize client trading costs, LAL has Schwab execute most trades for client accounts maintained at Schwab.

Products and Services Available to LAL from Schwab

Schwab Advisor Services (formerly called Schwab Institutional) is Schwab's business serving independent investment advisory firm. They provide LAL and the clients custodied at Schwab with access to its institutional brokerage – trading, custody, reporting and related services – many of which are not typically available to Schwab retail customers. Schwab also makes available various support services. Some of those services help LAL manage or administer Schwab custodied clients' accounts while others help us manage and grow our business. Schwab's support services are generally available on an unsolicited basis and at no charge to LAL as long as we keep a total of at least \$10 million of our clients' assets in accounts at Schwab. Here is a more detailed description of Schwab's support services:

Services that Benefit LAL's Client. Schwab's institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through Schwab include some to which LAL might not otherwise have access or that would require a significantly higher minimum initial investment by LAL clients. Schwab's services described in this paragraph generally benefit LAL Schwab custodied client accounts.

Services that May Not Directly Benefit LAL's Client. Schwab also makes available to LAL other products and services that benefit the Firm but may not directly benefit our clients. These products and services assist LAL in managing and administering our clients' accounts maintained at Schwab. They include investment research, both Schwab's own and that of third parties. LAL may use this research to service all or some substantial number of our clients' accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab also makes available software and other technology that:

- provide access to client account data (such as duplicate trade confirmations and account statements);
- facilitates trade execution and allocates aggregated trade orders for multiple client accounts;
- provides pricing and other market data;

- facilitate payment of our fees from our clients' accounts; and
- assists with back-office functions, recordkeeping and client reporting.

Services that Generally Benefit Only LAL. Schwab also offers other services intended to help LAL manage and further develop our business enterprise. These services include:

- educational conferences and events
- technology, compliance, legal, and business consulting;
- publications and conferences on practice management and business succession and
- access to employee benefits providers, human capital consultants and insurance providers.

Schwab may provide some of these services itself. In other cases, it will arrange for third-party vendors to provide the services. Schwab may also discount or waive its fees for some of these services or pay all or a part of a third party's fees. Schwab may also provide us with other benefits such as occasional business entertainment of our personnel.

LAL's Interest in Schwab's Services

The availability of these services from Schwab benefits LAL because we do not have to produce or purchase them. The Firm does not have to pay for Schwab's services so long as LAL keep a total of at least \$10 million of client assets in accounts at Schwab. The \$10 million minimum may give LAL an incentive to recommend that a client maintain their account with Schwab based on the Firm's interest in receiving Schwab's services that benefit our business rather than based on your interest in receiving the best value in custody services and the most favorable execution of client transactions. This is a potential conflict of interest. LAL believes, however, that our selection of Schwab as a recommended custodian and broker is in the best interests of our clients. It is primarily supported by the scope, quality and price of Schwab's services and not Schwab's services that benefit only LAL. LAL does not believe that maintaining at least \$10 million of those assets at Schwab in order to avoid paying Schwab quarterly service fees presents a material conflict of interest.

TD Ameritrade Custodian Arrangement

LAL participates in the TD Ameritrade Institutional program. TD Ameritrade Institutional is a division of TD Ameritrade, Inc. ("TD Ameritrade"), member FINRA/SIPC/NFA. TD Ameritrade is an independent and unaffiliated SEC-registered broker-dealer. TD Ameritrade offers to independent investment advisers certain services which include custody of securities, trade execution, clearance and settlement of transactions. LAL receives some benefits from TD Ameritrade through its participation in the program, which are similar to the Schwab custodian arrangement outline above.

For further information regarding the services and benefits received by LAL under these custodian arrangements, please refer to Item 14 below.

B. Best Execution

Except as otherwise provided in the client's investment advisory agreement, LAL has full discretion to place buy and sell orders with or through such brokers or dealers as it deems appropriate. LAL's general policy is to place client trades with their broker custodian (*e.g.*, Fidelity, Schwab, or TD Ameritrade) and LAL will continue to do so as long as the Firm believes that the broker custodian is providing the best overall deal for the client and they remain competitive in relation to executions and the cost of each transaction ("best execution").

For transactions for the Sub-Advised Fund, LAL places trades with brokers that LAL believes can provide best execution and in accordance with the Fund's written policies and procedures regarding brokerage selection and soft dollars.

Although LAL will strive to achieve the best execution possible for client securities transactions, this does not require the Firm to solicit competitive bids and LAL does not have an obligation to seek the lowest available commission cost. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the overall best qualitative execution, taking into consideration the full range of a broker-dealer's services, including among other things, the value of research provided, execution capability, commission rates, and responsiveness. Consistent with the foregoing, while LAL will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client transactions. LAL is not required to negotiate "execution only" commission rates, thus the client may be deemed to be paying for research and related services (*i.e.*, "soft dollars") provided by the broker which are included in the commission rate.

To ensure that brokerage firms recommended by LAL are conducting overall best qualitative execution, LAL will periodically (and no less often than annually) evaluate the trading process and broker/custodians utilized. LAL's evaluation will consider the full range of brokerage services offered by the brokers, which may include, but is not limited to price, commission, timing, research, aggregated trades, capable floor brokers or traders, competent block trading coverage, ability to position, capital strength and stability, reliable and accurate communications and settlement processing, use of automation, knowledge of other buyers or sellers and administrative ability.

Research and Other Soft Dollar Benefits

LAL may select a broker-dealer in recognition of the value of various services or products, beyond transaction execution, that such broker-dealer provides where, considering all relevant factors, it believes the broker-dealer can provide best execution. Selecting a broker-dealer in recognition of the provision of services or products other than transaction execution is known as paying for those services or products with "soft dollars." The amount of compensation paid to such broker-dealer (which may include disclosed markups and markdowns on riskless principal transactions with market-makers if LAL were to conduct such transactions) may be higher than what another, equally capable broker-dealer might charge. Except for the benefits received from Fidelity, Schwab, and TD Ameritrade as discussed above and in Item 14 below, LAL currently has no other soft dollar arrangements in place. The following discussion is intended to provide

clients with certain important information regarding such practices, including the potential conflicts of interest that may arise under soft dollar arrangements.

The receipt of such services may benefit LAL, because LAL does not have to produce or pay for the research or other products or services when it obtains such products and services by using client commissions. Although customary, these arrangements present potential conflicts of interest in allocating securities transactional business to broker-dealers in exchange for soft dollar benefits, including an incentive to select or recommend a broker-dealer based on LAL's interest in receiving the research or other products or services, rather than on clients' interest in receiving most favorable execution. Additionally, LAL may have an incentive to effect more transactions than might otherwise be the case in order to obtain those benefits. The agreements between LAL and its clients generally authorize LAL to use client soft dollars for a wide range of purposes. The extent of any such conflict depends in large part on the nature and uses of the services and products acquired with soft dollars.

Section 28(e) of the Securities Exchange Act of 1934 ("Section 28(e)") recognizes the potential conflict of interest involved in this activity, but generally allows investment advisers to use client commissions to pay for certain research and brokerage products and services under certain circumstances without breaching their fiduciary duties to clients. For these purposes, "research" means services or products used to provide lawful and appropriate assistance to LAL in making investment decisions for its clients. "Brokerage" services and products are those used to effect securities transactions for LAL's clients or to assist in effecting those transactions.

Consistent with obtaining best execution, brokerage transactions may be directed to certain broker-dealers in return for investment research and brokerage products and services which assist LAL in its investment decision-making process. LAL may cause clients to pay commissions that are higher than those that another qualified broker-dealer might charge to effect the same transaction where LAL determines, in good faith, that the commission is reasonable in relation to the value of the brokerage and research services received.

Research and other products and services purchased with soft dollars will generally be used to service all of LAL's clients, but brokerage commissions paid by one client may be used to pay for research that is not used in managing that client's portfolio, as permitted by Section 28(e). In other words, there may be certain client accounts that benefit from the research services, which did not make the payment of commissions to the broker-dealer providing the services.

Brokerage services obtained with soft dollars may include, for example, quotation and communication equipment and services, other order management systems that provide trading software or provide connectivity to such software, trade analysis software, on-line pricing services, communication services relating to execution, clearing and settlement and message services used to transmit orders.

Research and related services furnished by brokers may include, but are not limited to, written information and analyses concerning specific securities, companies or sectors; market, financial and economic studies and forecasts; financial publications; recommendations as to specific securities; portfolio evaluation services; financial database software and services; computerized news, pricing and statistical services; and discussions with research personnel, along with

hardware, software, data bases and other technical and telecommunication services and equipment utilized in the investment management process. Research received by LAL under such soft dollar arrangements may include both proprietary research (created or developed by the broker-dealer) and research created or developed by a third party.

As stated above, LAL may recommend that clients establish brokerage accounts with Fidelity, Schwab, and/or TD Ameritrade to maintain custody of clients' assets and to effect trades for their accounts. Fidelity, Schwab, and TD Ameritrade are SEC-registered broker-dealers and members FINRA/SIPC. While there is no direct link between the investment advice given to clients and LAL's recommendation to use the custodial or brokerage services of these custodians, certain benefits are received by LAL due to this arrangement, as outlined above and in Item 14 below.

Directed Brokerage

If requested by a client, LAL may accept written direction from a client regarding the use of a particular broker-dealer to execute some or all transactions for the client. In that case, the client will negotiate terms and arrangements for the account with that broker-dealer, and LAL will not seek better execution services or prices from other broker-dealers or be able to "batch" client transactions for execution through other broker-dealers with orders for other accounts managed by LAL (as described below) and LAL will have limited ability to ensure the broker-dealer selected by the client will provide best possible execution. As a result, the client could pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case. Subject to its duty of best execution, LAL may decline a client's request to direct brokerage if, in LAL's sole discretion, such directed brokerage arrangements would result in additional operational difficulties or violate restrictions imposed by other broker-dealers.

C. Trade Aggregation and Allocation

Transactions for each client will be effected independently, unless LAL decides to purchase or sell the same securities for several clients at approximately the same time. LAL performs investment management services for various clients, some of which may have similar investment objectives. LAL will aggregate sale and purchase orders with other client accounts, including the Sub-Advised Fund and proprietary (employee) accounts that have similar orders being made at the same time, if in LAL's judgment such aggregation is reasonably likely to result in an overall economic benefit to the affected accounts. Such benefits may include better transaction prices and lower trade execution costs. LAL may (but is not obligated to) combine or "batch" such orders to obtain best execution, to negotiate more favorable commission rates, or to allocate equitably among LAL's clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. If all aggregate orders do not fill at the same price, transactions will generally be averaged as to price and allocated among participating accounts pro rata to the purchase and sale orders placed for each participating account on any given day. If such orders cannot be fully executed under prevailing market conditions, LAL will allocate the securities traded among participating accounts and each similar order in a manner which it considers equitable, taking into consideration, among other things, the size of the orders placed, the relative cash positions of each account, the investment objectives of the accounts, and liquidity of the security.

D. Allocation of Investment Opportunities in Private Funds

LAL, from time to time, recommends investments in Private Funds to certain LAL clients. Generally, such investments are available only to a limited number of sophisticated investors who meet the definitions of “accredited investor” under Regulation D of the Securities Act of 1933, as amended (the “Securities Act”) and “qualified client” under the Investment Advisers Act of 1940. Additionally, Private Funds are considered “limited offerings”, since they only accept a limited amount of funds for investment.

When determining which clients should receive a recommendation to invest in a Private Fund, LAL considers a number of factors, including but not limited to a client’s sophistication, risk tolerances and qualifications, investment objectives, and the amount of available assets in client accounts. LAL’s goal is to allocate in a fair and balanced manner; however, given these differing factors, the allocation of investment opportunities in Private Funds to LAL clients is mainly subjective and not all qualifying clients will be provided an investment opportunity. Additionally, there are times when LAL Associated Persons invest in certain Private Funds that are recommended to clients. When this occurs, a conflict exists and to address the conflict Associated Persons are required to receive prior written approval by the CCO.

It is important that qualifying clients receiving a recommendation to invest in a Private Fund read the offering or private placement memorandum prior to investing to fully understand the risks and conflicts pertaining to the Private Fund investment.

E. Brokerage for Client Referrals

In selecting or recommending broker-dealers, LAL may receive client referrals from a broker-dealer, which creates a potential conflict of interest. This is because LAL may have an incentive to select or recommend a broker-dealer based on its interest in receiving client referrals rather than on the client's interest in receiving most favorable execution.

To mitigate this conflict, LAL reviews and monitors execution and services provided to all such LAL clients to help ensure that the client’s accounts are managed as effectively as possible and are receiving best execution.

Under no circumstances will LAL place any transactions for the Sub-Advised Fund with a broker-dealer in recognition of past or future client referrals or in consideration of the broker’s promotion of the sale of mutual fund shares.

ITEM 13: REVIEW OF ACCOUNTS

A. Periodic Reviews

While asset management accounts are monitored on an ongoing basis, LAL’s CEO and Senior Managing Directors undertake reviews of client accounts not less than annually. Accounts are reviewed for consistency with the investment strategy and other parameters set forth for the

account and to determine if any adjustments need to be made. Financial plans are reviewed only upon request unless LAL is retained to update the plan on a continuous basis.

B. Other Reviews and Triggering Factors

In addition to the periodic reviews described above, reviews may be triggered by changes in an account holder's personal, tax or financial status. Other events that can trigger a review of an account are material changes in market conditions as well as macroeconomic and company-specific events. Clients are encouraged to notify LAL and its advisory representatives of any changes in his/her personal financial situation that might affect his/her investment needs, objectives, or time horizon.

C. Regular Reports

Custodian account statements are generated no less than quarterly and are sent directly from the account custodian. The account statement lists the account positions, activity in the account over the covered period, and other related information, including all additions and withdraws from the account. Clients also receive confirmations following each account transaction unless confirmations have been waived.

In addition to the regular statements clients receive from their custodian, LAL provides detailed reports concerning relevant account and/or market-related information. Our client reports generally consist of: (1) a list of client holdings by asset class that includes the purchase date, name of security, number of shares, purchase price per share, current price per share, current market value and unrealized gain/loss; (2) the account performance; and (3) the total market value of the account(s). If a client has more than one account, the accounts are consolidated into one report. LAL reports are provided upon client request and for "in person" client meetings.

Clients are urged to compare the statements received from LAL to those received from the account custodian.

For clients that own Private Funds, such holdings may not appear on your custodian statement (depending on the custodian) but they are included in account reports and statements provided by LAL. As outlined in Item 5 above, LAL's policy for valuing these types of securities is to rely upon the valuations provided by the operator/issuer of the holding. However, there can be times when LAL does not receive an updated valuation prior to LAL sending account statements to clients. When this happens, LAL will report the last known valuation received by the issuer, or depending on circumstances, will provide a fair valuation estimate based on a good faith valuation determined by either LAL, the applicable issuer, or a third party firm. These fair valuations are unaudited and actual values may be higher or lower than the amount reported.

ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION

A. Economic Benefits Received

As discussed more fully under Item 12, LAL may enter into "soft dollar" arrangements whereby brokerage transactions are directed to certain broker-dealers in return for investment research

products and/or services which assist LAL in its investment decision-making process. The receipt of such services is deemed to be the receipt of an economic benefit by LAL, and although customary, these arrangements give rise to potential conflicts of interest, including the incentive to allocate securities transactional business to broker-dealers based on the receipt of such benefits rather than on a client's interest in receiving most favorable execution.

Additionally, LAL generally recommends that clients use Fidelity, Schwab, or TD Ameritrade, as their custodian and broker of record. While there is no direct link between the investment advice given to clients and LAL's recommendation to use Fidelity, Schwab, or TD Ameritrade as their custodian, certain benefits are received by LAL due to these arrangements. Fidelity, Schwab, and TD Ameritrade make available to LAL other products and services that benefit LAL but may not benefit its clients' accounts. Some of these other products and services assist LAL in managing and administering clients' accounts. While as a fiduciary, LAL endeavors to act in its clients' best interests, LAL's recommendation that clients maintain their assets in accounts at Fidelity, Schwab, or TD Ameritrade may be based in part on the benefit to LAL of the availability of some of the products and services provided and not solely on the nature, cost or quality of custody and brokerage services provided by Fidelity, Schwab, or TD Ameritrade, which may create a potential conflict of interest. Please refer to Item 12 above for further details.

B. Compensation for Client Referrals

LAL has entered into agreements with individuals and organizations, some of whom may be affiliated or unaffiliated with LAL, that refer clients to LAL. All such agreements are in writing and comply with the requirements of Rule 206(4)-3 of the Advisers Act. If a client is introduced to LAL by a solicitor, LAL pays that solicitor a fee in accordance with the requirements of Rule 206(4)-3 of the Advisers Act and any corresponding state securities law requirements. While the specific terms of each agreement may differ, generally, the compensation will be based upon LAL's engagement of new clients and the retention of those clients and is calculated using a varying percentage of the fees paid to LAL by such clients. Any such fee shall be paid solely from LAL's investment management fee, and shall not result in any additional charge to the client.

Each prospective client who is referred to LAL under such an arrangement will receive a copy of LAL's firm brochure and a separate written disclosure document disclosing the nature of the relationship between the third party solicitor and LAL and the amount of compensation that will be paid by LAL to the third party. The solicitor is required to obtain the client's signature acknowledging receipt of LAL's disclosure brochure and the solicitor's written disclosure statement.

Participation in Fidelity Wealth Advisor Solutions®

LAL participates in the Fidelity Wealth Advisor Solutions Program (the "WAS Program"), through which LAL receives referrals from Strategic Advisers, Inc. ("SAI"), a registered investment adviser and subsidiary of FMR LLC, the parent company of Fidelity Investments. LAL is independent and not affiliated with SAI or FMR LLC. SAI does not supervise or control

LAL, and SAI has no responsibility or oversight for LAL's provision of investment management or other advisory services.

Under the WAS Program, SAI acts as a solicitor for LAL, and LAL pays referral fees to SAI for each referral received based on LAL's assets under management attributable to each client referred by SAI or members of each client's household. The WAS Program is designed to help investors find an independent investment advisor, and any referral from SAI to LAL does not constitute a recommendation or endorsement by SAI of LAL's particular investment management services or strategies. More specifically, LAL pays the following amounts to SAI for referrals:

For a period of 7 years from the date that a client or members of a client's household fund an account or accounts with LAL, LAL shall pay SAI an amount equal to the sum of (a) an annual percentage of 0.10% of any and fixed income and cash assets in such account, and (b) an annual percentage of 0.25% of all other assets held in such accounts. In addition, LAL has agreed to pay SAI a minimum annual fee amount of \$10,000 in connection with its participation in the WAS Program. These referral fees are paid by LAL and not the client.

To receive referrals from the WAS Program, LAL must meet certain minimum participation criteria, but LAL may have been selected for participation in the WAS Program as a result of its other business relationships with SAI and its affiliates, including Fidelity Brokerage Services, LLC ("FBS"). As a result of its participation in the WAS Program, LAL may have a potential conflict of interest with respect to its decision to use certain affiliates of SAI, including FBS, for execution, custody and clearing for certain client accounts, and LAL may have a potential incentive to suggest the use of FBS and its affiliates to its advisory clients, whether or not those clients were referred to LAL as part of the WAS Program. Under an agreement with SAI, LAL has agreed that it will not charge clients more than the standard range of advisory fees disclosed in this Form ADV 2A Brochure to cover solicitation fees paid to SAI as part of the WAS Program. Pursuant to these arrangements, LAL has agreed not to solicit clients to transfer their brokerage accounts from affiliates of SAI or establish brokerage accounts at other custodians for referred clients other than when LAL's fiduciary duties would so require; therefore, LAL may have an incentive to suggest that referred clients and their household members maintain custody of their accounts with affiliates of SAI. However, participation in the WAS Program does not limit LAL's duty to select brokers on the basis of best execution.

C. Other Compensation

Individual advisory representatives of LAL, in their capacities as registered representatives of ISC, receive commissions related to the sale of certain Private Funds and other securities sold to clients of LAL. They also receive a portion of the management and incentive fees that are paid to the Private Fund manager. Advisory representatives of LAL, in their capacity as registered representatives of ISC, also receive 12b-1 payments from certain mutual funds.

Generally, all commissions and other net compensation received by advisory representatives of LAL in their capacities as registered representatives of ISC from client transactions in certain Private Funds are used to offset advisory fees payable by clients of LAL. Notwithstanding the fee offset, advisory representatives of LAL have a conflict of interest in recommending Private Funds and other securities with respect to which ISC has selling agreements, due to the fact that the receipt of additional compensation may affect the judgment of these individuals when making recommendations. As part of LAL's fiduciary duty to its clients, LAL and its advisory representatives will endeavor at all times to put the interest of the clients first and will only make recommendations when they are reasonably believed to be in the best interests of the client.

As outlined in Item 10.A above, certain LAL IARs, have outside business activities with unaffiliated registered investment advisers, unaffiliated registered broker-dealers, and other firms. Consequently, these activities create conflicts of interest, which are further disclosed in Item 10.A above and each IAR's Form ADV Part 2B (Supplemental Disclosure Brochure), along with information on how LAL addresses such conflicts.

ITEM 15: CUSTODY

Pursuant to Rule 206(4)-2 of the Advisers Act, LAL is deemed to have custody of client funds, with details outlined in Item 9 of Form ADV Part 1. To mitigate any potential conflicts of interests, all LAL client account assets will be maintained with an independent qualified custodian. Generally, LAL recommends Fidelity, Schwab, or TD Ameritrade for custodial services, but from time to time, other custodians may be used by LAL to custody assets. In the case of Asset Management Services utilizing a TPAM, the TPAM may select the custodian.

Notably, in most cases a client's broker-dealer also acts as the custodian of the client's assets for little or no extra cost. Clients should be aware, however, of the differences between having their assets held at a broker-dealer versus at a bank or trust company. Some of these differences include, but are not limited to, custodian costs, trading issues, security of assets, client reporting and technology.

LAL will only implement its investment management recommendations after the client has arranged for and furnished LAL with all information and authorization regarding its accounts held at the designated qualified custodian.

Clients will receive statements on at least a quarterly basis directly from the qualified custodian that holds and maintains their assets. Clients are urged to carefully review all custodial statements and compare them to the statements provided by LAL. LAL's statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities. Please refer to Item 12 for additional important disclosure information relating to LAL's practices and relationships with custodians.

In regards to the Churchill Fund II, due to the indirect ownership by Mr. Ken Stern through APS/HSR, LAL could be deemed to have indirect custody of the assets of Churchill Fund II, although LAL has no direct authority to withdraw such assets at any time or under any circumstances. Mr. Stern does have indirect authority since he owns the managing member of the

Fund's general partner. Importantly, as outlined in the Churchill Fund II offering documents, the Fund obtains audits of its financials annually by an accounting firm that is registered with and subject to inspection by the Public Company Accounting Oversight Board (PCAOB), and the audited financial statements are distributed to all investors in the Churchill Fund II within 120 days of the Fund's fiscal year end.

ITEM 16: INVESTMENT DISCRETION

A. Discretionary Authority; Limitations

All Asset Management Services are performed by LAL on a discretionary basis, unless otherwise agreed upon at the inception of the client relationship and memorialized in the client's advisory agreement. In exercising its discretionary authority, LAL has the ability to determine the type and amount of securities to be transacted and whether a client's purchase or sale should be combined (aggregated) with those of other clients and traded as a "block." Such discretion is to be exercised in a manner consistent with each client's stated investment objectives, risk tolerance, and time horizon. In addition, LAL's authority to trade securities may be limited in certain circumstances by applicable legal and regulatory requirements. Clients are permitted to impose reasonable limitations on LAL's discretionary authority, including restrictions on investing in certain securities or types of securities. All such limitations, restrictions, and investment guidelines must be provided to LAL in writing.

B. Limited Power of Attorney

Unless clients specifically request in writing that LAL manage all or part of their account on a non-discretionary basis, by signing LAL's advisory agreement, clients authorize LAL to exercise full discretionary authority with respect to all investment transactions involving the client's account. Pursuant to such agreement, LAL is designated as the client's attorney-in-fact with discretionary authority to effect investment transactions in the client's account which authorizes LAL to give instructions to third parties in furtherance of such authority.

ITEM 17: VOTING CLIENT SECURITIES

LAL's policy and practice is to not vote proxies on behalf of its clients and therefore, shall have no obligation or authority to take any action or render any advice with respect to the voting of proxies solicited by or with respect to issuers of securities held in a client's account. Consequently, the client retains the responsibility for receiving and voting all proxies for securities held within the client's account. LAL shall not be deemed to have proxy voting authority solely as a result of providing advice or information about a particular proxy vote to a client, unless the account is an ERISA account and such authority has not been delegated to another named fiduciary in the plan's written documents. Furthermore, in the case of ERISA clients, while LAL generally does not vote proxies for ERISA client accounts, should proxy materials be forwarded on to LAL at the request of the plan sponsor, LAL will strive to vote the proxy in the best interest of the client. A copy of LAL's proxy voting record and policies are available upon written request by the plan sponsor.

LAL typically does not advise or act for clients with respect to any legal matters, including bankruptcies and class actions, for the securities held in clients' accounts.

ITEM 18: FINANCIAL INFORMATION

LAL does not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance and therefore is not required to provide, and has not provided, a balance sheet. LAL does not have any financial commitments that impair its ability to meet contractual and fiduciary obligations to clients, and has not been the subject of a bankruptcy proceeding.