

## I. Cover Page



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This brochure (this “Brochure”) provides information about the qualifications and business practices of Lobnek Wealth Management, Inc. (“Lobnek” or the “Firm”). If you have any questions about the contents of this Brochure, please contact us at +41 22 718 90 20 or at [lwm@lobnek.com](mailto:lwm@lobnek.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or any state securities authority.

Additional information about Lobnek Wealth Management, Inc. is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)

While the Firm and its associated personnel may be registered and/or licensed within a particular jurisdiction, that registration and/or licensing in itself does not imply an endorsement by any regulatory authority, nor does it imply a certain level of skill or training on the part of the Firm or its associated personnel.

## **II. Material Changes**

This is an updated filing of the Firm's Brochure revised to reflect a change in the address of the Firm's principal office. The last updated filing of the Firm's Brochure reflected a change in the Recommended Custodian to Charles Schwab & Co., Inc., as discussed in Item 12 below. For future filings, this section of the Brochure may address only those material changes that have occurred since the Firm's last annual update of this Brochure.

The Firm may at any time update this Brochure and either send a copy of its updated Brochure or provide a summary of material changes to its Brochure and an offer to send an electronic or hard copy form of the updated Brochure. Clients may download this Brochure from the SEC's Website: [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) or may contact the Firm at +41 22 718 90 20 to request a copy at any time.

As with all Firm documents, clients and prospective clients are encouraged to review this Brochure in its entirety and are encouraged to ask questions at any time prior to or throughout the engagement.

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## **IV. Advisory Business**

### **A. Description of the Firm**

The Firm is a wholly owned subsidiary of Lobnek Wealth Management S.A. in Geneva, Switzerland, which is owned 90% by Marc A. Moret.

Lobnek Wealth Management S.A. was founded in 2006, and has been providing investment advisory services to its clients ever since. Lobnek Wealth Management, Inc. was created in 2015 for the purpose of providing the same services provided by its Swiss owner to U.S. persons in compliance with U.S. laws and regulations, particularly the Internal Revenue Code.

Lobnek does not provide legal, accounting or insurance services. With client consent, we may work with other professional advisers, such as an accountant, attorney or insurance representative to assist with coordination and implementation of accepted strategies. Clients should be aware that these other advisers will charge them separately for their services and these fees will be in addition to the Firm's advisory fees.

### **B. Types of Services**

Lobnek provides two kinds of services:

#### **Asset Management**

Lobnek manages money on behalf of its clients. Lobnek's asset management style focuses on risk and tends to be very conservative. Lobnek promotes a Core / Satellites approach to investing.

The Core represents the portion of the client's assets that should be preserved conservatively, and managed with parameters to minimize risks and volatility and target consistent returns over

time. Lobnek's asset management activity is dedicated to the Core portion of its clients' portfolios.

The Satellite portion of the client's assets includes all assets other than the Core assets. Such assets may include physical assets, such as real estate and art, private equity investments or equity investments concentrated in a specific industry or geographic location. These assets can be riskier than Core assets and may correspond to a specific client's wishes and affinities. Holdings of Satellite assets often predate a client's engagement with Lobnek. Lobnek provides financial reporting with respect to client's Satellite assets, as described below. In certain circumstances, Lobnek may propose that a client invest a portion of its portfolio in certain Satellite investments, and if the client approves such proposal, Lobnek may invest such portion in such Satellite investments on a discretionary basis.

### **Financial Reporting**

Lobnek provides three kinds of financial reporting:

- Consolidation: clients typically hold multiple accounts at multiple financial institutions, sometimes in multiple currencies and in multiple countries. Lobnek provides consolidated reports giving clients a global picture of their total wealth. This monthly report focuses on asset allocation and performance, on an account-by-account basis and on a consolidated basis. It may cover financial assets as well as non-bankable assets, such as real estate or art collections.
- Cost Control: whether clients hold a single account or multiple accounts, the cost structure of their portfolio is often unclear. Through Lobnek's Cost Control monthly report, clients gain full understanding of their costs and the distribution of such costs. Lobnek tries to dig down as much as possible, depending on the level of details provided by financial institutions, and segregates costs by categories, such as custody fees, management fees, all-in fees, wrap-up fees, transaction fees, foreign exchange fees, administrative fees, commissions, etc. The report seeks to put costs in perspective as compared with the respective performances of the corresponding accounts. Lobnek also monitors accounts, making sure that the level of fees agreed upon between the client and the applicable financial institution is respected at all times.
- Risk Control: clients may hold multiple accounts and each

account tends to contain a pocket of riskier investments relative to that particular account. Lobnek's Risk Control report compares these pockets of riskier investments and analyzes their interaction with each other. In some cases, risks cancel each other out, but in other cases, risks sum up and can even multiply each other. Lobnek's Risk Control report seeks to provide clients with a clear and full understanding of their global risk situation on a consolidated basis.

The Firm provides these services independently from each other. A client can receive asset management services only, or financial reporting services only, or a combination of both. In particular, clients can receive financial reporting services even if they have not contracted Lobnek for asset management services.

#### **C. Client-Tailored Services and Client-Imposed Restrictions**

Lobnek offers different risk profiles to fit different clients' risk appetites. Certain restrictions can be imposed by the client in terms of securities, sectors or asset classes, if approved by Lobnek. It is the client's responsibility to promptly notify Lobnek of any change in the client's financial situation and/or investment objectives for the purpose of Lobnek's reviewing, evaluating or revising previous account restrictions or investment recommendations.

#### **D. Wrap Fee Programs**

Lobnek does not participate in wrap fee programs.

#### **E. Discretionary Management of Assets**

Lobnek performs Core asset management on a discretionary basis. Lobnek may perform Satellite asset management on a discretionary basis with respect to accounts a client has pre-approved for a Satellite strategy.

As of the date of this Brochure, Lobnek does not yet manage any client assets.

### **V. Fees and Compensation**

#### **A. Fees**

Lobnek charges according to the services it provides.

For its asset management services, Lobnek charges a percentage of the assets being managed annually. The following is a schedule of Lobnek's standard fees:

Total Assets Being Managed	Annual Fee, as a Percentage of Assets Being Managed
Below \$5 million	0.95%
\$5 million to 10 million	0.85%
\$10 million to \$25 million	0.75%
\$25 million to \$50 million	0.65%
\$50 million to \$100 million	0.55%
Above \$100 million	0.45%

For its financial reporting services, Lobnek charges a fixed amount of money per account and per year. This amount is determined by the complexity of the account and its components, the frequency of trading activity, and the ability of the custodian to provide information on the account in a workable format, preferably electronically.

Depending on specific circumstances, the asset management fee schedule and the fees for financial reporting can be negotiated or discounted.

*Example:*

*A client hires Lobnek to manage his core assets, totaling \$37 million. On top of this, the client asks Lobnek to provide consolidated reporting for 4 different items: Satellite A, an account consisting of biotech equity stocks, Satellite B, an account consisting of emerging market stocks, his condo apartment in Miami, and an art collection. Finally, the client asks Lobnek to provide Cost Control and Risk Control reporting for Satellites A and B. His annual fees are calculated as follows:*

<b>Item</b>	<b>Value</b>	<b>Service</b>	<b>Annual Fee</b>
<i>Core</i>	<i>\$37,000,000</i>	<i>Asset Management</i>	<i>(0.65%) \$240,500</i>
<i>Satellite A</i>	<i>\$13,000,000</i>	<i>Consolidation</i>	<i>\$6,000</i>
<i>Satellite A</i>		<i>Cost Control</i>	<i>\$5,000</i>
<i>Satellite A</i>		<i>Risk Control</i>	<i>\$4,000</i>
<i>Satellite B</i>	<i>\$3,400,000</i>	<i>Consolidation</i>	<i>\$12,000</i>
<i>Satellite B</i>		<i>Cost Control</i>	<i>\$10,000</i>

<i>Satellite B</i>		<i>Risk Control</i>	<i>\$8,000</i>
<i>Condo</i>	<i>\$8,300,000</i>	<i>Consolidation</i>	<i>\$1,000</i>
<i>Art</i>	<i>\$2,700,000</i>	<i>Consolidation</i>	<i>\$3,500</i>
<b><i>Total</i></b>	<b><i>\$64,400,000</i></b>		<b><i>\$290,000</i></b>

*Because in this example Satellite A is a buy-and-hold account with relatively low activity, and because the account is deposited at a custodian that is able to provide Lobnek with automatic electronic data transfer, Lobnek is able to provide its consolidation reporting at a very low price of \$6,000 per annum. Additional services such as Cost Control and Risk Control reporting are then discounted for this account as a marketing gesture. Satellite B is more complex to analyze due to high frequency of trades and data being provided to Lobnek in a less user-friendly way. As a consequence, the price of consolidation reporting for Satellite B, \$12,000 per annum, is higher, in spite of the value of the account being lower than that of Satellite A. Additional services such as Cost Control and Risk Control reporting are discounted for this account as a marketing gesture for the client. The client instructed Lobnek to include his condo apartment in Miami in the consolidation reporting, and to assume a depreciation in value of 3% per annum. Lobnek determines the value of the condo by applying the 3% depreciation to the initial value provided by the client. Finally, the client instructed Lobnek to also include his art collection in the consolidation reporting, and to apply an annual appreciation value of 5%, unless otherwise instructed when the client has his collection professionally appraised.*

## **B. Fee Payment**

The Firm's fees will be deducted from applicable client accounts by the applicable custodian, which will remit the Firm's fees directly to the Firm.

All fees, including annual asset-based fees and flat financial reporting fees will be charged in arrears on a quarterly basis. Fees for partial quarters will be prorated based on the number of days in the quarter during which the Firm services the account.

Accounts will be valued in accordance with the values disclosed on the statement the client receives from the custodian for the purpose of verifying the computation of the advisory fee. In the rare absence of a reportable market value, the Firm may seek a third-party opinion from a recognized industry source or accounting firm



as to market value.

Fees of other service providers will be paid by the client according to the arrangements the client has with such service providers.

Clients are responsible for verifying the accuracy of fee calculations; the custodian may or may not verify such accuracy for clients.

### **C. Other Types of Fees**

Any transactional or service fees assessed by a selected service provider (e.g., a custodian), such as brokerage fees, individual retirement account fees, qualified retirement plan fees, account termination fees, wire transfer fees and fees for mutual fund and Exchange Traded Fund (“ETF”) expenses will be borne by the client. See Items 12 and 14 of this Brochure for additional information about brokerage practices. The Firm will ensure clients receive copies of the custodians’ fee schedules at the beginnings of their engagements, and the applicable custodian of record and/or third party administrator will notify clients of any future changes to these fees. Fees paid by clients to the Firm for advisory services are separate from any of these fees or other similar charges.

The Firm will take reasonable steps to minimize these fees, for example, by using no-load funds where appropriate, and trading only when necessary.

### **D. Timing of Fees**

Fees are charged in arrears.

### **E. Other Types of Compensation**

The Firm does not charge or receive a commission or other compensation on client securities or other investment product transactions. Fees charged by issuers are detailed in prospectuses or product descriptions and clients are encouraged to read these documents before investing.

## **VI. Performance-Based Fees and Side-By-Side Management**

Lobnek does not charge or receive, directly or indirectly, any performance-based fees. Lobnek’s fees will not be based on a share of capital gains or capital appreciation (growth) of any portion of

managed funds, also known as performance-based fees. Performance-based compensation creates an incentive for a firm or its representatives to recommend an investment that may carry a higher degree of risk to a client. Lobnek does not use a performance-based fee structure because of the conflict of interest this type of fee structure poses. Lobnek's fees will not be based on side-by-side management, which refers to a firm simultaneously managing accounts that do pay performance-based fees (such as a hedge fund) and those that do not; this type of arrangement, and the conflict of interest it may pose, does not conform to Lobnek's practices.

## **VII. Type of Clients**

Lobnek provides advisory services to individuals and families alike, their trusts and estates, as well as pension and profit-sharing plans, charitable organizations, foundations and endowments.

Minimum account size is generally \$5 million, or its equivalent, but this minimum amount can be negotiated depending on the circumstances.

Lobnek reserves the right to waive or reduce certain fees based on unique individual circumstances, special arrangements, or pre-existing relationships. Lobnek also reserves the right to decline services to any prospective client for any non-discriminatory reason.

## **VIII. Methods of Analysis, Investment Strategies and Risk of Loss**

#### **A. Investment Strategy**

Lobnek's investment approach combines a risk parity strategy with a proprietary trend recognition model. Lobnek has the ability to invest in various asset classes, including fixed income, equities, real estate, commodities and precious metals, but for purposes of Core asset management, will only invest in standard products with high liquidity and volumes that are readily available and tradable in order to promote portfolio liquidity. Such products include ETFs, mutual funds and managed funds. Lobnek will not invest in illiquid instruments, or vehicles using short strategies or leverage, such as hedge funds, other than in connection with Satellite asset management.

The Firm will use its best judgment and good faith effort in rendering its services. Lobnek cannot warrant or guarantee the achievement of any planning goal, any particular level of account performance or that a client's account will be profitable over time. Past performance is not necessarily indicative of future results. Investing in securities or other investments involves risk of loss, including the complete loss of amounts invested, and clients should be prepared to bear such risk and loss.

Except as may otherwise be provided by law, the Firm will not be liable to the client, or the client's heirs or assignees, for any (a) loss an account may suffer by reason of an investment decision made or other action taken or omitted in good faith by the Firm with that degree of care, skill, prudence and diligence under the circumstances that a prudent person acting in a fiduciary capacity would use, (b) loss arising from the Firm's adherence to the client's or his, her or its agent's direction or (c) act or failure to act by a service provider maintaining an account.

Federal and state securities laws impose liabilities under certain circumstances on persons who act in good faith and, therefore, nothing contained in this document shall constitute a waiver of any non-waivable rights that a client may have under federal and state securities laws.

#### **B. Risk Consideration**

The Firm believes its strategies and investment recommendations are designed to produce the appropriate potential return for the given level of risk. In particular, the Firm does not engage in frequent trading or high-frequency trading. However, the Firm

cannot guarantee that an investment objective or planning goal will be achieved. As an investor, the client must be able to bear the risk of loss that is associated with his, her or its account, which may include the loss of some or all of the client's principal. The following risks are not all-inclusive, but should be considered carefully by a prospective client before retaining the Firm's services. These risks should be considered as possibilities, with additional regard to their actual probability of occurring and the effect on a client if there is in fact an occurrence. Examples of risk include:

1. Company or Industry-Specific Risk (Unsystematic risk) – When investing in securities, such as stocks, there is always a certain level of company or industry-specific risk that is inherent in each company or issuer. There is a risk that the company will perform poorly or have its value reduced based on factors specific to the company or its industry. This is also referred to as unsystematic risk and can be reduced or mitigated through appropriate diversification.
2. Market Risk (Systematic Risk) – The price of any security or the value of an entire asset class can decline for a variety of reasons outside of the Firm's control, including, but not limited to, changes in the macroeconomic environment, unpredictable market sentiment, forecasted or unforeseen economic developments, interest rates, regulatory changes, and domestic or foreign political, demographic, or social events.
3. Advisory Risk – There is no guarantee that Lobnek's judgment or investment decisions about particular securities or asset classes will necessarily produce the intended results. The Firm's judgment may prove to be incorrect, and a client might not achieve his, her or its investment objectives. The Firm may also make future changes to the model portfolios and advisory services that it provides, which changes may not produce the intended results.
4. Volatility and Correlation Risk – Clients should be aware that the Firm's asset selection process is based in part on a careful evaluation of past price performance and volatility in order to evaluate future probabilities. However, it is possible that different or unrelated asset classes may exhibit similar price changes in similar directions, which may adversely affect a

client, and may become more acute in times of market upheaval or high volatility. Past performance is no guarantee of future results, and any historical returns, expected returns, or probability projections may not reflect actual future performance.

5. Credit Risk – Clients are exposed to the risk that financial intermediaries or security issuers may experience adverse economic consequences that may include impaired credit ratings, default, bankruptcy or insolvency, any of which may affect portfolio values or management.
6. Legislative and Tax Risk - Performance may directly or indirectly be affected by government legislation or regulation, which may include, but is not limited to, changes in investment adviser or securities trading regulation, changes in the U.S. government's guarantee of ultimate payment of principal and interest on certain government securities, and changes in the tax code that could affect interest income, income characterization and/or tax reporting obligations.
7. Foreign Investing and Emerging Markets Risk - Foreign investing involves risks not typically associated with U.S. investments, and the risks may be exacerbated further in emerging market countries. These risks may include, among others, adverse fluctuations in foreign currency values, as well as adverse political, social and economic developments affecting one or more foreign countries. In addition, foreign investing may involve less publicly available information and more volatile or less liquid securities markets, particularly in markets that trade a small number of securities, have unstable governments, or involve limited industry. Investments in foreign countries could be affected by factors not present in the U.S., such as restrictions on receiving the investment proceeds from a foreign country, foreign tax laws or tax withholding requirements, unique trade clearance or settlement procedures, and potential difficulties in enforcing contractual obligations or other legal rules that jeopardize shareholder protection. Foreign accounting may be less transparent than U.S. accounting practices and foreign regulation may be inadequate or irregular.
8. Inflation, Currency, and Interest Rate Risks - Security prices and portfolio returns will likely vary in response to changes in

inflation and interest rates. Inflation causes the value of future dollars to be worth less and may reduce the purchasing power of an investor's future interest payments and principal. Inflation also generally leads to higher interest rates. Higher interest rates, whether caused by inflation or otherwise, may cause the value of many types of fixed income investments to decline. In addition, the relative value of U.S. dollar-denominated assets may be affected by the risk that currency devaluations affect client purchasing power.

9. Reinvestment Risk - With declining interest rates, investors may have to reinvest interest income or principal at a lower rate.
- a. Socially Conscious Investing - Requirements imposed by a client that his, her or its portfolio be invested according to socially conscious principles may limit returns on investments and the ability to diversify among various asset classes. The number of publicly traded companies that meet socially conscious investment parameters is also limited, and due to this limitation, there is a probability of similarity or overlap of holdings, especially among socially conscious mutual funds or ETFs, reducing diversification. The lack of diversification in a socially conscious portfolio could make it more volatile than a fully diversified portfolio.

### **C. Material Risks of Particular Securities**

The Firm suggests mutual funds and ETFs when designing client portfolios. The Firm selects funds based on costs and on how closely their characteristics mirror a particular market or asset class.

In addition to the other risks described above in this Item 8, ETFs and mutual funds carry risks associated with embedded expenses that may reduce such funds' net asset value, and therefore directly affect such funds' performance and indirectly affect a client's portfolio performance or an index benchmark comparison. Expenses of such funds may include investment adviser management fees, custodian fees, brokerage commissions, and legal and accounting fees. Such expenses may change from time to time at the sole discretion of the issuer.

## **IX. Disciplinary Information**

Neither the Firm nor its management has been involved in a material criminal or civil action in a domestic, foreign or military jurisdiction, an administrative enforcement action, or self-regulatory organization proceeding that would reflect poorly upon its advisory business or its or its management's integrity.

## **X. Other Financial Industry Activities and Affiliations**

The Firm's policies require its management to conduct business activities in a manner that avoids conflicts of interest between the Firm and its clients, or that may be contrary to law. Lobnek will provide disclosure to each client prior to and throughout the term of an engagement regarding any conflicts of interest that might reasonably compromise its impartiality or independence.

### **A. Broker-Dealer Registration**

Neither the Firm, nor its management, nor its associates are registered or have an application pending to register as a Financial Industry Regulatory Authority (FINRA) or National Futures Association (NFA) introducing broker-dealer, or as a futures commission merchant, commodity pool operator, commodity trading advisor, or an associated person of the foregoing entities.

### **B. Commodity Broker**

The Firm is not a commodity broker/futures commission merchant, a commodity pool operator, commodity trading adviser or an associated person for the foregoing entities and does not have any application for registration as such pending.

### **C. Material Relationships Maintained by this Advisory Business and Conflicts of Interest**

Lobnek's parent, Lobnek Wealth Management S.A., provides services similar to those provided by Lobnek, and shares management and other personnel, as well as offices and systems with Lobnek. This relationship does not create a material conflict of interest.

### **D. Recommendation of Other Investment Advisers**

While it is not a common practice of the Firm, the Firm may provide clients with a recommendation to another investment adviser. The Firm is not compensated for such referrals.

## **XI. Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

Lobnek believes that its business methodologies, ethics rules and adopted policies are appropriate to eliminate or at least minimize potential material conflicts of interest, and to appropriately manage any material conflicts of interest that may remain.

The Firm will disclose to its advisory clients any material conflict of interest relating to the Firm, its representatives, or any of its employees that could reasonably be expected to impair the rendering of unbiased and objective advice.

### **A. Code of Ethics Description**

The Firm holds itself to a fiduciary standard, which means it will act in the utmost good faith, performing in a manner believed to be in the best interest of its clients. The Firm has adopted a Code of Ethics that establishes policies for ethical conduct for its personnel. The Firm accepts the obligation not only to comply with all applicable laws and regulations but also to act in an ethical and professionally responsible manner in all professional services and activities. The Firm's policies include prohibitions against insider trading, circulation of industry rumors, and certain political contributions, among others.

Lobnek periodically reviews and amends its Code of Ethics to ensure that it remains current, and requires its personnel to annually attest to their understanding of and adherence to such Code of Ethics. A copy of the Firm's Code of Ethics shall be made available to any client or prospective client upon request.

### **B. Investment Recommendations Involving a Material Financial Interest and Conflicts of Interest**



Neither the Firm nor any related person (e.g. officers, affiliates and certain employees of the Firm) is authorized to recommend to a client, or effect a transaction for a client, involving any security in which the Firm or a related person has a material financial interest, such as in the capacity of a board member, underwriter or adviser to an issuer of securities, etc.

A related person is prohibited from borrowing from or lending to a client unless the client is an approved financial institution.

Clients are under no obligation to act on a recommendation from the Firm and, if a client elects to do so, he, she or it is under no obligation to do so through the Firm or a service provider the Firm may recommend.

**C. Firm Investments in Same Securities Recommended to Clients and Conflicts of Interest**

Conflicts of interest may arise when the Firm or a related person recommends a securities transaction to a client and hold a position in the same securities. For example, a related person may have an incentive to recommend the purchase of securities it owns. Lobnek does not trade for its own account (i.e., proprietary trading). The Firm's related persons may buy or sell securities that are the same as, similar to, or different from, those recommended to clients for their accounts. A recommendation made to one client may be different in nature or in timing from a recommendation made to a different client; clients often have different objectives and risk tolerances. In order to mitigate conflicts of interest arising from related persons' positions in the same securities recommended by the Firm, the Firm's policies may require that certain recommendations be approved by other Firm personnel not subject to such conflicts of interest.

**D. Firm Purchase of Same Securities Recommended to Clients at Same Time and Conflicts of Interest**

Conflicts of interest may arise when the Firm or a related person recommends a securities transaction to a client and transacts in the same securities at or about the same time for his, her or its own account. For example, when the Firm recommends a client transaction large enough to affect the

price of a security, and a related person wishes to transact in such security for its own account, such related person has a conflict of interest as to which transaction to execute first. In an effort to reduce or eliminate certain conflicts of interest involving personal trading (i.e., trading ahead of client recommendation, etc.), the Firm's policies may periodically restrict or prohibit related persons' transactions.

The Firm must approve any exceptions to its conflict of interest policies, and will maintain personal securities transaction records as required.

## **XII. Brokerage Practices**

### **A. Factors in Selecting or Recommending Broker-Dealers**

Lobnek does not maintain physical custody of client assets (see Item 15). A qualified custodian, such as a broker-dealer, bank or trust company, must maintain a client's account. The Firm is not a custodian nor is any affiliate of the Firm a custodian. The Firm recommends that clients use Charles Schwab & Co., Inc. as their qualified custodian/broker-dealer (the "Recommended Custodian").

The custodian will hold client assets in a brokerage account, and buy and sell securities when a client instructs it to. While the Firm may recommend certain custodians or brokers, clients may use other such service providers. Clients will open accounts with such service providers by entering into agreements directly with them. The Firm does not open accounts for clients, although it may provide assistance in doing so. Even though a client's account is maintained at a particular custodian, the Firm may still use other brokers to execute trades for such client's account, as described below.

The Firm seeks to select a custodians and brokers who will hold client assets and execute transactions on terms that are, overall, most advantageous to the client when compared to other available providers and such services. In selecting such service providers, the Firm considers a wide range of factors, including, among others:

- Combination of transaction execution services and asset

custody services (generally without a separate fee for custody);

- Capability to execute, clear, and settle trades (buy and sell securities for a client account);
- Capability to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.);
- Breadth of available investment products (stocks, bonds, mutual funds, ETFs, etc.);
- Availability of investment research and tools that assist the Firm in making investment decisions;
- Quality of services;
- Competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.) and willingness to negotiate prices;
- Reputation, financial strength, and stability;
- Prior service to the Firm and other clients; and
- Availability of other products and services that benefit the Firm, as discussed below.

For client accounts that the Recommended Custodian maintains, the Recommended Custodian generally does not charge clients separately for custody services, but rather is compensated by charging clients commissions or other fees on trades that it executes or that settle into clients' accounts. For some accounts, the Recommended Custodian may charge clients a percentage of the dollar amount of assets in the account in lieu of commissions. Commission rates and asset-based fees applicable to client accounts at the Recommended Custodian were negotiated on behalf of clients collectively, and are reviewed no less than annually as part of the Firm's review of custodial and broker-dealer services. In addition to commissions and asset-based fees, the Recommended Custodian generally charges clients a flat dollar amount as a "prime broker" or "trade away" fee for each trade executed by a different broker-dealer where the securities bought or the funds from the securities sold are deposited (settled) into an account at the Recommended Custodian. These fees are in addition to the commissions or other compensation payable to the executing broker-dealer. Because of this, in order to minimize your trading costs, the Firm recommends having the custodian of an account execute most trades for such account. Such recommendation is consistent with the Firm's duty to seek "best execution" of client trades. Best execution

means the most favorable terms for a transaction based on all relevant factors, including those listed above with respect to service provider selection.

1. Research and Other Soft Dollar Benefits

The Recommended Custodian provides various services to the Firm in addition to the custodial, brokerage and record-keeping functions it performs for client accounts. Such services are generally available on an unsolicited basis (the Firm does not have to request them) and at no charge to the Firm as long as clients collectively maintain a total of at least \$50 million of their assets in accounts at the Recommended Custodian.

a. The Firm's Interest in Client's using the Recommended Custodian

The Firm does not have to pay for certain of the Recommended Custodian's services so long as clients collectively keep a total of at least \$50 million of assets in accounts at the Recommended Custodian. The provision of these services is not contingent on any other business commitment, e.g., it does not depend on the level of trading commissions paid to the Recommended Custodian. The availability of these services for free benefits the Firm because the Firm does not have to produce or purchase them. .

b. The Firm's Conflict of Interest in Recommending the Recommended Custodian

The benefits the Firm receives from the Recommended Custodian, some of which may not benefit clients, give the Firm an incentive to recommend that clients maintain their accounts with the Recommended Custodian. The Firm's interest in receiving services that benefit its business, rather than services that solely benefit client interests may conflict with clients' interests in receiving the best value in custody services and the most favorable execution of transactions. This is a potential conflict of interest. However, the Firm believes selection of the Recommended Custodian as custodian and broker is in the best interests of clients because the Firm's selection is based primarily on the scope, quality, and price of the Recommended Custodian's services that benefit clients, and not the Recommended Custodian's services that

benefit only the Firm.

c. Commissions of the Recommended Custodian

While the Firm does not receive benefits from the Recommended Custodian based directly on the level of commissions paid by clients, client's use of the Recommended Custodian may result in them paying higher commissions than may be charged by other broker-dealers. Even though clients are free to use other broker-dealers, when their accounts are held at the Recommended Custodian, the Recommended Custodian may still charge "prime broker" or "trade away" fees for such transactions by other broker-dealers, resulting in higher commissions that would be payable otherwise, or making use of other broker-dealers impractical even where they would otherwise provide less expensive execution. Thus, to the extent clients chose to use the Recommended Custodian, and to the extent the Firm relies on a certain level of client account holdings at the Recommended Custodian, clients may pay higher commissions and the Firm may receive indirect benefits of this through the receipt of services from the Recommended Custodian.

d. Allocation of Benefits of Recommended Custodian Services among Clients

As discussed above, certain of the services provided by the Recommended Custodian benefit clients. The Firm does not seek to specifically allocate such benefits among clients. Since these services are not based on commissions, but rather an overall threshold of holdings at the Recommended Custodian, there is no good way to allocate the benefits according to the generation of benefits by client transactions, and the Firm does not seek to do so. Where services provided by the Recommended Custodian may benefit clients, such services are used to benefit clients generally. Some clients may benefit from such services more than others based on their particular needs and strategies, but such allocation is not based on the relative amounts of services generated by each client's accounts.

e. Services Received from Recommended Custodian for Maintaining Certain Level of Client Accounts

While the Firm does not receive services from the Recommended Custodian directly in exchange for

brokerage commissions, or based on the level of or price for commissions, it does receive services based on the aggregate value of client accounts maintained at the Recommended Custodian, and the Recommended Custodian is willing to provide such services, in part, because of the commissions it can expect to receive with respect to such accounts. Such services provided by the Recommended Custodian include investment products available through the Recommended Custodian that might not otherwise be available to clients, or that might be available only at significantly higher minimum initial investments. They also include investment research, both the Recommended Custodian's own and that of third parties, which the Firm uses to service all or a substantial number of clients' accounts, including accounts not maintained at a Recommended Custodian. In addition, the Recommended Custodian provides software and other technology that:

- Provides 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;
- Facilitates payment of the Firm's fees from clients' accounts; and
- Assists with back-office functions, recordkeeping, and client reporting.

Some of the services provided by the Recommended Custodian are primarily intended to help the Firm manage and further develop its business enterprise, including:

- Educational conferences and events;
- Consulting on technology, compliance, legal, and business needs;
- Publications and conferences on practice management and business succession; and
- Access to employee benefits providers, human capital consultants, and insurance providers.

The Recommended Custodian may provide some of these services itself and in other cases, it will arrange for third-party vendors to provide the services. The Recommended Custodian may also discount or waive fees for some of these services or pay all or a part of a third party's fees.

The Recommended Custodian may also provide occasional business entertainment, and may make occasional contributions to charitable organizations with which the Firm, its employees and/or their families have a relationship.

f. Procedure to Direct Client transactions to Particular Broker-Dealer in Return for Services

The Firm does not direct client transactions to broker-dealers in return for benefits. The Firm recommends clients open and maintain accounts with the Recommended Custodian based on the benefits to specific clients opening the accounts, such as best execution and pricing provided by the Recommended Custodian, and services of the Recommended Custodian that benefit the Firm's clients generally, or that benefit the Firm. Because the fee structure of the Recommended Custodian encourages clients to use the Recommended Custodian to execute transactions in accounts held at the Recommended Custodian, the Firm's recommendation of the Recommended Custodian could be seen as a procedure to direct client transactions and associated brokerage commissions to the Recommended Custodian in return for services. However, since the Recommended Custodian provides services based on meeting a certain threshold of account value, without incremental increases based on additional accounts or levels of commissions, and because clients are free to use custodians and/or broker dealers other than the Recommended Custodian, the Firm does not believe there is a quid pro quo arrangement in which it receives services or benefits in return for directing client transactions or commissions to the Recommended Custodian.

2. Brokerage for Client Referrals

The Firm does not refer clients to particular broker-dealers in exchange for client referrals from those broker-dealers, and does not consider potential client referrals in recommending any particular broker-dealer.

a. Recommending Broker-Dealers to get Client Referrals

The Firm may have an incentive to select or recommend a broker-dealer in return for client referrals from such broker-dealer. However, the Firm generally uses the Recommended Custodian to execute transactions, and does so based on the

factors listed above, and not based on anticipated client referrals from the Recommended Custodian.

b. Procedures for Directing Transactions to Broker-Dealers

The Firm generally uses the Recommended Custodian to execute transactions. In some cases, the Firm may use another broker-dealer for a particular transaction if it determines that such other broker-dealer provides better execution for such transaction based on the criteria listed above for selecting service providers.

3. Directed Brokerage

a. Recommending Execution through Specific Broker-Dealers

The Firm does not require or recommend that client transactions be executed through a specific broker-dealer, other than by generally recommending that clients use the Recommended Custodian for custodial services, which may make it more likely that clients use the Recommended Custodian for related broker-dealer services. In some cases, certain custodians may restrict which broker-dealers they will allow to execute transactions for accounts they have custody of.

b. Clients Permitted to Direct Brokerage

Clients may choose a custodian other than the Recommended Custodian, and may request that the custodian of record for their accounts use another broker-dealer to execute some or all transactions for such accounts. In these circumstances, clients will be responsible for negotiating, in advance, the terms and/or arrangements for their account with the broker-dealers selected by them. The Firm will not be obligated to seek better execution services or prices from these other broker-dealers, and may not be able to aggregate client transactions for execution through such other broker-dealers, as it may do for transactions executed through the Recommended Custodian. As a result, clients may pay higher commissions or other transaction costs, experience greater spreads, or receive less favorable net prices on transactions than would otherwise be the case.

If a client chooses to use a particular custodian or broker-dealer that does not provide direct feed electronic information to the Firm in the manner provided by the Recommended Custodian, it may be more difficult for the Firm to provide financial reporting services, and as a result, the Firm may



charge a higher fee for such services in such cases.

Pursuant to both the Firm's and the Recommended Custodian's obligation of best execution, the Firm may decline a request to direct brokerage if it is believed the directed brokerage arrangement would result in additional operational difficulties or risk to the Firm or the Recommended Custodian.

#### **B. Aggregating Securities Transactions**

The Firm generally does not aggregate client orders. "Aggregated orders" are those where trading in the same security for different clients is done at the same time. Since the Firm generally does not aggregate orders, one client may receive different pricing for the same security on the same day compared to pricing received by another client, and certain transaction expenses may be higher than would be the case if such transactions were aggregated across clients. If the Firm does aggregate client orders, it will generally only do so for transactions being executed through the Recommended Custodian.

### **XIII. Review of Accounts**

#### **A. Schedule for Periodic Review and Advisory Persons Involved**

Asset management services accounts are reviewed by Marc A. Moret, as Founder, and Gianpiero Sturzo, as Chief Operating Officer, no less often than monthly. Clients also have the option to conduct reviews through their assigned investment adviser representative at the Firm, which the Firm recommends doing on at least an annual basis. Copies of investment policy statements and asset allocation reports will be provided to the client upon request. Financial reporting services accounts are reviewed by Mr. Moret and Mr. Sturzo no less often than monthly.

#### **B. Review of Client Accounts on Non-Periodic Basis**

Additional reviews by the Firm may be triggered by news or research related to a specific holding, a change in the Firm's view of the merits of a holding, or news related to the

macroeconomic climate affecting a sector or holding within that sector.

Accounts also may be reviewed for an additional holding or when an increase in a current position is under consideration. Account cash levels above or below what the Firm deems appropriate for the investment environment, given the client's stated tolerance for risk and investment objectives, may also trigger a review. A copy of revised asset allocation reports will be provided to the client upon request.

### **C. Content of Client Provided Reports and Frequency**

Lobnek provides monthly statements for the services we are hired to provide. The Firm provides four different types of reports:

#### **1. Asset Management Report**

As part of its asset management activity, Lobnek provides a monthly report detailing the asset allocation of the portfolio, its performance for the month, the costs generated by the asset management strategy, and the risk involved in the strategy.

#### **2. Financial Reporting**

a. As part of its Consolidation activity, Lobnek provides a monthly report detailing the asset allocation and performance of the various items it consolidates, on an item-by-item basis, and on a consolidated basis.

b. As part of its Cost Control activity, Lobnek provides a monthly report detailing the cost structure of the various accounts being analyzed.

c. As part of its Risk Control activity, Lobnek provides a monthly report detailing the risk of the various accounts being analyzed.

Such reports are delivered electronically, are accessible at any time through the client portal on the Firm's webpage: [www.lobnek.com](http://www.lobnek.com), and may be printed from the portal. All Firm reports will be prepared in accordance with appropriate jurisdictional guidance.

## **XIV. Client Referrals and Other Compensation**

### **A. Economic Benefits from Persons other than Clients**

The Firm does not receive economic benefits from persons other than clients for providing investment advice or advisory services to clients.

#### **B. Compensation for Client Referrals**

The Firm often receives referrals from its existing clients, as well as from other professional service providers, such as lawyers and accountants. While this might provide an incentive to discount fees for clients who refer business to the Firm, it is the Firm's strict policy not to do so. Referrals from other professional service providers might provide an incentive to refer the Firm's clients to such service providers. However, the Firm is careful to choose service providers, and to refer clients to service providers, in as unbiased a way as possible. As such, the Firm frequently provides multiple names when asked for referrals to professional service providers. Neither the Firm nor any related person is compensated in any way for providing client referrals.

### **XV. Custody**

The Firm does not have custody of client funds or securities. Whether a client has opened and maintained an investment account on its own or with the Firm's assistance, it will receive account statements sent directly from the custodian where the investments are held. Clients should receive statements, at least quarterly, from the broker-dealer, bank or other qualified custodian that holds and maintains its investment assets. The Firm urges clients to carefully review these account statements for accuracy and clarity, and to ask questions when something is not clear. The Firm further urges clients to compare such official custodial records to the information that the Firm may provide, such as monthly performance reports. The Firm's statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

### **XVI. Investment Discretion**

Lobnek provides its Core asset management services on a discretionary basis. Similar to a limited power of attorney, discretionary authority allows the Firm to implement investment strategies and trading decisions, such as the purchase or sale of a security, in order to meet stated investment objectives, on behalf of

a client's account, without requiring prior client authorization for each transaction. This authority will be granted through the client's execution of the Firm's Client Engagement Agreement as well as the custodian of record's Limited Power of Attorney agreement. The custodian will specifically limit the Firm's authority with respect to a client's account to placements of trade orders and requests for deduction of advisory fees. In certain cases, Lobnek provides Satellite asset management services on a discretionary basis with respect to portions of a portfolio a client has approved for Satellite investing.

## **XVII. Voting Client Securities**

### **A. Voting of Proxies**

The Firm does not vote proxies on behalf of clients, nor does it offer guidance on how to vote proxies.

### **B. How Clients may Vote their Securities**

Clients maintain exclusive responsibility for directing the manner in which proxies solicited by issuers of securities they beneficially own shall be voted, as well as making all other elections relative to mergers, acquisitions, tender offers or other events pertaining to such securities. Clients may establish arrangements with applicable custodians for the voting of securities they beneficially own. The Firm shall not be involved in establishing, monitoring or enforcing such arrangements, which shall be strictly between the client and the applicable custodians.

The Firm has no power, authority, responsibility, or obligation to take any action with regard to any claim or potential claim in any bankruptcy proceeding, class action securities litigation or other litigation or proceeding relating to securities held at any time in a client account, including, without limitation, to file proofs of claim or other documents related to such proceeding, or to investigate, initiate, supervise or monitor class action or other litigation involving client assets.

Clients may receive proxies or other similar solicitations sent directly from their selected custodian or transfer agent. Should the Firm receive a duplicate copy or any other correspondence relating to the voting of client securities, class action litigation, or other corporate actions, it will

generally not forward such correspondence to clients.  
Clients may contact the Firm with questions about a particular solicitation by telephone at +41 22 718 90 20 or e-mail at info@lobnek.com.

## **XVIII. Financial Information**

### **A. Balance Sheet**

Due to the nature of the Firm's services and operational practices, an audited balance sheet is not required to be included in this Brochure.

### **B. Financial Condition Likely to Impair Commitments**

Neither the Firm nor its management has a financial condition likely to impair its ability to meet commitments to clients.

### **C. Bankruptcy Petitions**

The Firm has not been the subject of a bankruptcy petition.

## **XIX. Requirements for State-Registered Advisers**

Lobnek is currently not registered or registering with one or more state securities authorities.