

# **LEGACY CAPITAL WEALTH PARTNERS, LLC**

## **FORM ADV PART 2A**

### **BROCHURE**

#### **Item 1 – Cover Page**

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This brochure provides information about the qualifications and business practices of Legacy Capital Wealth Partners, LLC. If you have any questions regarding the contents of this brochure, please do not hesitate to contact our Chief Compliance Officer, Peter Kennedy, by telephone at (973) 309-4382 or by email at [Peterkennedy2@verizon.net](mailto:Peterkennedy2@verizon.net). 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.

Legacy Capital Wealth Partners, LLC is a registered investment advisor. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training. Additional information about Legacy Capital Wealth Partners, LLC is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

January 12, 2018

## **Item 2 – Material Changes**

Form ADV Part 2 requires registered investment advisors to amend their brochure when information becomes materially inaccurate. If there are any material changes to an advisor's disclosure brochure, the advisor is required to notify you and provide you with a description of the material changes.

As Legacy Capital Wealth Partners, LLC is a newly-registered investment advisor, there are no material changes to disclose.

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## **Item 4 - Advisory Business**

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

Legacy Capital Wealth Partners, LLC (“Legacy Capital” or the “Firm”) is a limited liability company organized in Delaware. Legacy Capital is an investment advisory firm registered with the United States Securities and Exchange Commission (“SEC”). Legacy Capital is wholly owned by Legacy Capital Wealth Holdings, LLC. The sole owner of Legacy Capital Wealth Holdings, LLC as of the date of this Brochure is Peter Kennedy.

All statements in this brochure, including those made in the present tense, describe the prospective business of Legacy Capital.

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

Legacy Capital provides holistic and personalized financial planning and discretionary and non-discretionary investment advisory services to individuals, including high net worth individuals, and entities, including, but not limited to, family offices, trusts, estates, private foundations, and qualified retirement plans.

Legacy Capital intends to retain experienced investment advisors in the near future to help implement these advisory services. The Firm intends that some of these advisors will become executive officers and/or indirect owners of the Firm.

#### *Financial Planning and Consulting Services*

Legacy Capital offers financial planning and consulting services to clients. Such engagements may be part of the investment advisory engagement or pursuant to a separate engagement. Generally, such financial planning services will involve preparing a financial plan or rendering a financial consultation based on the client’s financial goals and objectives. This planning or consulting may encompass one or more areas of need, including, but not limited to cash flow analysis, investment planning, retirement planning, estate planning, personal savings, educational savings, and other areas of a client’s financial situation. Clients are encouraged, but are not required, to engage Legacy Capital for financial planning or consulting services.

A financial plan developed for or financial consultation rendered to the client will typically include general recommendations for a course of activity or specific actions to be taken by the client. For example, recommendations may be made that the client start or revise their investment programs, commence or alter retirement savings, establish education savings and/or charitable giving programs. Legacy Capital may recommend the services of itself and/or other professionals to implement its recommendations. Clients are advised that a conflict of interest exists if Legacy

Capital recommends its own services, as such a recommendation may increase the advisory fees paid to Legacy Capital. The client is under no obligation to act upon any of the recommendations made by Legacy Capital under a financial planning or consulting engagement to engage the services of any such recommended professional, including Legacy Capital itself.

### *Investment Management Services*

Legacy Capital focuses on providing objective and holistic advice to clients. In designing and implementing customized portfolio strategies, Legacy Capital can manage, on a discretionary or nondiscretionary basis, a broad range of investment strategies and vehicles. Legacy Capital primarily allocates client assets among various mutual funds, exchange-traded funds (“ETFs”), alternative investments, options, and individual debt and equity securities in accordance with clients’ stated investment objectives.

Legacy Capital may further recommend to clients that all or a portion of their investment portfolio be managed on a discretionary basis by one or more unaffiliated money managers or investment platforms (“External Managers”). The client may be required to enter into a separate agreement with the External Manager(s), which will set forth the terms and conditions of the client’s engagement of the External Manager, or will receive a Statement of Investment Selection in a single contract relationship. Legacy Capital generally renders services to the client relative to the discretionary selection of External Managers. Legacy Capital also assists in establishing the client’s investment objectives for the assets managed by External Managers, monitors and reviews the account performance and defines any restrictions on the account. The investment management fees charged by the designated External Managers, together with the fees charged by the corresponding designated broker-dealer/custodian of the client’s assets, may be exclusive of, and in addition to, the annual advisory fee charged by Legacy Capital.

Legacy Capital offers portfolio management services through a “wrap” arrangement in which clients pay a single fee for Legacy Capital’s investment advice and the execution of securities transactions (the “Wrap Program”). A complete description of the Wrap Program’s terms and conditions (including fees) are contained in the Wrap Program’s wrap fee brochure.

Legacy Capital does not render tax or legal advice.

### **C. Client-Tailored Advisory Services**

Legacy Capital seeks to provide personalized, tailored advisory services designed to meet the specific needs of each client. Legacy Capital works collaboratively with its clients, and any of its clients’ outside advisors, including lawyers, accountants, and tax advisors, to meet its clients’ goals. Client portfolios are managed on the basis of individual clients’ financial situation and investment objectives. Clients may impose reasonable restrictions on the management of their accounts if Legacy Capital determines, in its sole discretion, that the conditions would not

materially impact the performance of a management strategy or prove overly burdensome for Legacy Capital's management efforts.

#### **D. Assets Under Management**

As of the date of this filing, Legacy Capital does not have any assets under management. However, Legacy Capital reasonably anticipates that it will be eligible for registration with the SEC by the end of the 120-day period following its approval as an investment advisor.

### **Item 5 - Fees and Compensation**

#### **A. Fee Schedule for Advisory Services**

Legacy Capital charges an annual advisory fee that is agreed upon with each client and set forth in an agreement executed by Legacy Capital and the client. Legacy Capital and any client may, however, agree to adjust the fee annually or on a more frequent basis.

Legacy Capital's fee for investment advisory services is negotiable and varies based on a multitude of factors, including, but not limited to, the size of the relationship and the nature and complexity of the products and investments involved, service intensity, degree of custom work, time requirement, number of entities, number of family members served and travel requirements. The fee can be based on a percentage of assets under management or a fixed dollar amount. If based on a percentage of the value of assets under management, the fee generally ranges between 0.5% and 1.5% annually of the client's net billable assets under management. If based on a percentage of the value of assets under management, the advisory fee for the initial quarter is payable on a pro rata basis, in arrears, based on the period ending value of the net billable assets under management. For subsequent quarters, the advisory fee generally is payable in advance (except for services to participant-directed 401k plans, which generally are payable in arrears), based on the average daily net billable asset value of the client's accounts through the last day of the previous quarter as provided by third-party sources. If a fixed dollar amount, the advisory fee for the initial quarter is payable, on a pro rata basis, in arrears. For subsequent quarters, the fixed fee generally is payable in advance.

Clients have five (5) business days from the date of execution of the client agreement to terminate Legacy Capital's services. The investment advisory agreement between Legacy Capital and the client may be terminated at will by either Legacy Capital or the client upon written notice. Legacy Capital does not impose termination fees when the client terminates the investment advisory relationship, except when agreed upon in advance.

As stated in Item 4, Legacy Capital offers portfolio management services through a “wrap” arrangement in which clients pay a single fee for Legacy Capital’s investment advice and the execution of securities transactions, as well as any fees associated with use of an External Manager and its platform provider. Participants in the Wrap Program may pay a higher aggregate fee than if investment management and brokerage services are purchased separately. A complete description of the Wrap Program’s terms and conditions (including fees) are contained in the Wrap Program’s wrap fee brochure.

In a wrap arrangement, Legacy Capital’s fee generally does not cover mark-ups or mark-downs for fixed income transactions. Fixed income transactions usually are cleared net, without any commissions. However, the broker-dealers executing fixed income transactions typically assess mark-ups or other trading related costs that are embedded into the price of the security allocated to client accounts. Legacy Capital’s fee also does not cover transaction fees or “trade away” fees imposed for trades placed away from Charles Schwab & Co, Inc., the program broker. External Managers of fixed income securities, in particular, may trade through other broker-dealers in order to obtain best execution.

Legacy Capital offers its clients financial planning services. Clients enter into a separate agreement with Legacy Capital for financial planning services. The standard fee for such services ranges from \$2,500 to \$10,000; the actual fee charged varies base upon amount, type and nature of the client’s assets and liabilities involved, the number of family members, travel commitments scope of work, and specific requests made by the client. The client is required to pay one-half of the fee up-front prior to the commencement of work on the financial plan; the remainder is due after the financial plan is completed. Legacy Capital generally waives the remaining fee financial planning fee if the client enters into an advisory relationship with the Firm. Legacy Capital reserves the right to charge a financial planning fee greater than \$10,000 based on factors that include, but are not limited to, the amount, type and nature of the client’s assets and liabilities involved, the number of family members, travel commitments scope of work, and specific requests made by the client.

Legacy Capital also offers its clients consulting services on a flat fee basis negotiated by Legacy Capital and the client. The fee varies depending on the services provided and the experience, knowledge, and skill of those performing the services on behalf of Legacy Capital. The scope and charges of all hourly ad-hoc work must be agreed-upon in writing by Legacy Capital and the client before any billing begins.

Legacy Capital generally requires a minimum balance of assets under management per household of \$500,000; this requirement may be waived solely in the discretion of the Firm.

**B. Payment of Fees**

Legacy Capital generally deducts its advisory fee from a client's investment account(s) held at his/her custodian. Upon engaging Legacy Capital to manage such account(s), a client grants Legacy Capital this limited authority through a written instruction to the custodian of his/her account(s). The client is responsible to verify the accuracy of the calculation of the advisory fee; the custodian will not determine whether the fee is accurate or properly calculated. The fee generally is billed in advance on a quarterly basis, except that services to participant-directed 401k plans generally are billed in arrears. A client may utilize the same procedure for financial planning or consulting fees in arrears or in advance if the client has investment accounts held at a custodian.

Although clients generally are required to have their investment advisory fees deducted from their accounts, in some cases, Legacy Capital will directly bill a client for investment advisory fees if it determines that such billing arrangement is appropriate given the circumstances.

The custodian of the client's accounts provides each client with a statement, at least quarterly, indicating separate line items for all amounts disbursed from the client's account(s), including any fees paid directly to Legacy Capital.

Clients may make additions to and withdrawals from their account at any time, subject to Legacy Capital's right to terminate an account. Additions may be in cash or securities provided that the Firm reserves the right to liquidate transferred securities or decline to accept particular securities into a client's account. Clients may withdraw account assets at any time on notice to Legacy Capital, subject to the usual and customary securities settlement procedures. However, the Firm generally designs its portfolios as long-term investments and the withdrawal of assets may impair the achievement of a client's investment objectives. Legacy Capital may consult with its clients about the options and implications of transferring securities. Clients are advised that when transferred securities are liquidated, they may be subject to transaction fees, short-term redemption fees, fees assessed at the mutual fund level (e.g. contingent deferred sales charges) and/or tax ramifications.

**C. Clients Responsible for Fees Charged by Financial Institutions and External Money Managers**

In addition to Legacy Capital's advisory fee, clients will be responsible for the fees and expenses of the custodian(s), underlying mutual funds, ETF's, External Managers and their platform manager (if any), transfer taxes, odd lot differentials, exchange fees, interest charges, ADR processing fees, and any charges, taxes or other fees mandated by any federal, state or other applicable law, retirement plan account fees (where applicable), electronic fund and wire fees. Clients should review the applicable prospectuses for additional information about fund fees and expenses. For External Managers, clients should review each manager's Form ADV 2A

disclosure brochure and either the contract they sign with the External Manager (in a dual contract relationship) or their Statement of Investment Selection (in a single contract relationship) for additional information about fees and expenses charged.

#### **D. Prepayment of Fees**

As noted in Item 5(B) above, Legacy Capital's advisory fees generally are paid in advance. Upon the termination of a client's advisory relationship, Legacy Capital will issue a refund equal to any unearned management fee for the remainder of the quarter. The client may specify how he/she would like such refund issued (i.e., a check sent directly to the client or a check sent to the client's custodian for deposit into his/her account).

#### **E. Outside Compensation for the Sale of Securities or Other Investment Products to Clients**

Legacy Capital does not buy or sell securities and does not receive any compensation for securities transactions in any client account, other than the investment advisory fees noted above.

Certain Firm representatives who provide investment advice to clients ("advisory persons") may also be registered representatives of Purshe Kaplan Sterling Investments, Inc. ("PKS") a FINRA-registered broker-dealer and member of SIPC.

A Firm advisory person who is a registered representative of PKS may implement securities transactions on a commission basis through PKS. In such instances, the advisory person will receive commission-based compensation in connection with the purchase and sale of securities, as well as a share of any ongoing distribution or service (trail) fees, including 12b-1 fees for the sale of investment company products. Compensation earned by the advisory person in his or her capacity as a registered representative is separate from and in addition to Legacy Capital's advisory fee. The receipt of such compensation by an advisory person presents a conflict of interest as an advisory person who is a registered representative may have an incentive to effect securities transactions for the purpose of generating commissions rather than solely based on client needs. To mitigate these conflicts, clients are under no obligation to purchase securities products through PKS or Firm advisory persons who are registered representatives or otherwise engage such persons and may choose brokers or agents not affiliated with Legacy Capital or PKS. Further, Legacy Capital will not charge an ongoing investment advisory fee on assets purchased by a client through an advisory person acting in their capacity as a registered representative.

Advisory persons of Legacy Capital may also be licensed as insurance professionals through Legacy Capital Group Arkansas, LLC. Such persons earn commission-based compensation for selling insurance products to clients. Insurance commissions earned by advisory persons who are insurance professionals are separate from and in addition to Legacy Capital's advisory fee. This

practice presents a conflict of interest as an advisory person who is an insurance professional may have an incentive to recommend insurance products for the purpose of generating commissions rather than solely based on client needs. Clients are under no obligation to purchase insurance products through any person affiliated with Legacy Capital.

### **Item 6 - Performance-Based Fees and Side-by-Side Management**

Legacy Capital does not charge performance-based fees or participate in side-by-side management. Performance-based fees are fees that are based on a share of a capital gains or capital appreciation of a client's account. Side-by-side management refers to the practice of managing accounts that are charged performance-based fees while at the same time managing accounts that are not charged performance based fees. Legacy Capital's fees are calculated as described in Item 5 above.

### **Item 7 - Types of Clients**

Legacy Capital offers personalized investment advisory services to individuals, including high net worth individuals, families, family offices, trusts, businesses, charitable foundations, and retirement/profit-sharing plans.

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

#### **A. Methods of Analysis and Risk of Loss**

A primary step in Legacy Capital's investment strategy is getting to know the clients – to understand their financial condition, risk profile, investment goals, tax situation, liquidity constraints – and assemble a complete picture of their financial situation. To aid in this understanding, Legacy Capital offers clients financial planning that is highly customized and tailored. This comprehensive, holistic approach is integral to the way that Legacy Capital does business. Once Legacy Capital has a true understanding of its clients' needs and goals, the investment process can begin, and the Firm can recommend strategies and investments that it believes are aligned with the client's goals and risk profile.

Legacy Capital primarily employs fundamental analysis methods in developing investment strategies for its clients. Research and analysis from Legacy Capital is based on numerous sources, including third-party research materials and publicly-available materials, such as company annual reports, prospectuses, and press releases.

Legacy Capital generally employs a long-term investment strategy for its clients, if consistent with their financial goals. Legacy Capital will typically hold all or a portion of a securities position for more than a year, but may hold for shorter periods for the purpose of rebalancing a portfolio or

meeting the cash needs of clients. At times, the Firm may also buy and sell positions that are more short-term in nature, depending on the goals of the client and/or the fundamentals of the security, sector or asset class.

Legacy Capital has an investment committee. The investment committee selects assets and products from across many asset classes, including global and domestic equities, taxable and non-taxable fixed income, options, mutual funds and exchange traded funds (“ETFs”). Once the investment committee reviews and approves mutual funds and ETFs, they are added to the Firm’s model portfolios and approved list and may be purchased for clients. Similarly, Legacy Capital may select External Managers to manage a portion of its clients’ assets. The investment committee also reviews and approves the External Managers in which the Firm has placed client assets. Overall investment strategies recommended to each client emphasize long-term ownership of a diversified portfolio of marketable and non-marketable investments intended to provide superior after-tax, inflation-adjusted, economic returns.

Client portfolios with similar investment objectives and asset allocation goals may own different securities and investments. The client’s portfolio size, tax sensitivity, desire for simplicity, income needs, long-term wealth transfer objectives, time horizon and choice of custodian are all factors that influence Legacy Capital’s investment recommendations.

Investing in securities involves a risk of loss. A client can lose all or a substantial portion of his/her investment. A client should be willing to bear such a loss. Some investments are intended only for sophisticated investors and can involve a high degree of risk.

## **B. Material Risks Involved**

All investments and investment programs have a variety of risks that are borne by the investor. As such, there can be no assurance that any investment strategy will prove profitable or successful. A client can lose all or a substantial portion of his/her investment. A client should be willing to bear such a loss. Some investments are intended only for sophisticated investors and can involve a high degree of risk.

The following risks could cause equities, fixed-income securities, mutual funds, ETFs, alternative investments, and other investments in client portfolios to decrease in value:

- **Market Risk**: The price of an equity security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security’s particular underlying circumstances. For example, changes in political, economic and social conditions may trigger adverse market events.

- Interest-rate Risk: Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- Event Risk: An adverse event affecting a particular company or that company's industry could depress the price of a client's investments in that company's stocks or bonds. The company, government or other entity that issued bonds in a client's portfolio could become less able to, or fail to, repay, service or refinance its debts, or the issuer's credit rating could be downgraded by a rating agency. Adverse events affecting a country, including political and economic instability, could depress the value of investments in issuers headquartered or doing business in that country.
- Liquidity Risk: Securities that are normally liquid may become difficult or impossible to sell at an acceptable price during periods of economic instability or other emergency conditions. Some securities may be infrequently or thinly traded even under normal market conditions.
- Leverage Risk: The use of leverage may lead to increased volatility of a fund's NAV and market price relative to its common shares. Leverage is likely to magnify any losses in the trust/fund's portfolio, which may lead to increased market price declines. Fluctuations in interest rates on borrowings or the dividend rates on preferred shares that take place from changes in short-term interest rates may reduce the return to common shareholders or result in fluctuations in the dividends paid on common shares. There is no assurance that a leveraging strategy will be successful.
- Domestic and/or Foreign Political Risk: The events that occur in the U.S. relating to politics, government, and elections can affect the U.S. markets. Political events occurring in the home country of a foreign company such as revolutions, nationalization, and currency collapse can have an impact on the security.
- Inflation Risk: Countries around the globe may be more, or less, prone to inflation than the U.S. economy at any given time. Companies operating in countries with higher inflation rates may find it more difficult to post profits reflecting its underlying health.
- Currency Risk: Overseas investments are subject to fluctuations in the value of the U.S. dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.

- Reinvestment Risk: This risk is that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e., interest rate). This primarily relates to fixed income securities.
- Operational Risk: Fund Advisors and other ETF service providers may experience disruptions or operating errors such as processing errors or human errors, inadequate or failed internal or external processes, or systems or technology failures, that could negatively impact the ETF.
- Regulatory/Legislative Developments Risk: Regulators and/or legislators may promulgate rules or pass legislation that places restrictions on, adds procedural hurdles to, affects the liquidity of, and/or alters the risks associated with certain investment transactions or the securities underlying such investment transactions. Such rules/legislation could affect the value associated with such investment transactions or underlying securities
- Illiquid Securities: Investments in hedge funds and other private investment funds may underperform publicly offered and traded securities because such investments:
  - typically require investors to lock-up their assets for a period and may be unable to meet redemption requests during adverse economic conditions;
  - Have limited or no liquidity because of restrictions on the transfer of, and the absence of a market for, interests in these funds;
  - Are more difficult for to monitor and value due to a lack of transparency and publicly available information about these funds;
  - May have higher expense ratios and involve more inherent conflicts of interest than publicly traded investments; and
  - Involve different risks than investing in registered funds and other publicly offered and traded securities. These risks may include those associated with more concentrated, less diversified investment portfolios, investment leverage and investments in less liquid and non-traditional asset classes.

Past performance of a security or a fund is not necessarily indicative of future performance or risk of loss.

#### **Use of Mutual Funds and ETFs:**

The risk of ownership of fund shares generally depends on the asset class and number of securities held by the fund. generally own securities and therefore also involve the risk of loss that is inherent

in investing in securities. The risks also may be significantly increased if a mutual fund pursues an alternative investment strategy, which may involve special risks associated with short sales, leveraging the investment, potential adverse market forces, regulatory changes, and potential illiquidity. Investing in alternative strategies presents the opportunity for significant losses. Returns on mutual fund investments are reduced by management costs and expenses. Mutual funds also are subject to the individual risks described in their prospectus.

An ETF's risks include declining value of the securities held by the ETF, adverse developments in the specific industry or sector that the ETF tracks, capital loss in geographically focused funds because of unfavorable fluctuation in currency exchange rates, differences in generally accepted accounting principles, economic or political instability, tracking errors (the difference between the return of the ETF and the return of its benchmark), and trading at a premium or discount, meaning the difference between the ETF's market price and net asset value ("NAV"). ETFs also are subject to the individual risks described in their prospectus.

Although the goal of diversification is to combine investments with different characteristics so that the risks inherent in any one investment can be balanced by assets that move in different cycles or respond to different market factors, diversification does not eliminate the risk of loss. In some circumstances, price movements may be highly correlated across securities and funds. A specific fund may not be diversified and a client portfolio may not be diversified. Additionally, when diversification is a client objective, there is risk that the strategies that the Firm uses may not be successful in achieving the desired level of diversification. There is also risk that the strategies, resources, and analytical methods that the Firm uses to identify mutual funds and ETFs will not be successful in identifying investment opportunities

### **Use of Independent Managers**

Legacy Capital may select certain External Managers to manage a portion of its clients' assets. In these situations, Legacy Capital conducts due diligence of such managers, but the success of such recommendations relies to a great extent on the External Managers' ability to successfully implement their investment strategies. Legacy Capital generally does not have the ability to supervise the External Managers on a day-to-day basis. Legacy Capital does not perform independent due diligence on the External Managers it recommends for client accounts; rather, it relies on the due diligence on such managers performed by platform managers.

## **Item 9 – Disciplinary Information**

Registered investment advisors are required to disclose all material facts regarding any legal or disciplinary events that would be material to a client's evaluation of Legacy Capital and the integrity of Legacy Capital's management. Legacy Capital has no information applicable to this Item.

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

### *Registrations with Broker-Dealer*

Persons providing investment advice on behalf of Legacy Capital may be registered representatives with PKS, a securities broker-dealer, and a member of FINRA and SIPC. See the *Fees and Compensation* section in this brochure for more information on the compensation received by registered representatives who are affiliated with the Firm.

### *Recommendation of External Managers*

Legacy Capital may recommend that clients use External Managers based on the client's needs and suitability. Legacy Capital does not receive separate compensation, directly or indirectly, from such external managers for recommending that clients use their services. Legacy Capital does not have any other business relationships with the recommended External Managers.

### *Licensed Insurance Agents*

A number of the Firm's advisory persons may be licensed insurance agents with Legacy Capital Group Arkansas, LLC, an affiliate of Legacy Capital, and may offer certain insurance products on a fully-disclosed commissionable basis. A conflict of interest exists to the extent that Legacy Capital recommends the purchase of insurance products where its advisory persons may be entitled to insurance commissions or other additional compensation. Clients are under no obligation to purchase insurance products through any person affiliated with Legacy Capital. The Firm has procedures in place whereby it seeks to ensure that all recommendations are made in its clients' best interest regardless of any such affiliations.

## **Item 11 – Code of Ethics, Participation or Interest in Client Transactions**

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

Legacy Capital has a Code of Ethics (the "Code") which requires Legacy Capital's employees ("supervised persons") to comply with their legal obligations and fulfill the fiduciary duties owed to the Firm's clients. Among other things, the Code of Ethics sets forth policies and procedures related to conflicts of interest, outside business activities, gifts and entertainment, compliance with insider trading laws and policies and procedures governing personal securities trading by supervised persons.

Personal securities transactions of supervised persons present potential conflicts of interest with the price obtained in client securities transactions or the investment opportunity available to clients. The Code addresses these potential conflicts by prohibiting securities trades that would breach a fiduciary duty to a client and requiring, with certain exceptions, supervised persons to report their personal securities holdings and transactions to Legacy Capital for review by the

Firm's Chief Compliance Officer. The Code also requires supervised persons to obtain pre-approval of certain investments, including initial public offerings and limited offerings.

Legacy Capital will provide a copy of the Code of Ethics to any client or prospective client upon request.

## **Item 12 – Brokerage Practices**

### **A. Factors Used to Select Custodians and/or Broker-Dealers**

Client assets must be maintained in an account at a "Qualified Custodian." Legacy Capital generally recommends that its investment management clients utilize the custody and brokerage services of an unaffiliated broker/dealer custodians (a "BD/Custodian") with which Legacy Capital has an institutional relationship. Currently, this includes Schwab Advisor Services, a division of Charles Schwab & Co., Inc. ("Schwab"), which is a "Qualified Custodian" as that term is described in Rule 206(4)-2 of the Investment Advisers Act of 1940. Each BD/Custodian provides custody of securities, trade execution, and clearance and settlement of transactions placed by Legacy Capital. If your accounts are custodied at Schwab, Schwab will hold your assets in a brokerage account and buy and sell securities when we instruct them to. While Legacy Capital recommends that clients use Schwab as BD/Custodian, clients decide whether to do so and open accounts with Schwab by entering into an account agreement directly with Schwab.

In deciding to recommend Schwab, some of the factors that Legacy Capital considers include:

- combination of transaction execution services along with asset custody service;
- order execution and the ability to provide accurate and timely execution, clearing and settlement of trades;
- capabilities to facilitate transfers and payments to and from accounts;
- the reasonableness and competitiveness of services, including commission rates and other fees and transaction costs;
- access to a broad range of investment products, including stocks, bonds, mutual funds, and exchange-traded funds;
- availability of investment research and tools that assist the Firm in making investment decisions;
- quality of services;
- access to trading desks;
- technology that integrates within Legacy Capital's environment, including interfacing with Legacy Capital's portfolio management system;
- a dedicated service or back office team and its ability to process requests from Legacy Capital on behalf of its clients;

- ability to provide Legacy Capital with access to client account information through an institutional website;
- ability to provide clients with electronic access to account information and investment and research tools; and
- reputation, financial strength, and stability.

Legacy Capital may place portfolio transactions through the BD/Custodian where the clients' accounts are custodied. In exchange for using the services of the BD/Custodian, Legacy Capital may receive, without cost, computer software and related systems support that allows Legacy Capital to monitor and service its clients' accounts maintained with such BD/Custodian.

Schwab also makes available to the Firm products and services that benefit the Firm but may not directly benefit the client or the client's account. These products and services assist us in managing and administering client accounts. They include investment research, both Schwab's own and that of third parties. Legacy Capital may use this research to service all or some substantial number of client 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);
- facilitate trade execution and allocate aggregated trade orders for multiple client accounts;
- provide pricing and other market data;
- facilitate payment of our fees from our clients' accounts; and
- assist with back-office functions, recordkeeping, and client reporting.

Schwab also offers other services intended to help us 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 to the Firm. 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 the Firm with other benefits such as occasional business entertainment of Firm personnel.

Transition-related expenses: In connection with the launch of Legacy Capital and the Firm's intention to recommend that clients custody their assets with Schwab, Schwab has agreed to provide Legacy Capital with reimbursement of Transfer or Account Exit Fees for a value not to exceed \$54,000 for accounts transferred within 12 months. These funds will be used toward fees client accounts will bear if the accounts are transferred to Schwab. Schwab has also agreed to pay for eligible third party vendor services and services provided by Schwab affiliates not to exceed \$80,000 for marketing, technology, consulting, or research expenses. These payments shall be distributed as follows: (1) \$40,000 in initial support; and (2) \$20,000 once there are \$100 million in net new assets transferred to the Schwab platform; and (3) 20,000 once there are \$150 million in net new assets transferred to the Schwab platform. Legacy Capital will also receive benefits related to marketing services and the use of client relationship management ("CRM") systems.

These products and services from Schwab benefit Legacy Capital in that Legacy Capital does not have to purchase them. The benefits may incentivize Legacy Capital to routinely recommend Schwab as custodian over custodians who do not offer such products and services.

Legacy Capital will periodically review its arrangements with the BD/Custodians and other broker-dealers against other possible arrangements in the marketplace as it strives to achieve best execution on behalf of its clients. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including, but not limited to, the following:

- a broker-dealer's trading expertise, including its ability to complete trades, execute and settle difficult trades, obtain liquidity to minimize market impact and accommodate unusual market conditions, maintain anonymity, and account for its trade errors and correct them in a satisfactory manner;
- a broker-dealer's infrastructure, including order-entry systems, adequate lines of communication, timely order execution reports, an efficient and accurate clearance and settlement process, and capacity to accommodate unusual trading volume;
- a broker-dealer's ability to minimize total trading costs while maintaining its financial health, such as whether a broker-dealer can maintain and commit adequate capital when necessary to complete trades, respond during volatile market periods, and minimize the number of incomplete trades;
- a broker-dealer's ability to provide research and execution services, including advice as to the value or advisability of investing in or selling securities, analyses and reports concerning such matters as companies, industries, economic trends and political factors, or services incidental to executing securities trades, including clearance, settlement and custody; and

- a broker-dealer's ability to provide services to accommodate special transaction needs, such as the broker-dealer's ability to execute and account for client-directed arrangements and soft dollar arrangements, participate in underwriting syndicates, and obtain initial public offering shares.

As described above, Schwab provides to Legacy Capital, without cost, research and trade execution services. Schwab makes these services available to similarly situated investment advisers whose clients custody their assets with Schwab. Access to research and trade execution services is not predicated on the execution of client securities transactions (e.g., not "soft dollars.") Legacy Capital has not entered into any formal "soft dollar" arrangements with broker-dealers.

Legacy Capital's clients may utilize qualified custodians other than Schwab for certain accounts and assets, particularly where clients have a previous relationship with such qualified custodians.

#### Brokerage for Client Referrals

Legacy Capital does not select or recommend broker-dealers based solely on whether or not it may receive client referrals from a broker-dealer or third party.

#### Client-Directed Brokerage

Generally, in the absence of specific instructions to the contrary, for brokerage accounts that clients engage Legacy Capital to manage on a discretionary basis, Legacy Capital has full discretion with respect to securities transactions placed in the accounts. This discretion includes the authority, without prior notice to the client, to buy and sell securities for the client's account and establish and affect securities transactions through the BD/Custodian of the client's account or other broker-dealers selected by Legacy Capital. In selecting a broker-dealer to execute a client's securities transactions, Legacy Capital seeks prompt execution of orders at favorable prices. Legacy Capital does not permit clients to direct some or all of their brokerage transactions to a specific broker-dealer.

In addition to accounts managed by Legacy Capital on a discretionary basis where the client has directed the brokerage of his/her account(s), certain institutional accounts may be managed by Legacy Capital on a non-discretionary basis and are held at custodians selected by the institutional client. The decision to use a particular custodian and/or broker-dealer generally resides with the institutional client. Legacy Capital endeavors to understand the trading and execution capabilities of any such custodian and/or broker-dealer, as well as its costs and fees. Legacy Capital may assist the institutional client in facilitating trading and other instructions to the custodian and/or broker-dealer in carrying out Legacy Capital's investment recommendations.

### Trade Errors

Legacy Capital's goal is to execute trades seamlessly and in the best interests of the client. In the event a trade error occurs, Legacy Capital endeavors to identify the error in a timely manner, correct the error so that the client's account is in the position it would have been had the error not occurred, and, after evaluating the error, assess what action(s) might be necessary to prevent a recurrence of similar errors in the future.

Trade errors generally are corrected through the use of a "trade error" account or similar account at Schwab, or another BD, as the case may be. In the event an error is made in a client account custodied elsewhere, Legacy Capital works directly with the broker in question to take corrective action. In all cases, Legacy Capital will take the appropriate measures to return the client's account to its intended position.

## **B. Trade Aggregation**

To the extent that the Firm determines to aggregate client orders for the purchase or sale of securities, including securities in which the Firm's supervised persons may invest, the Firm will generally do so in a fair equitable manner in accordance with applicable rules promulgated under the Advisers Act and guidance provided by the staff of the SEC and consistent with policies and procedures established by the Firm.

## **Item 13 – Review of Accounts**

### **A. Frequency and Nature of Periodic Reviews and Who Makes Those Reviews**

Legacy Capital monitors investment advisory portfolios as part of a continuous and ongoing process. Legacy Capital advisors have at least one annual meeting with each client to conduct a formal review the clients' accounts. These reviews may include the following:

- compare the account's allocation with stated goals and client cash-flows at time of review;
- review holdings and consider alternatives;
- monitor the size of individual securities relevant to their sectors, asset classes, and overall account size;
- analyze an account's composition and performance, income, appreciation, gains/losses, and asset allocation; and
- assess its performance.

Factors that may trigger an additional review, other than a periodic review, include: material market, economic or political events, known significant changes in a client's financial situation and/or objectives, and large deposits or withdrawals from the accounts. Clients are encouraged

to notify Legacy Capital if changes occur in the client's personal financial situation that might adversely affect the client's investment plan.

### **B. Other Reviews**

Legacy Capital may perform compliance and/or supervisory reviews of a sampling of client accounts. These reviews may include comparing an account's strategy and/or allocation to the account's stated objectives, reviewing commission and transaction costs borne by the account, and reviewing the billing rate and charges.

### **C. Content and Frequency of Regular Reports Provided to Clients**

Legacy Capital intends to provide quarterly performance reports to clients within 30 days of the end of each calendar quarter. Additionally, Legacy Capital offers its clients access to an online reporting platform that updates performance and holdings daily. Clients will also receive brokerage statements no less than quarterly from the qualified custodian. These brokerage statements are sent directly from the custodian to the client. The client may also establish electronic access to the custodian's website so that the Client may view these reports and their account activity. Client brokerage statements will include all positions, transactions and fees relating to the client's account[s]. The client advisor may also provide clients with periodic reports regarding their holdings, allocations, and performance.

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

### **A. Economic Benefits Provided by Third Parties for Advice Rendered to Clients**

Legacy Capital does not receive benefits from third parties for providing investment advice to clients.

### **B. Compensation to non-Supervised Persons for Client Referrals**

Legacy Capital does not currently have referral arrangements with solicitors, but may in the future enter into referral arrangements with unaffiliated individuals who may from time-to-time refer potential investors to Legacy Capital for investment management services and be compensated for successful referrals by receiving a percentage of the advisory fee Legacy Capital receives from such clients. Any such arrangements must be in compliance with Rule 206(4)-3 of the Investment Advisers Act.

## **Item 15 – Custody**

All clients must utilize a "qualified custodian" as detailed in item 12. Clients are required to engage the custodian to retain their funds and securities and direct Legacy Capital to utilize the custodian

for the client's securities transactions. Legacy Capital's agreement with clients and/or the clients' separate agreement with the B/D Custodian may authorize Legacy Capital through such BD/Custodian to debit the client's account for the amount of Legacy Capital's fee and to directly remit that fee to Legacy Capital in accordance with applicable custody rules.

The BD/Custodian recommended by Legacy Capital has agreed to send a statement to the client, at least quarterly, indicating all amounts disbursed from the account including the amount of management fees paid directly to Legacy Capital. Legacy Capital encourages clients to review the official statements provided by the custodian, and to compare such statements with investment reports received from Legacy Capital. For more information about Custodians and brokerage practices, see "Item 12 - Brokerage Practices."

### **Item 16 – Investment Discretion**

Clients have the option of providing Legacy Capital with investment discretion on their behalf, pursuant to a grant of a limited power of attorney contained in Legacy Capital's client agreement. By granting Legacy Capital investment discretion, a client authorizes Legacy Capital to direct securities transactions and determine which securities are bought and sold, the total amount to be bought and sold, and the costs at which the transactions will be effected. Clients may impose reasonable limitations in the form of specific constraints on any of these areas of discretion with the consent and written acknowledgement of Legacy Capital. See also Item 4(C), Client-Tailored Advisory Services.

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

Legacy Capital does not accept the authority to and does not vote proxies on behalf of clients. Clients retain the responsibility for receiving and voting proxies for all and any securities maintained in client portfolios.

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

#### **A. Balance Sheet**

Legacy Capital does not require prepayment of more than \$1,200 in fees per client, six months or more in advance, and therefore does not need to include a balance sheet with this Brochure.

#### **B. Financial Conditions Reasonably Likely to Impair Ability to Meet Contractual Commitments to Clients**

Neither Legacy Capital nor its management has any financial conditions that are reasonably likely to impair its ability to meet contractual commitments to clients.

**C. Bankruptcy Petitions in Previous Years**

Legacy Capital has not been the subject of a bankruptcy petition.