

**Item 1: Cover Sheet**

**FORM ADV PART 2A  
INFORMATIONAL BROCHURE**



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**This brochure provides information about the qualifications and business practices of Legacy Wealth Partners Inc. If you have any questions about the contents of this brochure, please contact us at (818) 995-7733 or via email at [info@legacywp.com](mailto:info@legacywp.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. Our registration does not imply a certain level of skill or training.**

**Additional information about Legacy Wealth Partners Inc. (CRD# 285031) is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**Item 2:        Statement of Material Changes**

Legacy Wealth Partners Inc. is required to disclose any material changes to this brochure here in Item 2. The only material change to report is that the firm's new address is 4500 Park Granada #201, Calabasas, CA 91302.

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## INFORMATIONAL BROCHURE

### LEGACY WEALTH PARTNERS INC.

#### **Item 4: Advisory Business**

Legacy Wealth Partners Inc. (“LWP”) has been in business since October, 2016 as an independent Registered Investment Adviser. However Brad Levin, the firm’s principal owner, has been in the financial services industry for over 20 years, and the professional staff of LWP has worked together since 2004.

LWP provides personalized life planning and wealth management services to individuals, families, trusts, charitable organizations and foundations, small businesses, pensions and corporations. Our mission is to empower our clients to enjoy the lifestyle they envision while reducing stress and increasing financial confidence. We help clients by creating and protecting sustainable wealth so they can achieve their lifetime goals. We work backwards by first establishing goals and then collaborating with clients to work toward the successful and efficient achievement of those goals while keeping in mind certain degrees of risk. For institutional clients, we implement robust risk-managed investment solutions, curated for each client’s specific needs, with a focus on cost sensitivity.

#### Asset Management

Each client who engages LWP for asset management is put on the path to follow a prudent step-by-step process. This begins with the completion of a questionnaire and an initial meeting during which we will focus on getting to know the client and what they hope to accomplish as well as their challenges or concerns. Our review will include analysis of client’s current investment portfolio asset allocation mix along with risk exposure. We will identify client’s current areas of strength as well as any room for improvement. Once all information is gathered and analyzed, LWP provides what we believe is the most appropriate asset allocation and ensures that your expectations align with the return goal and risk exposure that we agree makes sense for you. During implementation of the client’s asset allocation, LWP will stay in constant contact, which we believe allows the client to feel confident about the progress being made. We believe in a truly collaborative approach with clients. Their goals and needs drive every decision we make and everything we do with regard to asset management.

Due to the fact that in most instances it is in the client’s best interest to participate in LWP’s wrap program, where LWP includes many of a client’s transactions costs in their management fee, only in extremely limited circumstances, and LWP’s sole discretion, will LWP provide asset management services outside of LWP’s Wrap Program. Please see below and the separate Wrap Fee Brochure for a more complete description of the Wrap Program.

When we perform asset management services, we will do so on a discretionary basis. This means that while we will continue an ongoing relationship with each client, being involved in various stages of their lives and decisions to be made, but we will not seek specific approval of changes to client accounts, provided the changes keep the accounts within stated investment objectives and guidelines provided by the client. Clients can place reasonable restrictions on the management of their accounts and make deposits or withdrawals in their accounts at any time. Because we take discretion when managing accounts, clients engaging us will be asked to execute a Limited Power of Attorney

(granting us the discretionary authority over the client accounts) as well as an Investment Management Agreement that outlines the responsibilities of both the client and LWP.

In very limited circumstances, we may provide asset management services on a non-discretionary basis, which means we will manage the clients' accounts as we do for our discretionary clients, except we will consult with the client prior to implementing any investment recommendation. Clients should be aware that some recommendations may be time-sensitive, in which case recommendations not implemented because we are unable to reach a non-discretionary client may not be made on a timely basis and therefore client's account may not perform as well as it would have had LWP been able to reach the client for a consultation on the recommendation.

If you request, LWP may recommend the services of other professionals. You are under no obligation to engage the services of any such recommended professional. You retain absolute discretion over all such implementation decisions and are free to accept or reject any recommendation from LWP. If you engage any professional recommended by LWP, and a dispute arises thereafter relative to such engagement, you agree to seek recourse exclusively from and against the engaged professional.

Clients may also engage LWP to manage certain investment products that are not maintained at their primary custodian, such as variable life insurance and annuity contracts, and assets held in employer sponsored retirement plans and qualified tuition plans (e.g., 529 plans). In these situations, these assets are generally maintained at the underwriting insurance company or the custodian designated by the product's provider. LWP directs or recommends the allocation of client assets among the various investment options that are available with the product. Held-away assets that LWP is engaged to manage will not be eligible for the firm's Wrap Program.

#### Financial Planning

For asset management clients, our services will include incidental ongoing financial planning services. For clients who have assets in excess of \$2,000,000 managed by the firm, the creation of a comprehensive written financial plan is included as part of the overall relationship. However, financial planning can be done on a stand-alone basis, which means the financial planning services are performed separately, for a separate and additional fee. Each financial planning engagement involves a review of a number of factors, which can include concepts such as life goals, tax status and planning, estate planning, retirement concerns or planning for education needs. The plan LWP ultimately produces can be used as a reference point to meeting client goals. In many cases, the client will elect to have LWP continue with the client and provide asset management services, though they are under no obligation to do so.

#### Wrap Program

LWP recommends that investment accounts be held in custody by TD Ameritrade Institutional, a division of TD Ameritrade, member FINRA/SIPC, an unaffiliated SEC-registered broker-dealer and FINRA member. Alternatively, in certain circumstances, LWP may recommend that accounts be established at M.S. Howells (as the introducing broker-dealer) and cleared through Pershing, LLC ("Pershing"), a registered broker-dealer, member SIPC. Both TD Ameritrade and Pershing are wholly independent from LWP. It is expected that most, if not all, transactions in a given client account will be cleared through the custodian of that account in its capacity as a broker-dealer.

For clients participating in the wrap program, LWP includes certain transactional costs in the client's management fee. This arrangement is referred to a "Wrap Program". For accounts in the Wrap Program, LWP pays a fee to the account custodian based on the total amount of client assets enrolled in the Wrap Program, thus taking on many of the clients' transactions cost. Fees included in the wrap fee include transaction fees for the purchase or sale of securities, but do not include expenses related to the use of margin, wire transfer fees, the fees charged to shareholders of mutual funds or ETFs, mark-ups and mark-downs, spreads, odd-lot differentials, fees charged by regulatory agencies, and any transaction fees for securities trades executed by a broker-dealer other than the primary custodian. Because LWP will be managing the assets of wrap fee program clients the same way as other non-wrap fee program clients, the use of external portfolio managers within the wrap program is expected to be limited. Therefore, there is no difference between how LWP manages wrap fee accounts and how LWP manages other accounts.

Because of the nature of a wrap fee program, where wrap fees are not tied to an account's frequency of trading and apply to generally all assets in the account, the wrap fee program client may pay more or less than if the client had compensated LWP outside of the wrap fee program. This fee arrangement may not be appropriate for all accounts. For example, a wrap fee arrangement would not be appropriate for an account that holds primarily cash and cash equivalents, fixed income securities or no-transaction-fee mutual funds for a substantial period of time. Clients whose accounts will be rarely traded should carefully consider whether the Wrap Program is appropriate. Clients are not required to participate in the Wrap Program.

LWP is the sole portfolio manager in the wrap program, which means that LWP receives a portion of the wrap fee for our services. Transaction fees are paid to various broker-dealers, mutual funds and ETFs. The remainder of the wrap fee is the management fee payable to LWP. As discussed more fully in the wrap brochure, the transaction fees paid to the account custodian are based on the total amount of client assets enrolled in the Wrap Program, at a rate that is negotiated between LWP and the custodian clearing the trades.

LWP will receive no additional compensation for offering the wrap fee program. Please see the separate Wrap Fee Brochure for a more complete description of the Wrap Program.

#### Assets Under Management

As of December 31, 2019, LWP had \$187,148,277 in assets under management on a discretionary basis, across 646 accounts.

### **Item 5: Fees and Compensation**

#### **A. Fees Charged**

All investment management clients will be required to execute an Investment Management Agreement that will describe the type of management services to be provided and the fees, among other items. Clients are advised that they may pay fees that are higher or lower than fees they may pay another advisor for the same services. Clients are under no obligation at any time to engage, or to continue to engage, LWP for investment services. If you do not receive a copy of this brochure at least 48 hours prior to the execution of an Agreement, you may terminate the agreement within the first five (5) business days without penalty.

## Financial Planning

Incidental financial planning is typically performed as part of asset management services, and the creation of a comprehensive financial plan is included if the client invests at least \$2,000,000 with LWP. At LWP's discretion, if a client has invested less than \$2,000,000, a separate fee will be incurred for comprehensive financial planning which may range from \$2,500 - \$5,000. In limited circumstances, financial planning services may be done on an hourly basis with a rate of \$500 per hour.

## Asset Management

LWP provides asset management for an annual fee based upon a percentage of the assets being managed by LWP. This asset based fee typically varies between 0.00% and 1.45% depending on the amount of assets under management and service needs of the given client. Fees are negotiable, and may be higher or lower than this range, based on the nature of the account. Factors affecting fee percentages include the size of the account, complexity of asset structures, and other factors.

LWP's tiered fee schedule is as follows:

<u>Assets Under Management</u>	<u>Annual Fee</u>	<u>Fee Breakpoint</u>	<u>Effective Average Rate</u>
On the first \$250,000	1.45%	\$500,000	1.35%
On the next \$750,000	1.25%	\$1,000,000	1.30%
On the next \$1,000,000	1.20%	\$2,000,000	1.25%
On the next \$1,000,000	0.75%	\$3,000,000	1.08%
On the next \$2,000,000	0.50%	\$5,000,000	0.88%
On the next \$5,000,000	0.35%	\$10,000,000	0.70%

The above fee schedule is applied on the household level, meaning we will group certain related accounts for the purposes of determining the annualized fee. However, certain mutually agreed upon assets (whether in an account that is managed or in a separate account under LWP's representative codes) may be excluded from calculation of the value of the assets for billing purposes (the "Excluded Assets"). Accordingly, any Excluded Assets will not be included for the purposes of determining a client's fee breakpoint.

Clients invested in assets with multi-year holding periods that do not offer liquidity for the duration of the investment shall have those assets excluded from LWP's normal tiered fee schedule, and the fee for management of those assets will be a 0.75% annual fee based upon the most recent value of those assets provided by the issuer of such asset.

### **B. Fee Payment**

For clients whose assets are managed by the firm, investment advisory fees will be debited directly from each client's account. The advisory fee is paid quarterly, in advance, and the value used for the fee calculation is the net value as of the last market day of the previous quarter. This means that if your annual fee is 1.00%, then each quarter we will multiply the value of your account by 1.00%, multiply that number by the number of days in the applicable billing quarter, and divide by 365 to calculate our fee. No adjustments will be made for assets deposited or withdrawn from an account after the inception of a billing period. The market values used for fee calculations are based off the

valuations provided by a qualified custodian. However, for certain securities that are issued by an issuer or sponsor for which values are not readily available (non-traded alternative assets), LWP will use the client's historical cost, unless and until the security sponsor provides LWP with a more recent valuation. To the extent there is cash in your account, it will be included in the value for the purpose of calculating fees only if the cash is part of an investment strategy. Once the calculation is made, we will instruct your account custodian to deduct the fee from your account and remit it to LWP.

Clients whose fees are directly debited will provide written authorization to debit advisory fees from their accounts held by a qualified custodian chosen by the client. The client will also receive a statement from their account custodian showing all transactions in their account, including the fee.

#### C. Other Fees

In addition to the advisory fees paid to LWP, clients may also incur certain charges imposed by other third parties, such as broker-dealers, custodians, trust companies, banks and other financial institutions (collectively "Financial Institutions"). These additional charges may include custodial fees, holding fees, fees charged by the Independent Managers, margin costs, charges imposed directly by a mutual fund or ETF in a client's account, as disclosed in the fund's prospectus (e.g., fund management fees and other fund expenses), deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Additionally, for assets managed outside of any wrap fee programs, clients may incur brokerage commissions and transaction fees. Such charges, fees and commissions are exclusive of and in addition to LWP's fee.

When selecting mutual funds that have multiple share classes for recommendation to clients, LWP will take into account the internal fees and expenses associated with each share class, and it is LWP's policy to choose the lowest-cost share class available, absent circumstances that dictate otherwise. For complete discussion of expenses related to each mutual fund or ETF, you should read a copy of the prospectus issued by that fund. LWP can provide or direct you to a copy of the prospectus for any fund that we recommend to you.

Please make sure to read Item 12 of this informational brochure, where we discuss broker-dealer and custodial issues.

#### D. *Pro-rata* Fees

If you become a client during a quarter, you will pay a management fee for the number of days left in that quarter. If you terminate our relationship during a quarter, you will be entitled to a refund of any pre-paid and unearned management fees for the remainder of the quarter. Once your notice of termination is received, we will assess pro-rated fees for the number of days between the end of the prior billing period and the date of termination to be paid in whatever way you direct (check, wire). LWP will cease to perform services, including processing trades and distributions, upon termination. Assets not transferred from terminated accounts within 30 (thirty) days of termination may be "de-linked", meaning they will no longer be visible to LWP and will become a retail account with the custodian.

If you terminate our relationship before the completion of the financial plan, any unearned fees will be returned to you on a pro rata basis.



#### E. Compensation for the Sale of Securities

Certain employees of LWP are registered representatives of M.S. Howells & Co. (“M.S. Howells”) of Scottsdale, AZ. M.S. Howells is a registered broker-dealer (CRD No. 104100), member FINRA, SIPC. In their separate capacity as registered representatives of M.S. Howells, LWP employees’ will receive commissions for the implementation of recommendations for commissionable transactions. In addition, when mutual funds are utilized, depending on the share class selected, the registered representatives also receive additional ongoing 12B-1 fees from the mutual fund company for mutual fund purchases during the period you maintain the mutual fund investment. Commissions charged and 12B-1 fees received for these products will not offset management fees owed to LWP.

Depending on the needs and preferences of each Client, LWP may recommend investment implementation directly through the fee-based offerings of LWP or through M.S. Howells’ brokerage (commission-based) platform. Clients are not obligated to implement any recommendation provided by LWP. The Advisor will not earn investment advisory fees in connection with any services implemented by LWP where commissions are earned and 12B-1 fees are received by an associated person of LWP in their capacity as a registered representative of M.S. Howells. Registered representatives spend less than 5% of their business time on this activity.

In the event that financial planning fees are not already included in LWP’s advisory fees, such investment advisory fees and brokerage commissions charged for ongoing investment management do not offset financial planning fees paid to LWP. The receipt of commissions and 12B-1 fees is a conflict of interest, in that the individual who will receive the commissions is also the individual that is recommending that the client purchase a given product. There is an additional conflict of interest when a registered representative is selecting a more expensive 12B-1 fee paying mutual fund share class when a lower-cost share class is available for the same fund. Clients should be aware of this conflict when considering whether to engage the Advisor or utilize LWP to implement any investment recommendations. However, it is LWP policy that when specific funds offer more than one share class, LWP will select the lowest-cost share class available to the client, absent circumstances that dictate otherwise. The Advisor also attempts to mitigate the conflict of interest by requiring employees to acknowledge in the firm’s Code of Ethics, their individual fiduciary duty to the clients of the Advisor, which requires that employees put the interests of clients ahead of their own.

#### **Item 6: Performance-Based Fees**

LWP will not charge performance based fees.

#### **Item 7: Types of Clients**

Clients advised may include individuals, families, trusts, charitable organizations and foundations, pensions and corporations. LWP requires each client to place at least \$500,000 with the firm. This minimum may be waived at the discretion of LWP.

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

It is important for you to know and remember that all investments carry risks. **Investing in securities involves risk of loss that clients should be prepared to bear.**

It is important to remember that the “goal” of investing is not necessarily to make the most money in a certain period of time. Instead, it is to help a particular client meet their needs. Those needs may indeed involve capital appreciation as well as income creation, but within the confines of their own desires for what they need their assets to do for them, as well as risk tolerances. LWP is equally focused on growing our client’s wealth as we are on protecting from permanent loss of capital. Thus, our “Participate and Protect” philosophy.

When constructing a portfolio, we may utilize one or more of three different approaches: passive, active, and alternative. Passive investing involves a longer view, generally a buy-and-hold approach. This can frequently be done with a prudent mix of low-cost ETFs, equities and bonds, but may also involve a mutual fund or other security. The degree to which an investment is a passive one in our minds is not necessarily correlated to the degree of volatility we expect it to see in a specific period of time. The point of passive investing is that we believe that a portion of a clients’ portfolio, committed to a longer term hold strategy may provide an efficient means of accessing market returns while reducing investment management expenses and tax consequences. For many of our clients, passive strategies will be a core component of their overall portfolio.

Active investments are those that we manage in such a manner that changes are made in keeping with current market trends or trends in a given security or sector. We will utilize technical analyses, which means that we will review the past behaviors of the security and the markets in which it trades for signals as to what might happen in the future. Because financial markets are driven by the behaviors of individual investors, who frequently act based on emotion and crowd psychology, we believe that past price trends may have a tendency to be somewhat repetitive. We will make portfolio adjustments in an attempt to take advantage of what we believe will be opportunities to make gains or protect against losses that can result from those trends or the future patterns they may predict. For certain client portfolios, LWP may recommend the use of options for the active portion of their portfolios. LWP’s use of options is principally to “hedge” a purchase of the underlying security or related positions; in other words, we will use an option purchase to limit the potential upside and/or downside of a security or related positions we have purchased for your portfolio.

Alternative investments are present in some portfolios, to a lesser degree, for the purpose of adding an uncorrelated investment to a given client’s portfolio. LWP recommends both traded (liquid) and non-traded alternatives for client portfolios, based on each client’s individual needs. Non-traded alternative investments may be in real estate, private equity, a private placement, or another type of investment. Traded alternative investments may be in managed futures, long/short equity, US global macro strategies, and hedged equity. Many times, these traded alternatives are in the form of actively managed mutual funds.

Most mutual funds offer different share classes with vary fee structures, including share classes with sales load, sales charges, or 12B-1 fees. 12B-1 fees are deducted from the mutual funds’ assets on an ongoing basis, and are paid to broker-dealers and registered representatives whose clients own those shares to cover fund distribution and shareholder services. This receipt of fees presents a potential conflict of interest, as LWP has an incentive to recommend more expensive share classes to clients based on the compensation received, rather than based upon the client’s needs. However, it is LWP policy that when specific funds offer more than one share class, LWP will select the lowest-cost share class available to the client, absent circumstances that dictate otherwise.

As described in Item 4, our goal at LWP is to understand each client’s needs and goals. After we determine what a client’s goals are, we can manage their assets accordingly. We will develop a set of asset allocation guidelines for each client and consider how much of their portfolio should be in

passive, active or alternative strategies, and in turn how much of each of those approaches should be invested in a given asset class. Because we develop an investment strategy based on your personal situation and financial goals, your asset allocation guidelines may be similar to or different from another client's. Your investment strategy is designed and curated specifically for you. Consistently communicating with us will help us to manage the portfolio in keeping with those goals and changing circumstances.

Upon completion of the guidelines, we will periodically implement securities transactions in your portfolio to meet the guidelines of the investment strategy. It is important to remember that because market conditions can vary greatly, your asset allocation guidelines are not necessarily strict rules. Rather, we review accounts individually, and may deviate from the strategies as we believe necessary.

Additionally, as assets are transitioned from a client's prior advisors to LWP, clients may hold legacy securities and may place restrictions on individual security types. Legacy securities are those that a client owned prior to or separate from its LWP portfolio. If a client transitions mutual fund shares to LWP that are not the lowest-cost share class, and LWP is not recommending disposing of the security altogether, LWP will attempt to convert such mutual fund share classes into the lowest-cost share classes the client is eligible for, taking into account any applicable fees or adverse tax consequences associated with such conversion.

For some accounts, LWP utilizes third party consultants to design and implement investment models. One consultant, Peak Performance Advisors, provides LWP with trend following methodology and technical analysis research which LWP uses in managing client portfolios.

LWP also utilizes Ned Davis Research Group (NDRG) for quantitative economic and equity research. NDRG is one of the largest independent providers of investment research, and is widely recognized for its concise commentary and unbiased views that offer investors insight into the forces driving the markets. NDRG is also well known for research that incorporates historical perspectives and fuses various analytical techniques. In addition to research, NDRG also provides asset allocation recommendations to LWP.

Consultants have a monthly retainer fee for the research they provide to LWP.

### Third Party Managers

In limited circumstances, we may recommend that certain portions of a client's portfolio be managed by independent third-party managers, typically when those managers demonstrate knowledge and expertise in a particular investment strategy.

Based on a client's individual circumstances and needs, we will determine which selected money manager's portfolio management style is appropriate for that client. Factors considered in making this determination include account size, risk tolerance and the investment philosophy of the selected money manager. We encourage clients to review each third-party manager's disclosure document regarding the particular characteristics of any program and managers selected by us.

LWP will obtain appropriate due diligence on all independent third-party managers, making reasonable inquiries into their performance calculations, policies and procedures, code of ethics policies and other operational and compliance matters to account for performance and risk management. The experience, expertise, investment philosophies and past performance of independent third-party investment managers are examined in an attempt to determine if that

manager has demonstrated an ability to invest over a period of time and in different economic conditions. We monitor the manager's underlying holdings, strategies, concentration and leverage as part of our overall periodic risk assessment. LWP also confirms that each recommended adviser is either registered or exempt from registration as an investment adviser.

When clients assets are allocated to a third-party independent manager, that manager will always collect an advisory fee from the client's account with that manager. It is important to note that these managers will charge a separate, and additional fee, for their services. LWP's advisory fee will be collected separately, and not remitted back to LWP by the manager. LWP's fee is not in compensation for a client referral. Rather, it is LWP's compensation for the portfolio management for the client as well as ongoing diligence of that manager as it is part of client's portfolio. LWP will consider these fees in its decision to recommend the use of a third party manager.

### Risk of Loss

There are always risks to investing. **Clients should be aware that all investments carry various types of risk including the potential loss of principal that clients should be prepared to bear.** It is impossible to name all possible types of risks. Among the risks are the following:

- **Political Risks.** Most investments have a global component, even domestic stocks. Political events anywhere in the world may have unforeseen consequences to markets around the world.
- **General Market Risks.** Markets can, as a whole, go up or down on various news releases or for no understandable reason at all. This sometimes means that the price of specific securities could go up or down without real reason, and may take some time to recover any lost value. Adding additional securities does not help to minimize this risk since all securities may be affected by market fluctuations.
- **Currency Risk.** When investing in another country using another currency, the changes in the value of the currency can change the value of your security value in your portfolio.
- **Regulatory Risk.** Changes in laws and regulations from any government can change the value of a given company and its accompanying securities. Certain industries are more susceptible to government regulation. Changes in zoning, tax structure or laws impact the return on these investments.
- **Tax Risks Related to Short Term Trading:** Clients should note that LWP may engage in short-term trading transactions. These transactions may result in short term gains or losses for federal and state tax purposes, which may be taxed at a higher rate than long term strategies. LWP endeavors to invest client assets in a tax efficient manner, but all clients are advised to consult with their tax professionals regarding the transactions in client accounts.
- **Purchasing Power Risk.** Purchasing power risk is the risk that your investment's value will decline as the price of goods rises (inflation). The investment's value itself does not decline, but its relative value does, which is the same thing. Inflation can happen for a variety of complex reasons, including a growing economy and a rising money supply.
- **Business Risk.** This can be thought of as certainty or uncertainty of income. Management comes under business risk. Cyclical companies (like automobile companies) have more business risk because of the less steady income stream. On the other hand, fast food chains tend to have steadier income streams and therefore, less business risk.
- **Financial Risk.** The amount of debt or leverage determines the financial risk of a company.
- **Default Risk.** This risk pertains to the ability of a company to service their debt. Ratings provided by several rating services help to identify those companies with more risk. Obligations of the U.S. government are said to be free of default risk.
- **Margin Risk.** "Margin" is a tool used to maximize returns on a given investment by using

securities in a client account as collateral for a loan from the custodian to the client. The proceeds of that loan are then used to buy more securities. In a positive result, the additional securities provide additional return on the same initial investment. In a negative result, the additional securities provide additional losses. Margin therefore carries a higher degree of risk than investing without margin. Any client account that will use margin will do so in accordance with Regulation T. LWP may utilize margin on a limited basis for clients with higher risk tolerances.

- **Short Sales.** “Short sales” are a way to implement a trade in a security LWP feels is overvalued. In a “long” trade, the investor is hoping the security increases in price. Thus in a long trade, the amount of the investor’s loss (without margin) is the amount paid for the security. In a short sale, the investor is hoping the security decreases in price. However, unlike a long trade where the price of the security can only go from the purchase price to zero, in a short sale, the price of the security can go infinitely upwards. Thus in a short sale, the potential for loss is unlimited and unknown, where the potential for loss in a long trade is limited and knowable. LWP utilizes short sales only when the client’s risk tolerances permit.

- **Risks specific to private placements, sub-advisors and other managers.** If we invest some of your assets with another advisor, including a private placement, there are additional risks. These include risks that the other manager is not as qualified as we believe them to be, that the investments they use are not as liquid as we would normally use in your portfolio, or that their risk management guidelines are more liberal than we would normally employ.

- **Risk specific to private placements.** If all or a portion of a client’s assets are invested in a private placement, there are additional risks. These include risks that the investment strategy of the private placement may not be as specific to your needs as a separately managed account (because the assets are pooled with other investors). Investors in a private placement may not have access to the same liquidity as in a separately managed account. Valuation of the underlying assets may be less frequent and much more subjective. For a more complete discussion of risks associated with a private placement, clients interested in having assets invested in a private placement should refer to the fund’s private placement memorandum.

- **Information Risk.** All investment professionals rely on research in order to make conclusions about investment options. This research is always a mix of both internal (proprietary) and external (provided by third parties) data and analyses. Even an adviser who says they rely solely on proprietary research must still collect data from third parties. This data, or outside research is chosen for its perceived reliability, but there is no guarantee that the data or research will be completely accurate. Failure in data accuracy or research will translate to a compromised ability by the adviser to reach satisfactory investment conclusions.

- **Options.** The use of options transactions as an investment strategy involves a high level of inherent risk. Although the intent of many of the options-related transactions implemented by LWP is to hedge against principal risk, certain options-related strategies (i.e., straddles, short positions, etc.), may in and of themselves, produce principal volatility and/or risk. Thus, a client must be willing to accept these enhanced volatility and principal risks associated with such strategies. Clients participating in an options strategy should *carefully* consider all information regarding the strategy and its risks prior to participating.

- **Small Companies.** Some investment opportunities in the marketplace involve smaller issuers. These companies may be starting up, or are historically small. While these companies sometimes have potential for outsized returns, they also have the potential for losses because the reasons the company is small are also risks to the company’s future. For example, a company’s management may lack experience, or the company’s capital for growth may be restricted. These small companies also tend to trade less frequently than larger companies, which can add to the risks associated with their securities because the ability to sell them at an appropriate price may be limited as compared to the markets as a whole. Not only do these companies have investment risk, if a client is invested in such small companies and requests immediate or short term liquidity, these securities may require a

significant discount to value in order to be sold in a shorter time frame.

- **Concentration Risk.** While LWP selects individual securities, including mutual funds, for client portfolios based on an individualized assessment of each security, this evaluation comes without an overlay of general economic or sector specific issue analysis. This means that a client's equity portfolio may be concentrated in a specific sector, geography, or sub-sector (among other types of potential concentrations), so that if an unexpected event occurs that affects that specific sector or geography, for example, the client's equity portfolio may be affected negatively, including significant losses.

- **Transition risk.** As assets are transitioned from a client's prior advisers to LWP there may be securities and other investments that do not fit within the asset allocation strategy selected for the client. Accordingly, these investments will need to be sold in order to reposition the portfolio into the asset allocation strategy selected by LWP. However, this transition process may take some time to accomplish. Some investments may not be unwound for a lengthy period of time for a variety of reasons that may include unwarranted low share prices, restrictions on trading, contractual restrictions on liquidity, or market-related liquidity concerns. In some cases, there may be securities or investments that are never able to be sold. The inability to transition a client's holdings into recommendations of LWP may adversely affect the client's account values, as LWP's recommendations may not be able to be fully implemented.

- **Restriction Risk.** Clients may at all times place reasonable restrictions on the management of their accounts. However, placing these restrictions may make managing the accounts more difficult, thus lowering the potential for returns.

- **Risks Related to Investment Term & Liquidity.** Securities do not follow a straight line up in value. All securities will have periods of time when the current price of the security is not an accurate measure of its value. If you require us to liquidate your portfolio during one of these periods, you will not realize as much value as you would have had the investment had the opportunity to regain its value. Further, some investments are made with the intention of the investment appreciating over an extended period of time. Liquidating these investments prior to their intended time horizon may result in losses.

- **REITs:** In very limited circumstances, LWP may recommend that portions of client portfolios be allocated to real estate investment trusts, otherwise known as "REITs". A REIT is an entity, typically a trust or corporation, which accepts investments from a number of investors, pools the money, and then uses that money to invest in real estate through either actual property purchases or mortgage loans. While there are some benefits to owning REITs, which include potential tax benefits, income and the relatively low barrier to invest in real estate as compared to directly investing in real estate, REITs also have some increased risks as compared to more traditional investments such as stocks, bonds, and mutual funds. First, real estate investing can be highly volatile. Second, the specific REIT chosen may have a focus such as commercial real estate or real estate in a given location. Such investment focus can be beneficial if the properties are successful, but lose significant principal if the properties are not successful. REITs may also employ significant leverage for the purpose of purchasing more investments with fewer investment dollars, which can enhance returns but also enhances the risk of loss. The success of a REIT is highly dependent upon the manager of the REIT. Clients should ensure they understand the role of the REIT in their portfolio.

## **Item 9: Disciplinary Information**

There are no disciplinary items to report.

**Item 10: Other Financial Industry Activities and Affiliations**

A. Broker-dealer

*Please see response to Item 5E with regards to M.S. Howells.*

B. Futures Commission Merchant/Commodity Trading Advisor

Neither the principal of LWP, nor any related persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

C. Relationship with Related Persons

*NextPhase Divorce Advisors, LLC*

LWP is under common control with NextPhase Divorce Advisors, LLC, which provides financial analysis, settlement consulting, and trial preparation relating to divorce to individuals, couples, or their attorneys. NextPhase Divorce Advisors, LLC is not a law firm or accounting firm, and no portion of its services should be construed as legal or accounting services.

To the extent requested, LWP may recommend the services of its affiliate, NextPhase Divorce Advisors, LLC for divorce related financial consulting services. This poses conflicts of interest in that LWP has a financial incentive to recommend the use of affiliates based on the compensation received, rather than a client's needs. LWP attempts to mitigate these conflicts by disclosing the conflict to clients, and requiring employees to acknowledge their fiduciary responsibility toward each client. Additionally, clients retain absolute discretion in determining whether to engage NextPhase Divorce Advisors, LLC, and are free to accept or reject any recommendation from LWP.

*Insurance*

Certain professionals of LWP are separately licensed as independent insurance agents. As such, these professionals may conduct insurance product transactions for LWP clients, in their capacity as licensed insurance agents, and will receive customary commissions for these transactions in addition to any compensation received in his capacity as employees of LWP. Commissions from the sale of insurance products will not be used to offset or as a credit against advisory fees. These professionals therefore have incentive to recommend insurance products based on the compensation to be received. The receipt of additional fees for insurance commissions is therefore a conflict of interest, and clients should be aware of this conflict when considering whether to engage LWP or utilize these professionals to implement any insurance recommendations. LWP attempts to mitigate this conflict of interest by disclosing the conflict to clients, and informing the clients that they are always free to purchase insurance products through other agents that are not affiliated with LWP, or to determine not to purchase the insurance product at all. LWP also attempts to mitigate the conflict of interest by requiring employees to acknowledge in the firm's Code of Ethics, their individual fiduciary duty to the clients of LWP, which requires that employees put the interests of clients ahead of their own.

*Sponsors of Private Placements*

From time to time, LWP may introduce clients to sponsors of non-traded alternative investments

that may be in real estate, private equity, a private placement, or another type of investment. In some cases, LWP will receive a referral fee from the sponsor for the introduction, which creates a potential conflict of interest in that LWP will have an economic incentive to recommend private placements that pay referral fees to LWP. To mitigate this conflict, LWP does not charge advisory fees on any assets on which it receives a referral fee from the sponsor. Additionally, LWP only recommends pooled private placements to clients on a non-discretionary basis; discloses this conflict to clients prior to making the introduction to the sponsor; and reminds all employees of their fiduciary responsibilities to clients. All investors must meet the applicable qualifications and requirements outlined in the investments offering documents.

**D. Recommendations of Other Advisers**

LWP may recommend the use of an independent third party manager, but will only do so if it is deemed in the best interests of the client. LWP will not recommend any third party manager in exchange for any sort of referral fee. Please see Item 8 for a more thorough discussion of the use of third party managers.

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

A. A copy of our Code of Ethics is available upon request. Our Code of Ethics includes discussions of our fiduciary duty to clients, political contributions, gifts, entertainment, and trading guidelines.

B. Not applicable. LWP does not recommend to clients that they invest in any security in which LWP or any principal thereof has any financial interest.

C. On occasion, an employee of LWP may purchase for his or her own account securities which are also recommended for clients. Our Code of Ethics details rules for employees regarding personal trading and avoiding conflicts of interest related to trading in one's own account. To avoid placing a trade before a client (in the case of a purchase) or after a client (in the case of a sale), all employee trades are reviewed by the Compliance Officer. All employee trades must either take place in the same block as a client trade or sufficiently apart in time from the client trade so the employee receives no added benefit. Employee statements are reviewed to confirm compliance with the trading procedures.

D. On occasion, an employee of LWP may purchase for his or her own account securities which are also recommended for clients at the same time the clients purchase the securities. Our Code of Ethics details rules for employees regarding personal trading and avoiding conflicts of interest related to trading in one's own account. To avoid placing a trade before a client (in the case of a purchase) or after a client (in the case of a sale), all employee trades are reviewed by the Compliance Officer. All employee trades must either take place in the same block as a client trade or sufficiently apart in time from the client trade so the employee receives no added benefit. Employee statements are reviewed to confirm compliance with the trading procedures.



## **Item 12: Brokerage Practices**

### **Recommendation of Financial Institutions**

LWP primarily recommends that investment accounts be held in custody by TD Ameritrade Institutional, a division of TD Ameritrade, member FINRA/SIPC, an unaffiliated SEC-registered broker-dealer and FINRA member. To a lesser extent, and based on the type of account being opened, LWP may also recommend that accounts be held directly at Nationwide Financial for fee based annuities and Blackrock, Inc. for iShares 529 plans. TD Ameritrade offers enhanced services to independent investment advisors. These services include custody of securities, trade execution platforms, and access to research not available to the general public. TD Ameritrade, National Financial and Blackrock are wholly independent from LWP. It is expected that most, if not all, transactions in a given client account will be cleared through the custodian of that account in its capacity as a broker-dealer.

LWP recommends custodians and broker-dealers to its clients based on a variety of factors. These include, but are not limited to, commission costs. TD Ameritrade has what can be considered discounted commission rates. However, in choosing a broker-dealer or custodian to recommend, we are most concerned with the value the client receives for the cost paid, not just the cost. TD Ameritrade adds value beyond commission cost. Other factors that may be considered in determining overall value include speed and accuracy of execution, financial strength, knowledge and experience of staff, research and service. TD Ameritrade also has arrangements with many mutual funds that enable us to purchase these mutual funds for client accounts at reduced transaction charges (as opposed to other broker-dealers). LWP re-evaluates the use of TD Ameritrade at least annually to determine if they are still the best value for our clients.

These custodians also may provide us with some non-cash benefits (not available to retail customers) in return for placing client assets with them or executing trades through them. Such non-cash benefits are referred to as “soft dollars”. Currently, these benefits come in the form of investment research and sponsored attendance at various investment seminars. We may also receive such items as investment software, books and research reports. These products, services, or educational seminars are items that will play a role in determining how to invest client accounts. If there is any item that has a multi-use aspect, mixed between investment and non-investment purposes, LWP will determine a reasonable allocation of investment to non-investment use and soft dollars will be allocated only to the investment portion of the product (and we will pay the remaining cost). LWP receives a benefit from these services, as otherwise we would be compiling the same research ourselves. This may cause us, or another adviser, to want to place more client accounts with a broker-dealer/custodian such as TD Ameritrade, solely because of these added benefits. However, the value to all of our clients of these benefits is included in our evaluation of custodians. Products and services received via soft dollars will generally be used for the benefit of all clients. However, it is possible that a given client’s trades will generate soft dollars that acquire products and/or services that are not ultimately utilized for that same client’s account. Soft dollars provide additional value, and are accordingly considered in determining which broker-dealer or custodian to utilize as part of our best execution analysis.

In selecting TDA as a broker-dealer/custodian for certain of its current and future client accounts, LWP takes into consideration its arrangement with TDA as to obtaining price discounts for TDA’s client reporting service for advisors known as “Orion Advisor Solutions”. Although LWP believes that the products and services offered by TDA are competitive in the market place for similar services offered by other broker-dealers or custodians, the arrangement with TDA as to the Orion

Advisor Solutions service may affect LWP's independent judgment in selecting or maintaining TDA as the broker or custodian for client accounts. LWP's use of this software may present a conflict of interest.

We do not consider whether TD Ameritrade, Nationwide Financial, Blackrock or any other broker-dealer/custodian refers clients to LWP as part of our evaluation of these broker-dealers.

### **Directed Brokerage**

A client may direct LWP in writing to use a particular *Financial Institution* to execute some or all transactions for the client. As not all investment advisers require their clients to direct brokerage, the Firm does not routinely recommend, request or require a client do so. In direct brokerage situations, the client will negotiate terms and arrangements for the account with that *Financial Institution*, and LWP will not seek better execution services or prices from other *Financial Institutions* or be able to "batch" client transactions for execution through other *Financial Institutions* with orders for other accounts managed by LWP. As a result, the client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case. Subject to its duty of best execution, LWP may decline a client's request to direct brokerage if, in LWP's sole discretion, such directed brokerage arrangements would result in additional operational difficulties.

### **Trade aggregation**

Commission costs per client may be lower on a particular trade if all clients in whose accounts the trade is to be made are executed at the same time. This is called aggregating trades. Instead of placing a number of trades for the same security for each account, we will, when appropriate, execute one trade for all accounts and then allocate the trades to each account after execution. If an aggregate trade is not fully executed, the securities will be allocated to client accounts on a pro rata basis, except where doing so would create an unintended adverse consequence (For example, if a pro rata division would result in a client receiving a fraction of a share, or a position in the account of less than 1%.).

## **Item 13: Review of Accounts**

All accounts and corresponding financial plans will be managed on an ongoing basis, with formal reviews with the client offered by the firm's principal or wealth advisor on at least an annual basis. However, it is expected that market conditions, changes in a particular client's account, or changes to a client's circumstances will trigger a review of accounts.

The annual report in writing provided by LWP is intended to review performance and asset allocation. All clients will receive statements and confirmations of trades directly from their account custodian. Please refer to Item 15 regarding Custody.

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

### **A. Economic Benefit Provided by Third Parties for Advice Rendered to Client.**

*Please refer to Item 12, where we discuss recommendation of Broker-Dealers.*

**B. Compensation to Non-Advisory Personnel for Client Referrals.**

LWP does not directly or indirectly compensate any person who is not advisory personnel for client referrals.

**Item 15: Custody**

There are two avenues through which LWP has custody of client funds; by directly debiting its fees from client accounts pursuant to applicable agreements granting such right, and potentially by permitting clients to issue standing letters of authorization (“SLOAs”). SLOAs permit a client to issue one document that directs LWP to make distributions out of the client’s account(s).

Clients whose fees are directly debited will provide written authorization to debit advisory fees from their accounts held by a qualified custodian chosen by the client. The client will also receive a statement from their account custodian showing all transactions in their account, including the fee.

We encourage clients to carefully review the statements and confirmations sent to them by their custodian, and to compare the information on reports prepared by LWP against the information in the statements provided directly from the account custodian. Please alert us of any discrepancies.

In addition to the account custodian’s custody procedures, clients issuing SLOAs will be requested to confirm, in writing, that the accounts to which funds are distributed are parties unrelated to LWP.

**Item 16: Investment Discretion**

When LWP is engaged to provide asset management services on a discretionary basis, we will monitor your accounts to ensure that they are meeting your asset allocation requirements. If any changes are needed to your investments, we will make the changes. These changes may involve selling a security or group of investments and buying others or keeping the proceeds in cash. You may at any time place restrictions on the types of investments we may use on your behalf, or on the allocations to each security type. You may receive, at your request, written or electronic confirmations from your account custodian after any changes are made to your account. You will also receive monthly statements from your account custodian. Clients engaging us on a discretionary basis will be asked to execute a Limited Power of Attorney (granting us the discretionary authority over the client accounts) as well as an Investment Management Agreement that outlines the responsibilities of both the client and LWP.

**Item 17: Voting Client Securities**

Copies of our Proxy Voting Policies are available upon request.

From time to time, shareholders of stocks, mutual funds, exchange traded funds or other securities may be permitted to vote on various types of corporate actions. Examples of these actions include mergers, tender offers, or board elections. Clients are required to vote proxies related to their investments, or to choose not to vote their proxies. LWP will not accept authority to vote client securities. Clients will receive their proxies directly from the custodian for the client account. LWP will not give clients advice on how to vote proxies.

**Item 18: Financial Information**

LWP does not require the prepayment of fees more than six (6) months or more in advance and therefore has not provided a balance sheet with this brochure.

There are no material financial circumstances or conditions that would reasonably be expected to impair our ability to meet our contractual obligations to our clients.

**Item 1: Cover Sheet**

**FORM ADV PART 2A APPENDIX 1**

**WRAP FEE PROGRAM**



**4500 Park Granada, Suite #201  
Calabasas, CA 91302  
Tel: (818) 995-7733**

[www.legacywp.com](http://www.legacywp.com)

**April 8, 2020**

**This wrap fee program brochure provides information about the qualifications and business practices of Legacy Wealth Partners Inc. If you have any questions about the contents of this brochure, please contact us at (818) 995-7733 or via email at [info@legacywp.com](mailto:info@legacywp.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. Our registration does not imply a certain level of skill or training.**

**Additional information about Legacy Wealth Partners Inc. (CRD# 285031) is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**Item 2: Material Changes**

Legacy Wealth Partners Inc. and is required to disclose any material changes to this brochure here in Item 2. The only material change to report is that the firm's address is now 4500 Park Granada #201, Calabasas, CA 91302.

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## WRAP FEE PROGRAM

### LEGACY WEALTH PARTNERS INC.

#### **Item 4: Services, Fees, and Compensation**

The Legacy Wealth Partners Wrap Program (the “Program”) is a wrap fee program sponsored by Legacy Wealth Partners Inc. (“LWP”) which has been in business since October, 2016 as an independent Registered Investment Adviser. However Brad Levin, the firm’s principal owner, has been in the financial services industry for over 20 years, and the professional staff of LWP has worked together since 2004.

LWP provides personalized life planning and wealth management services to individuals, families, trusts, charitable organizations and foundations, small businesses, pensions and corporations. Our mission is to empower our clients to enjoy the lifestyle they envision while reducing stress and increasing financial confidence. We help clients by creating and protecting sustainable wealth so they can achieve their lifetime goals. We work backwards by first establishing goals and then collaborating with clients to work toward the successful and efficient achievement of those goals while keeping in mind certain degrees of risk. For institutional clients, we implement robust risk-managed investment solutions, curated for each client’s specific needs, with a focus on cost sensitivity.

#### **A. Description of the Program**

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##### Asset Management

Each client who engages LWP for asset management is put on the path to follow a prudent step-by-step process. This begins with the completion of a questionnaire and an initial meeting during which we will focus on getting to know the client and what they hope to accomplish as well as their challenges or concerns. Our review will include analysis of client’s current investment portfolio asset allocation mix along with risk exposure. We will identify client’s current areas of strength as well as any room for improvement. Once all information is gathered and analyzed, LWP provides what we believe is the most appropriate asset allocation and ensures that your expectations align with the return goal and risk exposure that we agree makes sense for you. During implementation of the client’s asset allocation, LWP will stay in constant contact, which we believe allows the client to feel confident about the progress being made. We believe in a truly collaborative approach with clients. Their goals and needs drive every decision we make and everything we do with regard to asset management.

When we perform asset management services, we will do so on a discretionary basis. This means that while we will continue an ongoing relationship with each client, being involved in various stages of their lives and decisions to be made, but we will not seek specific approval of changes to client accounts, provided the changes keep the accounts within stated investment objectives and guidelines provided by the client. Clients can place reasonable restrictions on the management of their accounts and make deposits or withdrawals in their accounts at any time. Because we take discretion when managing accounts, clients engaging us will be asked to execute a Limited Power of Attorney (granting us the discretionary authority over the client accounts) as well as an Investment Management Agreement that outlines the responsibilities of both the client and LWP.

In very limited circumstances, we may provide asset management services on a non-discretionary



basis, which means we will manage the clients' accounts as we do for our discretionary clients, except we will consult with the client prior to implementing any investment recommendation. Clients should be aware that some recommendations may be time-sensitive, in which case recommendations not implemented because we are unable to reach a non-discretionary client may not be made on a timely basis and therefore client's account may not perform as well as it would have had LWP been able to reach the client for a consultation on the recommendation.

### Wrap Program

A "wrap program" is when transaction costs and fees related to the management of the same assets are included in one fee.

For accounts in the Program, LWP requires that accounts be established at TD Ameritrade Institutional, a division of TD Ameritrade, member FINRA/SIPC, an unaffiliated SEC-registered broker-dealer and FINRA member. Alternatively, in certain circumstances, LWP may recommend that accounts be established at M.S. Howells (as the introducing broker-dealer) and cleared through Pershing, LLC, a registered broker-dealer, member SIPC.

LWP pays a fee to the account custodian based on the total amount of client assets enrolled in the Wrap Program, thus taking on many of the clients' transactions cost. The transaction costs paid to the custodian are based on a fixed rate that is based on the total amount of assets LWP's clients have in custody with the custodian, where the rate drops as the amount of assets in custody increase. Accordingly, LWP does not receive greater compensation for placing or not placing trades. However, LWP does have an incentive to recommend TD Ameritrade and Pershing LLC to clients in order to reduce the fixed fee for transactions. LWP attempts to mitigate this conflict by requiring that the firm's employees acknowledge their fiduciary duty to place client interests ahead of their own, evaluating all aspects, including the wrap program asset-based transaction pricing when considering what custodians to recommend.

Because of the nature of a wrap fee program, where wrap fees are not tied to an account's frequency of trading and apply to generally all assets in the account, the wrap fee program client may pay more or less than if the client had compensated LWP outside of the wrap fee program. This fee arrangement may not be appropriate for all accounts. For example, a wrap fee arrangement would not be appropriate for an account that holds primarily cash and cash equivalents, fixed income securities or no-transaction-fee mutual funds for a substantial period of time. Clients whose accounts will be rarely traded should carefully consider whether the Wrap Program is appropriate. Clients are not required to participate in the Wrap Program.

Fees included in the wrap fee include transaction fees for the purchase or sale of securities, but do not include expenses related to the use of margin, wire transfer fees, the fees charged to shareholders of mutual funds or ETFs, mark-ups and mark-downs, spreads, odd-lot differentials, fees charged by regulatory agencies, and any transaction fees for securities trades executed by a broker-dealer other than the primary custodian. LWP will be managing the assets of wrap fee program clients the same way as other non-wrap fee program clients, and as such the use of external portfolio managers within the wrap program is expected to be limited. Therefore, there is no difference between how LWP manages wrap fee accounts and how LWP manages other accounts.

LWP is the sole portfolio manager in the wrap program, which means that LWP receives a portion of the wrap fee for our services. Transaction fees are paid to various broker-dealers, mutual funds and ETFs. The remainder of the wrap fee is the management fee payable to LWP. The transaction fees paid to the account custodian are based on the total amount of client assets enrolled in the Wrap

Program at such custodian, at a rate that is negotiated between LWP and the custodian clearing the trades.

LWP will receive no additional compensation for offering the wrap fee program.

If you request, LWP may recommend the services of other professionals. You are under no obligation to engage the services of any such recommended professional. You retain absolute discretion over all such implementation decisions and are free to accept or reject any recommendation from LWP. If you engage any professional recommended by LWP, and a dispute arises thereafter relative to such engagement, you agree to seek recourse exclusively from and against the engaged professional.

### Financial Planning

For asset management clients, our services will include incidental ongoing financial planning services. For clients who have assets in excess of \$2,000,000 managed by the firm, the creation of a comprehensive written financial plan is included as part of the overall relationship. However, financial planning can be done on a stand-alone basis, which means the financial planning services are performed separately, for a separate and additional fee. Each financial planning engagement involves a review of a number of factors, which can include concepts such as life goals, tax status and planning, estate planning, retirement concerns or planning for education needs. The plan LWP ultimately produces can be used as a reference point to meeting client goals. In many cases, the client will elect to have LWP continue with the client and provide asset management services, though they are under no obligation to do so.

### Assets Under Management

As of December 31, 2019, LWP had \$187,148,277 in assets under management on a discretionary basis, across 646 accounts.

### **Fees and Compensation**

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#### Fees Charged

All investment management clients will be required to execute an Investment Management Agreement that will describe the type of management services to be provided and the fees, among other items. Clients are advised that they may pay fees that are higher or lower than fees they may pay another advisor for the same services. Clients are under no obligation at any time to engage, or to continue to engage, LWP for investment services. If you do not receive a copy of this brochure at least 48 hours prior to the execution of an Agreement, you may terminate the agreement within the first five (5) business days without penalty.

#### Financial Planning

Incidental financial planning is typically performed as part of asset management services, and the creation of a comprehensive financial plan is included if the client invests at least \$2,000,000 with LWP. At LWP's discretion, if a client has invested less than \$2,000,000, a separate fee will be incurred for comprehensive financial planning which may range from \$2,500 - \$5,000. In limited circumstances, financial planning services may be done on an hourly basis with a rate of \$500 per hour.

### Our Wrap Fees

LWP provides asset management for an annual fee based upon a percentage of the assets being managed by LWP. This asset based fee typically varies between 0.00% and 1.450% depending on the amount of assets under management and service needs of the given client. Fees are negotiable, and may be higher or lower than this range, based on the nature of the account. Factors affecting fee percentages include the size of the account, complexity of asset structures, and other factors.

LWP's tiered fee schedule is as follows:

<u>Assets Under Management</u>	<u>Annual Fee</u>	<u>Fee Breakpoint</u>	<u>Effective Average Rate</u>
On the first \$250,000	1.45%	\$500,000	1.35%
On the next \$750,000	1.25%	\$1,000,000	1.30%
On the next \$1,000,000	1.20%	\$2,000,000	1.25%
On the next \$1,000,000	0.75%	\$3,000,000	1.08%
On the next \$2,000,000	0.50%	\$5,000,000	0.88%
On the next \$5,000,000	0.35%	\$10,000,000	0.70%

The above fee schedule is applied on the household level, meaning we will group certain related accounts for the purposes of determining the annualized fee. However, certain mutually agreed upon assets (whether in an account that is managed or in a separate account under LWP's representative codes) may be excluded from calculation of the value of the assets for billing purposes (the "Excluded Assets"). Accordingly, any Excluded Assets will not be included for the purposes of determining a client's fee breakpoint.

Fees paid by wrap fee program participants will follow the same general guidelines, the only difference being that wrap fee clients will have some or all of their transaction fees covered by LWP. As previously described, fees included in the wrap fee include transaction fees for the purchase or sale of securities, but do not include expenses related to the use of margin, wire transfer fees, the fees charged to shareholders of mutual funds or ETFs, mark-ups and mark-downs, spreads, odd-lot differentials, fees charged by regulatory agencies, and any transaction fees for securities trades executed by a broker-dealer other than the primary account custodian.

A complete list of each custodian's charges and fees is contained in their respective account applications, which you will receive promptly following the opening of your account.

Because of the nature of a wrap fee program, where wrap fees are not tied to an account's frequency of trading and apply to generally all assets in the account, the wrap fee program client may pay more or less than if the client had compensated LWP outside of the wrap fee program.

Other than as described in this wrap fee program brochure, LWP will receive no additional compensation for offering the wrap fee program.

### Fee Payment

For clients whose assets are managed by the firm, investment advisory fees will be debited directly from each client's account. The advisory fee is paid quarterly, in advance, and the value used for the fee calculation is the net value as of the last market day of the previous quarter. This means that if

your annual fee is 1.00%, then each quarter we will multiply the value of your account by 1.00%, multiply that number by the number of days in the applicable billing quarter, and divide by 365 to calculate our fee. No adjustments will be made for assets deposited or withdrawn from an account after the inception of a billing period. To the extent there is cash in your account, it will be included in the value for the purpose of calculating fees only if the cash is part of an investment strategy. Once the calculation is made, we will instruct your account custodian to deduct the fee from your account and remit it to LWP.

Clients whose fees are directly debited will provide written authorization to debit advisory fees from their accounts held by a qualified custodian chosen by the client. The client will also receive a statement from their account custodian showing all transactions in their account, including the fee.

#### Pro-rata Fees

If you become a client during a quarter, you will pay a management fee for the number of days left in that quarter. If you terminate our relationship during a quarter, you will be entitled to a refund of any pre-paid and unearned management fees for the remainder of the quarter. Once your notice of termination is received, we will assess pro-rated fees for the number of days between the end of the prior billing period and the date of termination to be paid in whatever way you direct (check, wire). LWP will cease to perform services, including processing trades and distributions, upon termination. Assets not transferred from terminated accounts within 30 (thirty) days of termination may be “de-linked”, meaning they will no longer be visible to LWP and will become a retail account with the custodian.

If you terminate our relationship before the completion of the financial plan, any unearned fees will be returned to you on a pro rata basis.

### **Item 5: Account Requirement and Type of Clients**

Clients participating in the program may include individuals, families, trusts, charitable organizations and foundations, pensions and corporations. LWP requires each client to place at least \$500,000 with the firm. This minimum may be waived at the discretion of LWP.

### **Item 6: Portfolio Manager Selection and Evaluation**

The wrap fee program offered by LWP is sponsored by the firm, and LWP is the only portfolio manager. The only fees covered under the wrap fee program are transaction fees associated with the purchase and sale of securities in an account managed by LWP. All client accounts managed by LWP, including wrap fee program clients, are managed with similar processes, although account recommendations may differ.

#### Methods of Analysis, Investment Strategies and Risk of Loss

It is important for you to know and remember that all investments carry risks. **Investing in securities involves risk of loss that clients should be prepared to bear.**

Please refer to Item 8 of LWP’s Informational Brochure, incorporated into this brochure, for a complete description of LWP’s methods of analysis and investment strategies.

### Performance-Based Fees

LWP will not charge performance based fees.

### Voting Client Securities

Copies of our Proxy Voting Policies are available upon request.

From time to time, shareholders of stocks, mutual funds, exchange traded funds or other securities may be permitted to vote on various types of corporate actions. Examples of these actions include mergers, tender offers, or board elections. Clients are required to vote proxies related to their investments, or to choose not to vote their proxies. LWP will not accept authority to vote client securities. Clients will receive their proxies directly from the custodian for the client account. LWP will not give clients advice on how to vote proxies.

## **Item 7: Client Information provided to Portfolio Managers**

Please see response to Item 6, above.

## **Item 8: Client Contact with Portfolio Managers**

Clients may contact LWP, the only portfolio manager, at any time.

## **Item 9: Additional Information**

### Disciplinary Information

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Neither the firm nor any of its employees or principals has any disciplinary information to report.

### Other Financial Industry Activities and Affiliations

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#### Broker-dealer

Certain employees of LWP are registered representatives of M.S. Howells & Co. ("M.S. Howells") of Scottsdale, AZ. M.S. Howells is a registered broker-dealer (CRD No. 104100), member FINRA, SIPC. In their separate capacity as registered representatives of M.S. Howells, LWP employees' will receive commissions for the implementation of recommendations for commissionable transactions. In addition, when mutual funds are utilized, depending on the share class selected, the registered representatives also receive additional ongoing 12B-1 fees from the mutual fund company for mutual fund purchases during the period you maintain the mutual fund investment. Commissions charged and 12B-1 fees received for these products will not offset management fees owed to LWP.

Depending on the needs and preferences of each Client, LWP may recommend investment implementation directly through the fee-based offerings of LWP or through M.S. Howell's brokerage (commission-based) platform. Clients are not obligated to implement any recommendation provided by LWP. The Advisor will not earn investment advisory fees in connection with any services implemented by LWP where commissions are earned and 12B-1 fees are received by an

associated person of LWP in their capacity as a registered representative of M.S. Howells. Registered representatives spend less than 5% of their business time on this activity.

In the event that financial planning fees are not already included in LWP's advisory fees, such investment advisory fees and brokerage commissions charged for ongoing investment management do not offset financial planning fees paid to LWP. The receipt of commissions and 12B-1 fees is a conflict of interest, in that the individual who will receive the commissions is also the individual that is recommending that the client purchase a given product. There is an additional conflict of interest when a registered representative is selecting a more expensive 12B-1 fee paying mutual fund share class when a lower-cost share class is available for the same fund. Clients should be aware of this conflict when considering whether to engage the Advisor or utilize LWP to implement any investment recommendations. However, it is LWP policy that when specific funds offer more than one share class, LWP will select the lowest-cost share class available to the client, absent circumstances that dictate otherwise. The Advisor also attempts to mitigate the conflict of interest by requiring employees to acknowledge in the firm's Code of Ethics, their individual fiduciary duty to the clients of the Advisor, which requires that employees put the interests of clients ahead of their own.

#### *Futures Commission Merchant/Commodity Trading Advisor*

Neither members of management, nor any related persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

#### *Relationship with Related Persons*

##### *NextPhase Divorce Advisors, LLC*

LWP is under common control with NextPhase Divorce Advisors, LLC, which provides financial analysis, settlement consulting, and trial preparation relating to divorce to individuals, couples, or their attorneys. NextPhase Divorce Advisors, LLC is not a law firm or accounting firm, and no portion of its services should be construed as legal or accounting services.

To the extent requested, LWP may recommend the services of its affiliate, NextPhase Divorce Advisors, LLC for divorce related financial consulting services. This poses conflicts of interest in that LWP has a financial incentive to recommend the use of affiliates based on the compensation received, rather than a client's needs. LWP attempts to mitigate these conflicts by disclosing the conflict to clients, and requiring employees to acknowledge their fiduciary responsibility toward each client. Additionally, clients retain absolute discretion in determining whether to engage NextPhase Divorce Advisors, LLC, and are free to accept or reject any recommendation from LWP.

#### *Insurance*

Certain professionals of LWP are separately licensed as independent insurance agents. As such, these professionals may conduct insurance product transactions for LWP clients, in their capacity as licensed insurance agents, and will receive customary commissions for these transactions in addition to any compensation received in his capacity as employees of LWP. Commissions from the sale of insurance products will not be used to offset or as a credit against advisory fees. These professionals therefore have incentive to recommend insurance products based on the compensation to be received. The receipt of additional fees for insurance commissions is therefore a conflict of interest, and clients should be aware of this conflict when considering whether to engage LWP or

utilize these professionals to implement any insurance recommendations. LWP attempts to mitigate this conflict of interest by disclosing the conflict to clients, and informing the clients that they are always free to purchase insurance products through other agents that are not affiliated with LWP, or to determine not to purchase the insurance product at all. LWP also attempts to mitigate the conflict of interest by requiring employees to acknowledge in the firm's Code of Ethics, their individual fiduciary duty to the clients of LWP, which requires that employees put the interests of clients ahead of their own.

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

- A. A copy of our Code of Ethics is available upon request. Our Code of Ethics includes discussions of our fiduciary duty to clients, political contributions, gifts, entertainment, and trading guidelines.
- B. Not applicable. LWP does not recommend to clients that they invest in any security in which LWP or any principal thereof has any financial interest.
- C. On occasion, an employee of LWP may purchase for his or her own account securities which are also recommended for clients. Our Code of Ethics details rules for employees regarding personal trading and avoiding conflicts of interest related to trading in one's own account. To avoid placing a trade before a client (in the case of a purchase) or after a client (in the case of a sale), all employee trades are reviewed by the Compliance Officer. All employee trades must either take place in the same block as a client trade or sufficiently apart in time from the client trade so the employee receives no added benefit. Employee statements are reviewed to confirm compliance with the trading procedures.
- D. On occasion, an employee of LWP may purchase for his or her own account securities which are also recommended for clients at the same time the clients purchase the securities. Our Code of Ethics details rules for employees regarding personal trading and avoiding conflicts of interest related to trading in one's own account. To avoid placing a trade before a client (in the case of a purchase) or after a client (in the case of a sale), all employee trades are reviewed by the Compliance Officer. All employee trades must either take place in the same block as a client trade or sufficiently apart in time from the client trade so the employee receives no added benefit. Employee statements are reviewed to confirm compliance with the trading procedures.

#### **Review of Accounts**

All accounts and corresponding financial plans will be managed on an ongoing basis, with formal reviews with the client offered by the firm's principal or wealth advisor on at least an annual basis. However, it is expected that market conditions, changes in a particular client's account, or changes to a client's circumstances will trigger a review of accounts.

The annual report in writing provided by LWP is intended to review performance and asset allocation. All clients will receive statements and confirmations of trades directly from your account custodian. Please refer to Item 15 regarding Custody.

## **Client Referrals and Other Compensation**

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### **A. Economic Benefit Provided by Third Parties for Advice Rendered to Client.**

LWP recommends that investment accounts be held in custody by TD Ameritrade Institutional, a division of TD Ameritrade, member FINRA/SIPC, an unaffiliated SEC-registered broker-dealer and FINRA member. In limited circumstances, LWP will recommend that accounts be custodied at Pershing, LLC, registered broker-dealer, member FINRA/SIPC. TD Ameritrade offers enhanced services to independent investment advisors. These services include custody of securities, trade execution platforms, and access to research not available to the general public. TD Ameritrade and Pershing are wholly independent from LWP. It is expected that most, if not all, transactions in a given client account will be cleared through the custodian of that account in its capacity as a broker-dealer.

LWP recommends TD Ameritrade and Pershing to its clients based on a variety of factors. These include, but are not limited to, commission costs. TD Ameritrade and Pershing have what can be considered discounted commission rates. However, in choosing a broker-dealer or custodian to recommend, we are most concerned with the value the client receives for the cost paid, not just the cost. TD Ameritrade and Pershing add value beyond commission cost. Other factors that may be considered in determining overall value include speed and accuracy of execution, financial strength, knowledge and experience of staff, research and service. TD Ameritrade also has arrangements with many mutual funds that enable us to purchase these mutual funds for client accounts at reduced transaction charges (as opposed to other broker-dealers). LWP re-evaluates the use of custodians/broker-dealer at least annually to determine if they are still the best value for our clients.

These custodians also may provide us with some non-cash benefits (not available to retail customers) in return for placing client assets with them or executing trades through them. Such non-cash benefits are referred to as “soft dollars”. Currently, these benefits come in the form of investment research and sponsored attendance at various investment seminars. We may also receive such items as investment software, books and research reports. These products, services, or educational seminars are items that will play a role in determining how to invest client accounts. If there is any item that has a multi-use aspect, mixed between investment and non-investment purposes, LWP will determine a reasonable allocation of investment to non-investment use and soft dollars will be allocated only to the investment portion of the product (and we will pay the remaining cost). LWP receives a benefit from these services, as otherwise we would be compiling the same research ourselves. This may cause us, or another adviser, to want to place more client accounts with a broker-dealer/custodian such as TD Ameritrade or Pershing, solely because of these added benefits. However, the value to all of our clients of these benefits is included in our evaluation of custodians. Products and services received via soft dollars will generally be used for the benefit of all clients. However, it is possible that a given client’s trades will generate soft dollars that acquire products and/or services that are not ultimately utilized for that same client’s account. Soft dollars provide additional value, and are accordingly considered in determining which broker-dealer or custodian to utilize as part of our best execution analysis.

In selecting TDA as a broker-dealer/custodian for certain of its current and future client accounts, LWP takes into consideration its arrangement with TDA as to obtaining price discounts for TDA’s client reporting service for advisors known as “Orion Advisor Solutions”. Although LWP believes that the products and services offered by TDA are competitive in the market place for similar services offered by other broker-dealers or custodians, the arrangement with TDA as to the Orion Advisor Solutions service may affect LWP’s independent judgment in selecting or maintaining TDA as the broker/custodian for client accounts. LWP’s use of this software may present a conflict of interest.



We do not consider whether TD Ameritrade or any other broker-dealer/custodian, refers clients to LWP as part of our evaluation of these broker-dealers.

B. Compensation to Non-Advisory Personnel for Client Referrals.

LWP does not directly or indirectly compensate any person who is not advisory personnel for client referrals.

**Financial Information**

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LWP does not require the prepayment of fees more than six (6) months or more in advance and therefore has not provided a balance sheet with this brochure.

There are no material financial circumstances or conditions that would reasonably be expected to impair our ability to meet our contractual obligations to our clients.