



## FORM ADV PART 2A APPENDIX 1 – DIGITAL ADVICE PROGRAM WRAP FEE BROCHURE

### Item 1 – Cover Page

Level Four Advisory Services, LLC  
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This **Wrap Fee Program Brochure** provides information about the qualifications and business practices of Level Four Advisory Services, LLC, also doing business as Level Four Wealth Management, and details for the **Digital Advice Program**. If you have any questions about the contents of this brochure please contact us at 866-834-1040. 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.

Additional information about our investment advisory business is also available on the Internet at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can view our information on this website by searching for "Level Four Advisory Services, LLC". You can also search using the firm's CRD number. The CRD number for the firm is **134086**.

\*Registration as an investment adviser does not imply a certain level of skill or training.

## Item 2 – Material Changes

This is the first standalone brochure for the Digital Advice Program.

We will ensure that you receive a summary of material changes, if any, to this and subsequent disclosure brochures within 120 days after our fiscal year ends. Our fiscal year ends on December 31, so you will receive the summary of material changes, if any, no later than April 30 each year. At that time, we will also offer a copy of the most current disclosure brochure. We may also provide other ongoing disclosure information about material changes as necessary.

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## Item 4 – Services, Fees and Compensation

Level Four Advisory Services, LLC, also doing business as Level Four Wealth Management, (referred to as “LFAS”, the “Firm”, “us” and “we” in this document) is an investment adviser registered with the United States Securities and Exchange Commission (“SEC”) and has developed and sponsors the **Digital Advice Program** (referred to as the “Program”). The Program is a wrap-fee program. Only investment advisor representatives of LFAS may serve as portfolio managers in the Program. Therefore, participants in the Program must be advisory clients of LFAS. The following bullets provide basic background regarding our Firm.

- The Firm has been registered as an investment adviser since July 2005.
- The Firm is owned and controlled by Level Four Group. Level Four Group is a holding company and the 100% owner of LFAS. Level Four Group is owned and operated by Carr, Riggs & Ingram Capital, L.L.C., a Delaware limited liability company. Carr, Riggs & Ingram Capital, L.L.C. is 100% owned by Carr, Riggs & Ingram, L.L.C., an Alabama limited liability company. No individuals own more than 25% of Carr, Riggs & Ingram, L.L.C.
- We provide fee-only investment advisory services through LFAS. The nature and extent of the specific services provided to clients, including you, will always depend on each client’s financial status, objectives and needs, time horizons, concerns, expectations and risk tolerance.
- LFAS Advisory Representatives and LFAS branch offices may use marketing names or other names that are held out to the public. Such names are known as “doing business as” names. The purpose of using a name other than LFAS or LPL Financial is for the Advisory Representative to create a brand that is specific to the Advisory Representative and/or branch, but separate from LFAS and LPL Financial. While LFAS allows its Advisory Representatives to use a name other than LFAS or LPL Financial, the Advisory Representative must disclose on advertising and client correspondence that securities are offered through LPL Financial and advisory services are offered through LFAS.

LFAS provides investment advisory services other than the Program described in this brochure including services through other wrap-fee programs. A description of all fee- based investment advisory services provided by LFAS is available in the LFAS’ Disclosure Brochure and the applicable Wrap Fee Program Brochure. Any of these Wrap Fee Program Brochures are available upon request by contacting LFAS at 866-834-1040.

Some LFAS Advisory Representatives may also provide securities advice as registered representatives of LPL Financial, a broker/dealer, member of the Financial Industry Regulatory Authority (“FINRA”) and Securities Investors Protection Corporation (“SIPC”). In that separate capacity as registered representatives of LPL Financial, LFAS’ Advisory Representatives may charge commissions on a per-transaction basis when implementing their advice on behalf of clients (see Item 9 of this brochure for more details). LFAS and LPL Financial are unaffiliated companies.

When making the determination of whether one of the advisory programs available through LFAS is appropriate for their needs, clients should bear in mind that fee based accounts, when compared with commission based accounts, often result in lower costs during periods when trading activity is heavier, such as the year an account is established. However, during periods when trading activity is lower, such arrangements may result in a higher annual cost for transactions. Thus, depending on a number of factors, the total cost for transactions under a fee account versus a commission account can

vary significantly. Some such factors are account size, amount of turnover, type and quantities of securities purchased or sold, commission rates and the client's tax situation.

**Client Obligations.** In performing its services, LFAS shall not be required to verify any information received from the client or from the client's other professionals, and is expressly authorized to rely thereon. Moreover, each client is advised that it remains his/her/its responsibility to promptly notify LFAS if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/revising LFAS' previous recommendations and/or services.

Clients should have a conversation with their Advisory Representative and read this brochure carefully as it explains, in detail, the Program.

**Description of The Program sponsored by Level Four Advisory Services, LLC**

This Program has been developed through an arrangement with TD Ameritrade, whereby LFAS provides investment management (also known as asset management) services through an interactive website using computer-based models and applications to collect your information and provide investment advice.

Investors may access the Program directly through our interactive website or through one or more LFAS Advisory Representatives. Clients utilizing Program services through an LFAS Advisory Representative pay more than clients coming to the website directly. See below for more details.

To determine your financial situation and investment objectives, we will need to obtain certain information from you through our interactive website. You will be responsible for providing any changes to your financial situation or investment objectives by updating your responses on our interactive website.

Each individualized portfolio is designed to be consistent with your investment objectives and risk tolerances. We create an investment plan and manage your portfolio by seeking to identify: 1) the optimal asset classes in which to invest, 2) efficient investments to represent each of those asset classes, 3) the ideal mix of asset classes based on your specific risk tolerance, 4) the most appropriate time to rebalance your portfolio to maintain intended risk tolerance and optimal return for your risk level. LFAS will tailor its allocation and investment management strategies based on your risk tolerance.

When managing client accounts through our Program, we will generally manage a client's account in accordance with one or more models developed by the Investment Committee of our affiliate asset management firm, Level Four Capital Management, LLC ("LFCM"), which is also an SEC-registered investment advisory firm. LFCM provides asset management services to LFAS clients through an executed sub-advisory agreement. However, the determination to use a particular model or models is always based on each client's individual investment goals, objectives and mandates. More information about our models and strategies is provided at Item 6.

We primarily hold mutual funds and Exchange Traded Funds (ETFs) in managed accounts, but may hold equity and fixed income positions for a select number of clients. Please see Item 6 for a description of the types of investments we provide advice on and strategies we use.

You must appoint our firm as your investment adviser of record on specified accounts (collectively, the "Account"). The Account consists only of separate account(s) held by qualified custodian(s) under your name by TD Ameritrade, Inc. which serves as qualified custodian and broker/dealer. As qualified custodian, TD Ameritrade, Inc., maintains physical custody of

all funds and securities of the Account, and you retain all rights of ownership (e.g., right to withdraw securities or cash, exercise or delegate proxy voting and receive transaction confirmations) of the Account. Please see below, Brokerage Practices, for more information regarding TD Ameritrade, Inc.

Our services are provided strictly on a **discretionary** basis which means we will have the authority to determine the type of securities and the amount of securities that can be bought or sold for your portfolio without obtaining your consent for each transaction. You must grant us with discretionary trading authority in the client agreement you execute through our interactive website.

It is important that you understand that we manage investments for other clients and may give them advice or take actions for them or for our personal accounts that is different from the advice we provide to you or actions taken for you. We are not obligated to buy, sell or recommend to you any security or other investment that we may buy, sell or recommend for any other clients or for our own accounts.

Conflicts may arise in the allocation of investment opportunities among accounts that we manage. We strive to allocate investment opportunities believed to be appropriate for your account(s) and other accounts advised by our firm among such accounts equitably and consistent with the best interests of all accounts involved. However, there can be no assurance that a particular investment opportunity that comes to our attention will be allocated in any particular manner. If we obtain material, non-public information about a security or its issuer that we may not lawfully use or disclose, we have absolutely no obligation to disclose the information to any client or use it for any client's benefit.

Use of this Program requires internet access in order to enroll and to access Program documents. Users should not interact with the Program if they do not have consistent internet access or do not want to accept electronic delivery of documents and disclosures required to be delivered in connection with the service. Clients are required to maintain an active email address with us in order to remain enrolled in the service. Upon electronic acceptance of the LFAS Online Client Agreement, Clients grant LFAS discretionary authority to conduct trading in their enrolled accounts to establish and maintain a recommended mix of investments. In the Program your inputs will enable us to show you different planning scenarios so that we can partner with you to set your financial goals.

As an automated investment advisory service, we will oversee and monitor the operation of the rebalance and other technologies that comprise the digital program. However, under normal circumstances, LFAS personnel will not assess each account individually or override individual investment recommendations resulting from the automated rebalancing. As a fully discretionary advisor, you have given LFAS the authority trade in your account, therefore, we will initiate or halt trading at our discretion for any reason. For example, we may determine to cease trading if there are market conditions where LFAS believes continued trading may pose an undue risk of harm to your Portfolio.

*Investment Management Agreement.* Discretionary authority allows LFAS to determine the type of securities and the amount of securities that can be bought or sold for the client portfolio without obtaining the client's consent prior to each transaction.

You will be given the opportunity to preview the initial recommended asset allocation and specific fund recommendations in order to determine whether to enroll in the ongoing advised service. These recommendations are based on a point-in-time assessment of our projected investment strategy to manage towards your financial goal. In the event you choose to implement these recommendations without enrolling in the digital advice program, we will not be held responsible for any

losses resulting from any delays or mistakes in such implementation caused by you. Once you've agreed to ongoing management of your Portfolio, we will provide discretionary management based on the financial goal you set within the digital advice program interface. It is extremely important that you immediately notify us through either your advisory representative or through the digital advice program interface of any material changes to your willingness and ability to tolerate risk, financial situation, financial goals, and investment objectives. By enrolling in the ongoing advised service, you're granting us discretionary investment authority to purchase and sell securities on your behalf. Accordingly, LFAS will assess Portfolios daily (on each business day that the markets are open for trading) to determine whether a rebalancing opportunity exists consistent with the firm's investment strategy. The firm may evolve its investment strategy described below under the heading "Methods of analysis, investment strategies, and risk of loss" from time to time.

### **Administrative and Platform Services Provided by Harvest Savings & Wealth Technologies**

LFAS has contracted with and pays Harvest Savings & Wealth Technologies ("HSWT") ([www.harvestsw.com](http://www.harvestsw.com)) to utilize its digital advisory, technology platforms. HSWT and LFAS are not affiliated companies. HSWT is not an investment adviser or broker/dealer, but works with investment advisory firms, like LFAS, to develop, customize, and implement web based, interactive investment advisory services. HSWT supports our firm by providing a customized website, website administration, risk questionnaire, portfolio implementation and rebalancing. They also provide assistance with fee calculation, billing, and provide other functions related to the administrative tasks of managing client accounts. Due to this arrangement, HSWT will have access to LFAS client accounts, but HSWT will not serve as an investment advisor to LFAS clients. The fees we pay to HSWT for their administrative and platform services come from the management fees we charge to client accounts. Please refer to Item 5 – Fees and Compensation for details about the fees charged for our services.

### **Brokerage Arrangements**

LFAS requires that you establish brokerage accounts with TD Ameritrade through their Institutional Platform. TD Ameritrade, Inc. ("TD Ameritrade") is a member of FINRA/SIPC/NFA. TD Ameritrade is an independent (and unaffiliated) SEC-registered broker-dealer and is utilized by LFAS to maintain custody of clients' assets and to effect trades for their accounts.

At least annually, we will review alternative custodians in the marketplace for comparison to the currently used custodian, evaluating criteria such as overall expertise, cost competitiveness, and financial condition. Quality of execution for custodians will be reviewed through trade journal evaluations.

LFAS is independently owned and operated and not affiliated with TD Ameritrade.

The primary factor in suggesting a broker/dealer or custodian is that the services of the recommended firm are provided in a cost-effective manner. While quality of execution at the best price is an important determinant, best execution does not necessarily mean lowest price and it is not the sole consideration. The trading process of any broker/dealer and money manager suggested by LFAS must be efficient, seamless, and straight-forward. Overall custodial support services, trade correction services, and statement preparation are some of the other factors determined when suggesting a broker/dealer.

TD Ameritrade, Inc. provides us with access to their institutional trading and custody services, which are typically not available to retail investors. These services generally are available to independent investment advisors at no charge to them so long as the independent investment advisors maintain a minimum amount of assets with the custodian.

These benefits include, but are not necessarily limited to: receipt of duplicate client confirmations and bundled duplicate statements; access to a trading desk; access to block trading which provides the ability to aggregate securities transactions and allocate the appropriate shares to client accounts; the ability to have investment advisory fees deducted directly from client accounts; access to an electronic communications network for client order entry and account information; and access to mutual funds that generally require significantly higher minimum initial investments or are generally only available to institutional investors.

TD Ameritrade, Inc. also makes available to us other products and services that benefit our firm but may not benefit clients' accounts. Some of these other products and services assist us in managing and administering clients' accounts. These include software and other technology that provide access to client account data (such as trade confirmation and account statements); provide research, pricing information and other market data; facilitate payment of the firm's fees from its clients' accounts; and assist with back-office functions; record keeping and client reporting. Many of these services generally may be used to service all or a substantial number of our accounts, including accounts not maintained at a recommended custodian. LFAS is also providing other services intended to help our firm manage and further develop our business enterprise. These services may include consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance and marketing.

Clients should understand that not all investment advisors require the use of a particular broker/dealer or custodian. Some investment advisors allow their clients to select whichever broker/dealer the client decides. By requiring clients to use a particular broker/dealer, LFAS may not achieve the most favorable execution of client transactions and the practice requiring the use of specific broker/dealers may cost clients more money than if the client used a different broker/dealer or custodian. However, for compliance and operational efficiencies, LFAS has decided to require our clients to use broker/dealers and other qualified custodians determined by LFAS.

#### **Additional Compensation, Economic and Non-Economic Benefits**

While there will not be a direct linkage between the investment advice provided by LFAS and the different qualified custodians, economic benefits may be received that would not be received if LFAS did not use these services to implement the investment advice provided. These benefits may include, but not necessarily be limited to: receipt of duplicate client confirmations and bundled duplicate statements; access to a trading desk; the ability to have investment advisory fees deducted directly from client accounts; access to an electronic communications network for client order entry and account information; receipt of compliance publications; and access to mutual funds that generally require significantly higher minimum initial investments or are generally only available to institutional investors.

The Advisory Representatives of LFAS who are registered representatives or insurance representatives may be eligible to receive various incentives that may be based upon production levels. These incentives may include marketing reimbursements, educational conference trips or discounts on various software or investment-related research materials. LFAS may also be provided with various newsletters or publications from financial services firms as a customary consideration.

#### **Aggregate Trades**

We may elect to purchase or sell the same securities for several clients at approximately the same time. This process is referred to as aggregating orders, batch trading or block trading and is used by our firm when LFAS believes such action may prove advantageous to clients. If and when we aggregate client orders, allocating securities among client accounts is done on a fair and equitable basis. Typically, the process of aggregating client orders is done in order to achieve better



execution, to negotiate more favorable commission rates or to allocate orders among clients on a more equitable basis in order to avoid differences in prices and transaction fees or other transaction costs that might be obtained when orders are placed independently.

LFAS uses the average price method for transaction allocation. Under this procedure, transactions will be averaged as to price and will be allocated among the firm's clients in proportion to the purchase and sale orders placed for each client account on any given day. If and when we determine to aggregate client orders for the purchase or sale of securities, including securities in which LFAS or our associated persons may invest, we will do so in accordance with the parameters previously explained and our supervised persons' personal accounts will not receive favorable or special treatment. Neither we nor our associated persons receive any additional compensation as a result of block trades.

### **Trade Error Policy**

Based on industry practice and SEC guidance to broker-dealers, a trade error under this policy is defined as including:

- Inaccurate transmission or execution of any term of an order including, but not limited to: price; number of shares or other unit of trading; identification of the security; identification of the account for which securities are purchased or sold; short sales that were instead sold long or vice versa; or the execution of an order on the wrong side of a market;
- Unauthorized (because of misunderstanding or mistake) or unintended purchase, sale or allocation of securities, or the failure to follow specific client instructions; and
- Incorrect entry of data into relevant systems, including reliance on incorrect cash positions, withdrawals or securities positions reflected in an account.

LFAS has implemented procedures designed to prevent trade errors; however, trade errors in client accounts cannot always be avoided. Consistent with its fiduciary duty, it is the policy of LFAS to correct trade errors in a manner that is in the best interest of the client. In cases where the client causes the trade error, the client will be responsible for any loss resulting from the correction. Depending on the specific circumstances of the trade error, the client may not be able to receive any gains generated as a result of the error correction. In all situations where the client does not cause the trade error, the client will be made whole and any loss resulting from the trade error will be absorbed by LFAS if the error was caused by the Firm. If the error is caused by the broker-dealer, the broker-dealer will be responsible for covering all trade error costs. LFAS will never benefit or profit from trade errors.

### **Custody**

Custody, as it applies to investment advisers, has been defined by regulators as having access or control over client funds and/or securities. In other words, custody is not limited to physically holding client funds and securities. If an investment adviser has the ability to access or control client funds or securities, the investment adviser is deemed to have custody and must ensure proper procedures are implemented.

LFAS does not take physical custody of your funds or securities. However, LFAS is deemed to have custody of client funds and securities whenever LFAS is given the authority to have fees deducted directly from client accounts or if LFAS facilitates or executes your requests for third party standing letters of authorization that enable LFAS to change the timing of the amount of the transfer upon your request. Additionally, due to the fact in certain circumstances such as when

clients of LFAS are referred for the provision of trust services, a related party, Preferred Legacy Trust, will be acting as a qualified custodian for client assets, LFAS is deemed to have custody for such clients. While related, LFAS and Preferred Legacy Trust remain operationally independent. It should be noted that authorization to trade in client accounts is not deemed by regulators to be custody.

LFAS has established procedures to ensure all client funds and securities are held at a qualified custodian in a separate account for each client under that client's name. Clients or an independent representative of the client will direct, in writing, the establishment of all accounts and therefore are aware of the qualified custodian's name, address and the manner in which the funds or securities are maintained. Finally, account statements are delivered directly from the qualified custodian to each client, or the client's independent representative, at least quarterly. **Clients should carefully review those statements and are urged to compare the statements against reports received directly from LFAS.** When clients have questions about their account statements, they should contact LFAS or the qualified custodian preparing the statement.

### **Program Fees**

Fees charged for the Program are charged based on a percentage of assets under management, billed in arrears (at the end of the billing period) on a monthly basis and calculated based on the fair market value of your account as of the last business day of the current billing period.

Fees are prorated (based on the number of days service is provided during the initial billing period) for your account opened at any time other than the beginning of the billing period. If asset management services are commenced in the middle of the billing period, then the prorated fee for that billing period will be billed in arrears at the end of that billing period.

- Our annual fee for accounts participating in the Program is 0.75%.

Program fees cover LFAS investment advisory services and all transaction costs associated with the program. We typically utilized no-transaction fee mutual funds and ETFs. When selecting investments with transaction costs, such costs are included in the overall management fee detailed below and not charged separately to the client's account.

Fees for accounts that come to our Program directly are typically not negotiable. However, accounts with an LFAS Advisory Representatives may have a lower, negotiated fee based on the amount of assets under management, number of accounts managed, the client's relationship to the firm and the investment mix utilized. However, fees do not exceed the ranges listed above.

LFAS believes that its annual fee is reasonable in relation to: (1) services provided and (2) the fees charged by other investment advisers offering similar services/programs. However, our annual investment advisory fee may be higher than that charged by other investment advisers offering similar services/programs. In addition to our compensation, you may also incur charges imposed at the mutual fund level (e.g., advisory fees and other fund expenses).

### **How Fees are Collected**

Our investment advisory fees will be deducted from your account and paid directly to our firm by TD Ameritrade. You must designate LFAS as your investment adviser on the accounts you'd like LFAS to manage. LFAS will be granted limited power-of-attorney on the account to implement trades within the account and (when agreed to by the client) deduct the

LFAS advisory fees from the account. TD Ameritrade will send client statements, at least quarterly, showing all disbursements for the account including the amount of the advisory fee deducted directly from the account.

#### Other Fees and Expenses

Brokerage expenses and/or transaction ticket fees charged by TD Ameritrade are billed directly to your account by TD Ameritrade. LFAS does not receive any portion of such expenses or fees from you or TD Ameritrade. In addition, you may incur certain charges imposed by third parties other than LFAS in connection with investments made through your account including, but not limited to surrender charges, internal mutual fund expenses IRA and qualified retirement plan fees and charges imposed by TD Ameritrade. Management fees charged by LFAS are separate and distinct from the fees and expenses charged by mutual funds that are held in your account. A description of these fees and expenses are available in each mutual fund prospectus. We do not receive any portion of such fees or expenses. We do **not** accept or receive compensation based on the sale of securities or other investment products such as asset-based sales charges or service fees from the sale of mutual funds, or as a placement agent for any type of securities.

#### Termination

Program services continue until terminated by either party (i.e., LFAS or you) by giving thirty (30) days written notice to the other party. LFAS will prorate the final fee payment based on the number of days services are provided during the final period. The amount of client assets on the termination date will be used to determine the final fee payment.

There will be no termination fee; however, client accounts may be subject to a modest cost of reimbursement of fees related to transferring client's account. Such fees would be charged by the client's account custodian and LFAS will not receive any portion of such fee.

### **Item 5 – Account Requirements and Types of Clients**

#### **Opening an Account**

To become a Program participant, an Online Client Services Agreement must be executed.

#### **Types of Clients**

LFAS generally provides investment advice to the following types of clients:

- Individuals
- Pension and profit-sharing plans
- Trusts and estates
- Corporations or business entities other than those listed above

#### **Minimum Account Size and Other Conditions**

LFAS does not impose a minimum investment amount to open an account.

Investors evaluating LFAS's web- based investment management service **without the help of an LFAS Advisory Representative** should be aware that LFAS's relationship with clients is likely to be different from the "traditional" investment advisor relationship in several aspects:

1. As stated, the Program involves a web-based interface which means each client must acknowledge his or her ability and willingness to conduct his or her relationship with LFAS on an electronic basis.

Under the terms of our agreement, each client agrees to receive all account information and account documents (including this Brochure), and any updates or changes to same, through their access to our website and LFAS's electronic communications. Unless noted otherwise on the website or within this Brochure, LFAS's advisory service, the signature for our client agreement, and all documentation related to the advisory services are managed electronically. LFAS does make individual representatives available to discuss servicing matters with clients.

2. To provide its advisory services and tailor its investment decisions to each client's specific needs, LFAS collects information from each client, including specific information about their investing profile such as financial situation, investment experience, and investment objectives. LFAS maintains this information in strict confidence subject to our Privacy Policy. When customizing our investment solutions, LFAS relies upon the information received from a client. Although LFAS contacts its clients periodically as described further in Item 13 below, a client must promptly notify LFAS of any change in her financial situation or investment objectives that might require a review or revision of her portfolio.
3. The Program includes preselected ETFs and mutual funds for each asset class within the plan recommended to a client. LFAS does not allow clients to select their own investments because each mutual fund and asset class is considered to be part of the overall investment plan. Investors with overly restrictive investment restrictions may not be permitted to become clients.

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

The Program does not allow Advisory Representatives or clients to utilize portfolio managers that are not associated with LFAS. In other words, the only portfolio manager used for managing client assets in the Program is the Investment Committee of LFCM, the affiliate SEC-registered investment adviser that has contractually agreed to act as a sub-advisor to LFAS and LFAS clients.

Therefore, conflicts of interest present in other wrap-fee programs that make available both affiliated and unaffiliated portfolio managers are not present in this Program. Because the Program does not provide for a multitude of outside portfolio managers, LFAS does not have procedures designed to select outside portfolio managers. Most of the items required by this item of the Wrap Fee Program Brochure instructions do not apply to LFAS. Items that do apply are answered below.

### **Primarily Recommend One Type of Security**

We primarily hold mutual funds and ETFs in client portfolios. When investing in an ETF or mutual fund, you will bear additional expenses based on your pro rata share of the ETF's or mutual fund's operating expenses, including the potential duplication of management fees. The risk of owning an ETF or mutual fund generally reflects the risks of owning the underlying securities the ETF or mutual fund holds. Clients will have the choice of commission free ETFs, as well as other ETF and mutual fund portfolios which may have transactions fees charged by our custodian, but not passed through to our firm.

Client choices will revolve around no load, no transaction fee ETFs, as well as no load, with transaction fee mutual funds, and transaction fee ETFs, ranging from more conservative allocations, to more aggressive allocations, based on client responses to predetermined, qualifying questions.

Most of the ETFs we will be using will be index funds, or similar broad-based funds for wide market exposure. We expect to cover market segments including but not limited to, Large Cap, Mid Cap, Small Cap, International Developed, Emerging Markets, Real Estate – Global and Domestic. Liquid Alternatives, Corporate Bonds, Government Bonds, Agency Bonds, TIPS, High Yield Bonds, Commodities, and sector specific funds. We will also use select actively managed open-end mutual funds, although in separate portfolios we may include commission free ETF Portfolios, so as not to co-mingle transactions funds into the commission free portfolios.

We do not use leveraged or inverse ETFs.

Different mutual fund categories have different risk characteristics and investors should not compare different categories. For example, a bond fund and a stock fund that both have below average risk still have different risk/return potential (stock funds traditionally have higher risk/return potential). Risks are based on the investments held in the fund. For example, a bond fund faces interest rate risk and income risk and income is affected by the change in interest rates. A sector fund (investing in a single industry) is at risk that its price will decline due to industry developments. The following are some risks to consider when investing in mutual funds:

- Call Risk: A bond issuer may redeem high-yield bonds before maturity date due to falling interest rates.
- Default Risk: A bond issuer may fail to repay interest and principal.
- Income Risk: Dividends in a fixed income fund may decline due to falling interest rates.
- Geology Risk: Political events, natural disasters or financial problems may weaken a country or state's economy and cause investments to decline.
- Industry Risk: Stocks in a single industry may decline due to developments in that industry.
- Inflation Risk: Increases in the cost of living can reduce or eliminate a fund's actual returns when adjusted for inflation.
- Manager Risk: A manager may not execute the fund's investment strategy in a timely or effective manner.

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

The LFCM Investment Committee is responsible for actively determining investment recommendations and implementing such recommendations. Numerous model portfolios are developed by the LFCM Investment Committee at any one time, but generally speaking, portfolios will be designed based on the following objectives:

- Current Income,
- Balanced,
- Growth & Income,
- Growth, and
- Aggressive Growth

The following sections provide brief descriptions of some of the more common methods of analysis and investment strategies that are used by LFCM.

#### **A. Method of Analysis**

**Charting** - The set of techniques used in technical analysis in which charts are used to plot price movements, volume, settlement prices, open interest, and other indicators, in order to anticipate future price movements.

Users of these techniques, called chartists, believe that past trends in these indicators can be used to extrapolate future trends.

**Cyclical** - Analyzes the investments sensitive to business cycles and whose performance is strongly tied to the overall economy. For example, cyclical companies tend to make products or provide services that are in lower demand during downturns in the economy and higher demand during upswings. Examples include the automobile, steel, and housing industries. The stock price of a cyclical company will often rise just before an economic upturn begins, and fall just before a downturn begins. Investors in cyclical stocks try to make the largest gains by buying the stock at the bottom of a business cycle, just before a turnaround begins.

**Fundamental** - A method of evaluating a security by attempting to measure its intrinsic value by examining related economic, financial and other qualitative and quantitative factors. Fundamental analysts attempt to study everything that can affect the security's value, including macroeconomic factors (like the overall economy and industry conditions) and individually specific factors (like the financial condition and management of companies). The end goal of performing fundamental analysis is to produce a value that an investor can compare with the security's current price in hopes of figuring out what sort of position to take with that security (underpriced = buy, overpriced = sell or short). This method of security analysis is considered to be the opposite of technical analysis. Fundamental analysis is about using real data to evaluate a security's value. Although most analysts use fundamental analysis to value stocks, this method of valuation can be used for just about any type of security.

**Technical** - A method of evaluating securities by analyzing statistics generated by market activity, such as past prices and volume. Technical analysts do not attempt to measure a security's intrinsic value, but instead use charts and other tools to identify patterns that can suggest future activity. Technical analysts believe that the historical performance of stocks and markets are indications of future performance.

## **B. Investment Strategies**

LFAS' primary method of analysis or strategy is Strategic Asset Allocation which calls for setting target allocations and then periodically rebalancing the portfolio back to those targets as investment returns skew the original asset allocation percentages. The concept is akin to a "buy and hold" strategy, rather than an active trading approach. Of course, the strategic asset allocation targets may change over time as the client's goals and needs change and as the time horizon for major events such as retirement and college funding grow shorter. Some of the risks involved with using this method include having an inappropriate risk tolerance given the client's goals and objectives, investing in assets that may be too conservative or too aggressive for the client's stated risk tolerance, not properly re-balancing the portfolio to maintain the integrity of the strategic asset allocation.

In addition to strategic asset allocation, we may also use Tactical Asset Allocation which allows for a range of percentages in each asset class (such as Stocks = 40-50%). These are minimum and maximum acceptable percentages that permit the investor to take advantage of market conditions within these parameters. Thus, a minor form of market timing is possible, since the investor can move to the higher end of the range when stocks are expected to do better and to the lower end when the economic outlook is bleak. Similar risks described under strategic asset allocation are associated with tactical asset allocation.

We also use the following general investment strategies when managing accounts:

- Long-term purchases - Investments held at least a year.
- Short-term purchases - Investments sold within a year.
- Trading - Investments sold within 30 days.

### C. **Risk of Loss**

LFAS primarily recommends mutual funds to meet the needs of its clients, although exchange traded funds, stocks and bonds may also be used. A mutual fund's investment objective and its holdings are influential factors in determining how risky a fund is. Mutual funds face risks based on the investments they hold. For example, a bond fund faces interest rate risk and income risk. Similarly, an equity sector fund is at risk that its price will decline due to developments in its industry. Overall market risk is defined as the possibility that stock or bond fund prices overall will decline over short or even extended periods. Finally, principal risk, or the possibility that an investment will go down in value, or "lose money," from the original or invested amount, is a risk faced by investors.

Clients must understand that past performance is not indicative of future results. Therefore, current and prospective clients (including you) should never assume that future performance of any specific investment or investment strategy will be profitable. Investing in securities (including stocks, mutual funds, and bonds) involves risk of loss. Further, depending on the different types of investments there may be varying degrees of risk. Clients and prospective clients should be prepared to bear investment loss including loss of original principal.

Because of the inherent risk of loss associated with investing, our Firm is unable to represent, guarantee, or even imply that our services and methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate you from losses due to market corrections or declines. There are certain additional risks associated when investing in securities through our investment management program. The following are some additional risks clients need to be aware of.

- ETF and Mutual Fund Risk – When LFAS invests in an ETF or mutual fund for a client, the client will bear additional expenses based on its pro rata share of the ETF's or mutual fund's operating expenses, including the potential duplication of management fees. The risk of owning an ETF or mutual fund generally reflects the risks of owning the underlying securities the ETF or mutual fund holds. Clients may also incur brokerage costs when purchasing ETFs.
- Market Risk – Either the stock market as a whole, or the value of an individual company, goes down resulting in a decrease in the value of client investments. This is also referred to as systemic risk.
- Equity (stock) market risk – Common stocks are susceptible to general stock market fluctuations and to volatile increases and decreases in value as market confidence in and perceptions of their issuers change. If you held common stock, or common stock equivalents, of any given issuer, you would generally be exposed to greater risk than if you held preferred stocks and debt obligations of the issuer.

- Company Risk. When investing in stock positions, there is always a certain level of company or industry specific risk that is inherent in each investment. This is also referred to as unsystematic risk and can be reduced through appropriate diversification. There is the risk that the company will perform poorly or have its value reduced based on factors specific to the company or its industry. For example, if a company's employees go on strike or the company receives unfavorable media attention for its actions, the value of the company may be reduced.
- Fixed Income Risk. When investing in bonds, there is the risk that issuer will default on the bond and be unable to make payments. Further, individuals who depend on set amounts of periodically paid income face the risk that inflation will erode their spending power. Fixed-income investors receive set, regular payments that face the same inflation risk.
- Options Risk. Options on securities may be subject to greater fluctuations in value than an investment in the underlying securities. Purchasing and writing put and call options are highly specialized activities and entail greater than ordinary investment risks.
- Management Risk – Your investment with our Firm varies with the success and failure of our investment strategies, research, analysis and determination of portfolio securities. If our investment strategies do not produce the expected returns, the value of the investment may decrease.

Additionally, there are certain risks associated with utilizing a web-based Program like the one offered by LFAS.

- The output of the Program depends upon the accuracy of the information inputted into the system.
- By only using the automated investment service, investors could lose out on the value of human judgment and oversight. Investors may lose out on these qualities when interacting with only a computer program.

### **Voting Client Securities**

LFAS will not vote proxies on behalf of your account. While there are some investment advisers that will vote proxies and other corporate decisions on behalf of their clients, we have determined that taking on the responsibility for voting client securities does not add enough value to the services provided to clients to justify the additional compliance and regulatory costs associated with voting client securities. Therefore, it is your responsibility to vote all proxies for securities held in accounts managed by our Firm.

Clients will receive proxies directly from their custodian or transfer agent and such documents will not be delivered by our Firm. In some instances, and at your specific request, your Advisory Representative may give recommendations or clarifications based on your Advisory Representative's understanding of the issues presented in the proxy materials. Your Advisory Representative may also conduct additional research on proxy issues if necessary; however, you will be solely responsible for all proxy voting decisions.

### **General Description of Primary Advisory Services**

Because Advisory Representatives serve as portfolio managers of the Program, the following is provided as brief descriptions of LFAS' primary services. Detailed descriptions of LFAS' services other than the Program are provided in our Disclosure Brochure.



LFAS provides investment advisory services other than the Program described in this brochure including services through other wrap-fee programs which we sponsor. A description of all fee-based investment advisory services provided by LFAS is available in the LFAS Disclosure Brochure and the applicable Wrap Fee Program Brochure for each wrap-fee program utilized by LFAS.

Some LFAS' Advisory Representatives may also provide securities advice as registered representatives of LPL Financial, a broker/dealer, member of the Financial Industry Regulatory Authority ("FINRA") and Securities Investors Protection Corporation ("SIPC"). In that separate capacity as registered representatives of LPL Financial, LFAS' Advisory Representatives may charge commissions on a per-transaction basis when implementing their advice on behalf of clients (see Item 9 of this brochure for more details). LFAS and LPL Financial are unaffiliated companies.

When making the determination of whether one of the advisory programs available through LFAS is appropriate for their needs, clients should bear in mind that fee based accounts, when compared with commission based accounts, often result in lower costs during periods when trading activity is heavier, such as the year an account is established. However, during periods when trading activity is lower, such arrangements may result in a higher annual cost for transactions. Thus, depending on a number of factors, the total cost for transactions under a fee account versus a commission account can vary significantly. Some such factors are account size, amount of turnover, type and quantities of securities purchased or sold, commission rates and the client's tax situation.

**Client Obligations**. In performing its services, LFAS, LFAS shall not be required to verify any information received from the client or from the client's other professionals, and is expressly authorized to rely thereon. Moreover, each client is advised that it remains his/her/its responsibility to promptly notify LFAS if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/revising LFAS' previous recommendations and/or services.

**Financial Planning Services** – LFAS provides advisory services in the form of financial planning services. Financial planning services do not involve the active management of client accounts, but instead focuses on a client's overall financial situation. Financial planning can be described as helping individuals determine and set their long-term financial goals, through investments, tax planning, asset allocation, risk management, retirement planning, and other areas. The role of a financial planner is to find ways to help the client understand his/her overall financial situation and help the client set financial objectives.

**Asset Management Services** – LFAS provides advisory services in the form of Asset Management Services through the Program and other advisory programs and platforms sponsored by LPL Financial. Asset Management Services involve providing clients with continuous and on-going supervision over client accounts. This means that LFAS will continuously monitor a client's account and make trades in client accounts when necessary.

**Outside Money Managers** – LFAS provides advisory services by referring clients to outside, or unaffiliated, money managers that are registered or exempt from registration as investment advisers. Third-party money managers are responsible for continuously monitoring client accounts and making trades in client accounts when necessary.

#### **Participation in Wrap Fee Programs**

Our Advisory Representatives may provide asset management services through both wrap-fee programs and traditional management programs including the Wealth Management Program. Under a wrap-fee program, advisory services and

transaction services are provided for one fee. This is different from traditional management programs whereby our services are provided for a fee, but transaction services are billed to clients separately on a per-transaction basis. From a management perspective, there is not a fundamental difference in the way our Advisory Representatives manage wrap-fee accounts versus traditional management accounts. The only significant difference is the way in which transaction services are paid.

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

LFAS does not charge or accept performance-based fees. Regulators have defined performance-based fees as charging fees based on a share of capital gains on or capital appreciation of the assets held within a client's account.

#### **Client Assets Managed by Level Four Advisory Services, LLC**

The amount of client assets managed by LFAS totaled approximately \$2,812,483,913 as of December 31, 2019. \$2,653,792,844 is managed on a discretionary basis and \$158,691,069 is managed on a non-discretionary basis.

### **Item 7 – Client Information Provided to Portfolio Managers**

For clients with a designated LFAS Advisory Representative, you may contact your Advisory Representative(s) or their assistants who are responsible helping gather all information provided by clients. Advisory Representatives will interview and work with clients to gather all information needed relative to their investment objectives and needs in order to provide management services through the Program. Clients need to contact their Advisory Representative whenever there are changes to their financial situation that will impact or materially influence the way LFAS manages accounts.

Clients that utilize the Program directly will typically interact with LFAS through the website, but may also contact the LFAS home office for assistance.

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

For clients with an LFAS Advisory Representative, there are no restrictions placed on your ability to contact and consult with your Advisory Representative. It is the policy of LFAS to provide an "open channel" of communication between Advisory Representatives and their clients. Clients are encouraged to contact their Advisory Representative whenever they have questions about the management of their account.

Clients that utilize the Program directly will typically interact with LFAS through the website, but may also contact the LFAS home office for assistance.

### **Item 9 – Additional Information**

#### **Account Reviews and Reviewers**

Account reviews are provided in connection with the Program. For clients participating in Program, the client's individual Advisory Representative will contact the client at least annually for the purpose of reviewing their account and to determine if there have been changes in their financial situation or investment objectives. The calendar is the main

triggering factor, although more frequent reviews may also be triggered by changes in the client's circumstances, client request, or changes within the market.

The underlying investments held in Program accounts and the recommended holdings in portfolios are reviewed on a more frequent basis. Portfolios are usually reviewed as frequently as monthly, but no less than quarterly, by the LFCM Investment Committee.

### **Statements and Reports**

Clients will receive statements and transaction confirmations from TD Ameritrade on at least a quarterly basis. Through our interactive website, clients will also have access to on-demand performance reports showing the investment performance of their accounts from LFAS.

Clients are strongly urged to compare all statements received from LFAS against their brokerage account statements received from TD Ameritrade. Discrepancies between statements received from LFAS and TD Ameritrade need to be reported to LFAS immediately.

### **Disciplinary Information**

This item is not applicable to LFAS' brochure because there are no legal or disciplinary events listed at Item 9 of the Form ADV Part 2A instructions that are material to a client's or prospective client's evaluation of LFAS' business or the integrity of LFAS' management.

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

LFAS is not and does not have a related company that is a (1) municipal securities dealer, government securities dealer or broker, (2) investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or "hedge fund," and offshore fund), (3) futures commission merchant, commodity pool operator, or commodity trading advisor (5) banking or thrift institution, (6) pension consultant, (7) real estate broker or dealer, (8) sponsor or syndicator of limited partnerships, or (9) law firm.

LFAS' only business is providing advisory services and investment advice to clients. However, many of LFAS' Advisory Representatives are engaged in professions other than giving investment advice. Those that are registered representatives of a broker-dealer or licensed insurance agents may sell securities and/or insurance products to any client, and will receive usual and customary commissions for these transactions.

### **LPL Financial**

LFAS Advisory Representatives may also be licensed to sell securities in a capacity as Registered Representatives or registered principals with LPL Financial. Some LFAS Advisory Representatives may not be registered with LPL Financial. For those that are, such LFAS Advisory Representatives, acting in their separate capacities as Registered Representatives or registered principals of LPL Financial, may sell, for commissions, general securities products such as stocks, bonds, mutual funds, exchange-traded funds, and variable annuity and variable life products to advisory clients. As such, LFAS Advisory Representatives may suggest that advisory clients implement investment advice by purchasing securities products through a commission-based LPL Financial account in addition to an advisory account. In the event investment advisory clients elect to purchase these products through LPL Financial, LPL Financial and the client's LFAS Adviser Representative, in the capacity as LPL Financial Registered Representative, will receive the normal and customary commission compensation in

connection with the specific product purchased. LFAS does not require its Adviser Representatives to encourage clients to implement investment advice through LPL Financial.

Clients of LFAS are free to implement investment advice through any broker/dealer or product sponsor they may select. However, clients should understand that, due to certain regulatory constraints, LFAS Advisory Representatives, in the capacity as a dually Registered Representative, must place all purchases and sales of securities products in commission-based brokerage accounts through LPL Financial or other LPL Financial approved institutions.

They may also receive 12b-1 fees from some investment companies. Some of the advice offered by the Advisory Representatives involves investments in mutual fund products. Load and no-load mutual funds may pay annual distribution charges sometimes referred to as 12b-1 fees. The Advisory Representatives may receive a portion of these 12b-1 fees from some investment companies in their separate capacities as registered representatives. Clients should be aware that these 12b-1 fees come from fund assets, and thus, indirectly from client's assets. The receipt of these fees could represent an incentive for registered representatives to recommend funds with 12b-1 fees or higher 12b-1 fees over funds with no fees or lower fees, therefore creating a potential conflict of interest.

LFAS also receives loans from LPL Financial in order to assist LFAS with transitioning some of our new LFAS Advisory Representatives' business onto the LPL Financial custodial platform. These loans may not be forgiven by LPL Financial based on the scope of business LFAS engages in with LPL Financial including the amount of assets held by LFAS clients at LPL Financial or revenue generated by LFAS for LPL Financial on their platform. The receipt of a loan from LPL Financial presents a conflict of interest in that LFAS has a financial incentive to maintain its relationship with LPL and continue recommending LPL Financial to clients by having the loans forgiven. Therefore, our recommendation of LPL Financial is not based exclusively on your interests, but is partially based on having loans forgiven by LPL Financial. However, to the extent LFAS recommends you use LPL Financial for such services, it is primarily because LFAS believes that it is in your interest to do so based on the quality and pricing of the execution, benefits of an integrated platform for brokerage and advisory accounts, and other services provided by LPL Financial. To further control for this conflict of interest, you are not *required* to use LPL Financial and can use another LFAS approved brokerage platform.

LFAS may also share information with LPL Financial which has supervisory obligations over certain of LFAS' activities. As a result of the LPL relationship, LPL Financial will have access to certain confidential information (e.g., financial information, investment objectives, transactions and holdings) about LFAS' clients, even if client does not establish any account through LPL Financial. If you would like a copy of the LPL Financial privacy policy, please contact LFAS.

### ***Accounting Services***

Some of LFAS' Advisory Representatives may establish relationships with CPA firms not related to LFAS and may provide advisory services to clients of these accounting firms. Some of those accountants may also be licensed as registered representatives of LPL Financial. In their capacities as registered representatives, the Advisory Representatives may implement securities transactions on behalf of CPA firm clients and share the usual and customary commissions received with the licensed accountants. Clients are not obligated to use the services of the CPA firm or LFAS' Advisory Representatives.

Some of LFAS' Advisory Representatives may also be separately licensed as Certified Public Accountants or Enrolled Agents with the Internal Revenue Service. They may provide accounting or tax preparation services to clients. If appropriate, advisory clients may be referred to these individuals for accounting or tax preparation services, but they are

not obligated to use these services. If clients do elect to use these services, charges for tax or accounting services provided will be separate from fees charged for advisory services.

### ***Other Registered Investment Advisory Services***

LFAS is under common control with other investment advisers, Level Four Capital Management, LLC ("LFCM"), an SEC registered investment adviser and Preferred Legacy Trust, a state-regulated non-depository trust company. LFAS and LFCM have overlap in personnel and LFAS may use LFCM as a sub-advisor for client accounts. LFAS may have occasion to refer clients to Preferred Legacy Trust for trust services as may be appropriate given a client's stated needs and objectives; however, LFAS and Preferred Legacy Trust do remain operationally independent entities.

### ***Insurance Activities***

Some of LFAS' Advisory Representatives are also independently licensed insurance agents and may be affiliated with various insurance companies. When selling insurance products in this separate capacity, they may receive normal and customary commissions. Level Four Group, LLC is the sole owner of LFAS and Level Four Insurance Agency, a licensed insurance agency. Some of LFAS' Officers and Advisory Representatives own Level Four Group, LLC and sell insurance products through Level Four Insurance Agency.

### ***Carr, Riggs & Ingram, L.L.C.***

Our parent company, Level Four Group, is indirectly 100% owned and controlled by Carr, Riggs, & Ingram, L.L.C. (CRI), an Alabama limited liability company and accounting firm. Although clients of LFAS in need of accounting services will typically be referred to the client's individual Advisory Representative's related accounting firm, clients may also be referred to CRI. Because CRI is the indirect owner of LFAS, we have a financial incentive to recommend CRI over other accounting firms. Moreover, CRI may refer their clients to LFAS. As indirect owner of LFAS, CRI has an economic incentive to recommend LFAS over other financial firms offering similar services to those offered by LFAS.

CRI is also the 100% indirect owner of Auditwerx, LLC, another accounting firm and CRI Transaction Advisors, LLC, a mergers and acquisitions advisory firm and registered broker/dealer. LFAS does not have material arrangements with these firms and does not typically share or refer clients with either firm.

If you are referred to an affiliated company of LFAS or referred by an affiliated company of LFAS, please understand you are under no obligation to work with LFAS or one of our affiliated companies. You can work with any accounting firm, investment advisor or other financial professional of your choosing.

**Conflict of Interest:** The recommendation by LFAS representatives that a client purchase a securities or insurance commission product from the firm presents a ***conflict of interest***, as the receipt of commissions may provide an incentive to recommend investment products based on commissions to be received, rather than on a particular client's need. No client is under any obligation to purchase any securities or insurance commission products from LFAS and/or its representatives. Clients are reminded that they may purchase securities and insurance products recommended by LFAS through other, non-affiliated broker-dealers and/or insurance agencies. **LFAS' Chief Compliance Officer remains available to address any questions that a client or prospective client may have regarding the above conflict of interest.**

## **Miscellaneous**

**Financial Planning and Non-Investment Consulting/Implementation Services.** To the extent requested by a client, LFAS may provide consulting services regarding non-investment related matters, such as estate planning, tax planning, insurance, etc. LFAS does not serve as an attorney, accountant, or insurance agent, and no portion of LFAS's services should be construed as same. To the extent requested by a client, LFAS may recommend the services of other professionals for certain non-investment implementation purposes (i.e. attorneys, accountants, insurance, etc.), including representatives of LFAS in their separate individual capacities as representatives of LPL Financial ("LPL"), an SEC registered and FINRA member broker-dealer and as licensed insurance agents. The client is under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from LFAS and/or its representatives. **Please Note:** If the client engages any such recommended professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional. **Please Also Note-Conflict of Interest:** The recommendation by LFAS representatives that a client purchase a securities or insurance commission product from firm representatives in their individual capacities as representatives of LPL Financial and/or as insurance agents, presents a ***conflict of interest***, as the receipt of commissions may provide an incentive to recommend investment products based on commissions to be received, rather than on a particular client's need. No client is under any obligation to purchase any securities or insurance commission products from LFAS representatives. Clients are reminded that they may purchase securities and insurance products recommended by LFAS through other, non-affiliated broker-dealers and/or insurance agencies. **LFAS' Chief Compliance Officer remains available to address any questions that a client or prospective client may have regarding the above conflict of interest.**

## **Code of Ethics Summary**

According to the *Investment Advisers Act of 1940*, an investment adviser is considered a fiduciary. As a fiduciary, it is an investment adviser's responsibility to provide fair and full disclosure of all material facts. In addition, an investment adviser has a duty of utmost good faith to act solely in the best interest of each of its clients. LFAS and its Advisory Representatives have a fiduciary duty to all clients. LFAS has established a Code of Ethics which all Advisory Representatives must adhere to. They must execute an annual acknowledgment agreeing that they understand and agree to comply with that Code of Ethics. The fiduciary duty of LFAS and its Advisory Representatives to clients is considered the core underlying principle for LFAS' Code of Ethics and represents the expected basis for all dealings the Advisory Representatives have with clients. LFAS has the responsibility to make sure that the interests of clients are placed ahead of it or its Advisory Representatives' own investment interests. All Advisory Representatives will conduct business in an honest, ethical and fair manner. All Advisory Representatives will comply with all federal and state securities laws at all times. Full disclosure of all material facts and potential conflicts of interest will be provided to clients prior to services being conducted. All Advisory Representatives have a responsibility to avoid circumstances that might negatively affect or appear to affect the Advisory Representatives' duty of complete loyalty to their clients. This section is only intended to provide current clients and potential clients with a description of LFAS' Code of Ethics. If current clients or potential clients wish to review LFAS' Code of Ethics in its entirety, a copy may be requested from any of LFAS' Advisory Representatives and a copy will be promptly provided.

## **Affiliate and Employee Personal Securities Transactions Disclosure**

LFAS, our Advisory Representatives and/or our personnel may buy or sell securities in their personal accounts that we may also recommend to clients. Because this policy may create a conflict between the interests of clients and the personal investing opportunities of our personnel, we have established several procedures to control for the apparent conflict of interest.

- LFAS is and shall continue to be in compliance with *The Insider Trading and Securities Fraud Enforcement Act of 1988*. Personnel shall not buy or sell securities for their personal account(s) where their decision is derived, in whole or in part, from information obtained as a result of his/her employment unless the information is also available to the investing public upon reasonable inquiry.
- It is our policy that no Advisory Representative shall prefer his or her own interest to that of the advisory client.
- Our personnel may not purchase or sell any security traded over an exchange (such as a stock position) prior to transactions in the same securities are implemented for an advisory client account.
- Most investments owned by our personnel are publicly traded and widely available (such as mutual funds).

### **Client Referrals and Other Compensation**

#### **Client Referrals**

LFAS and its Advisory Representatives may enter into arrangements with unaffiliated investment advisory firms and unaffiliated individuals ("Solicitors") who will refer clients that may be candidates for investment advisory services to LFAS. In return, LFAS will agree to compensate the Solicitor for the referral. Compensation to the Solicitor is dependent on the client entering into an advisory agreement with LFAS. Compensation to the Solicitor will be an agreed upon percentage of LFAS' investment advisory fee or a flat fee depending on the type of advisory services LFAS provides to the referred client. LFAS' referral program will be in compliance with federal or state regulations (as applicable). The solicitation/referral fee is paid pursuant to a written agreement retained by both LFAS and the Solicitor. The Solicitor will be required to provide the client with a copy of the LFAS Form ADV Part 2A and a Solicitor Disclosure Document at the time of solicitation. The Solicitor is not permitted to offer clients any investment advice on behalf of LFAS. The advisory fee charged to clients will not increase as a result of compensation being shared with the Solicitor.

#### **Other Compensation**

Please refer to Item 4 for a description of the economic benefits received from LPL Financial.

Other than the receipt of advisory fees as described in Item 4 of this brochure, LFAS receives no other compensation in connection with the management services offered through the Program.

However, a Program client may select other advisory services offered by LFAS or engage an Advisory Representative to provide services on a strictly commission basis, purchase insurance products or provide accounting services. In such situations, the client will pay other fees and expenses related to this service. Further LFAS and/or our Advisory Representative will earn compensation in addition to the Program management fees.

LFAS receives economic benefits from LPL Financial in the form of loans used to assist LFAS with transitioning some of our new LFAS Advisory Representatives' business onto the LPL Financial custodial platform. The loans are forgiven if LFAS meets certain conditions in terms of maintaining a relationship with LPL Financial. Please see detailed discussion of the conditions and potential conflicts of interest in previously explained in this section.

### **Financial Information**

This item is not applicable to this brochure. LFAS does not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance. Therefore, we are not required to include a balance sheet for our most recent fiscal



year. LFAS is not subject to a financial condition that is reasonably likely to impair our ability to meet contractual commitments to clients. Finally, LFAS has not been the subject of a bankruptcy petition at any time.

## **CUSTOMER PRIVACY POLICY**

### **Our Commitment to Privacy**

LFAS is committed to safeguarding the confidential information of its clients. LFAS holds all personal information provided to it in the strictest confidence. Federal law gives customers the right to limit some but not all sharing of their confidential information. Federal law also requires LFAS to tell you how we collect, share and protect your personal information. Please read this notice carefully to understand what we do.

### ***AN IMPORTANT NOTICE CONCERNING CUSTOMER PRIVACY***

#### **How and why we collect customer information**

LFAS collects and develops personal information about clients and some of that information is non-public personal information (Customer Information). The essential purpose for collecting Customer Information is to provide and service the appropriate financial products and services clients obtain from the Firm. LFAS' Advisory Representatives may also be registered representatives of LPL Financial, a registered broker-dealer that is not affiliated with LFAS. LFAS may share client information with one or more of our affiliated companies (*companies related by common ownership or control*). The affiliated companies of LFAS include Level Four Group LLC and Level Four Insurance Services. LFAS may also have relationships with other non-affiliated (*companies not related by common ownership or control*) investment advisers, including LPL Financial, insurance companies, trust companies, custodians and other financial institution entities. The categories of Customer Information collected by LFAS depend upon the scope of the engagement with LFAS and are generally described below. As an investment adviser, LFAS collects and develops Customer Information about clients in order to provide investment advisory services. Customer Information collected includes:

- Information received from clients on financial inventories and questionnaires through consultation with LFAS' Advisory Representatives. This Customer Information may include personal and household information such as income, spending habits, investment objectives, financial goals, statements of account, and other records concerning clients' financial condition and assets, together with information concerning employee benefits and retirement plan interests, wills, trusts, mortgages and tax returns.
- Information developed as part of financial plans, analyses or investment advisory services.
- Information concerning investment advisory account transactions, such as wrap account transactions.
- Information about clients' financial products and services transactions with LFAS.

#### **How do we protect customer information**

LFAS and its affiliated companies restrict access to Customer Information to those Advisory Representatives and employees who need the information to perform their job responsibilities within the Firm. LFAS maintains agreements, as well as physical, electronic and procedural securities measures that comply with federal regulations to safeguard Customer Information about clients.



### **How we share information with third parties**

To administer, manage and service customer accounts, process transactions and provide related services for client accounts, it is necessary for LFAS to provide access to Customer Information within the Firm and its affiliated companies and to non-affiliated companies such as LPL Financial, other investment advisers, other broker-dealers, trust companies, custodians and insurance companies. LFAS may also provide Customer Information outside of the Firm as permitted by law, such as to government entities, consumer reporting agencies or other third parties in response to subpoenas.

LFAS may also share information with LPL Financial which has supervisory obligations over certain of LFAS' activities. As a result of the LPL relationship, LPL Financial will have access to certain confidential information (e.g., financial information, investment objectives, transactions and holdings) about LFAS' clients, even if client does not establish any account through LPL Financial. If you would like a copy of the LPL Financial privacy policy, please contact LFAS.

LFAS does not share Customer Information with affiliates or non-affiliated third parties for marketing purposes.

### **Other important Information**

If clients close an account with the Firm, LFAS will continue to operate in accordance with the principles stated in this Notice.

LFAS understands that the relationship clients have with their Advisory Representative is important. If a client's Advisory Representative ends his or her affiliation with LFAS and he or she chooses to move to a different investment adviser, or if an Advisory Representative's relationship with LFAS is terminated, the LFAS Advisory Representative may be allowed to take with him or her copies of all client and account documentation (including but not limited to: account applications; customer statements; and other pertinent forms related to the advisory services provided to the client by LFAS), so the Advisory Representative is able to continue the relationship with his or her client and continue providing advisory services through his or her new advisory firm. LFAS will also retain copies of its client and account documentation. Clients do not need to take action if it is their choice to allow their LFAS Advisory Representative to keep copies of their confidential information should he or she leave LFAS.

### **How do I limit sharing**

Federal law gives you the right to limit only sharing for affiliates' everyday business purposes (i.e. information about creditworthiness); affiliates from using your information to market to you.; and sharing for nonaffiliates to market to you.

**If you choose to opt out now; at any time in the future; or wish to withdraw your opt out request, contact us at 866-834-1040. If it is your choice to opt out there will be a 30-day period before your opt out will take effect.**

**If you do not want your Advisory Representative to keep copies of your confidential information should he or she decide to end the relationship with LFAS in the future, you have the right to opt out.**

**If LFAS provides services to a joint account, LFAS will treat the opt-out request by a joint account owner as applying to all owners on the account(s) managed or serviced by LFAS.**

If you have questions about your personal information we have on file, your request should be directed to:

Level Four Advisory Services  
Attn: Compliance Department  
12400 Coit Road, Suite 700  
Dallas, TX 75251

**Please include all investment advisory account numbers you maintain with LFAS with your correspondence.**

## **BUSINESS CONTINUITY PLAN DISCLOSURE**

LFAS has developed a comprehensive business continuity plan that covers LFAS' operations. The plan is designed to ensure that LFAS is prepared to continue providing service to clients in the event a significant disruption of any kind occurs to LFAS' business operations. The plan addresses business disruptions of varying severity and scope. It provides for testing at least annually and in response to any material changes affecting LFAS' business. Although it is impossible to anticipate every scenario, the plan is reasonably designed to enable LFAS to resume doing business upon the occurrence of those events that are most likely to affect LFAS.

What follows is a description of how LFAS will respond to the following four types of disruptions: (1) A firm-only disruption, (2) a disruption that affects a single building, (3) a disruption that affects the entire city or business district, and (4) a disruption that affects the entire North Texas region. LFAS has also included information about how long it expects to take to recover from these disruptions.

### ***Firm-Only Disruptions***

To respond to a disruption that affects only LFAS, such as a computer virus, LFAS has on-site full-time employees who are fingerprinted associated persons or registered representatives of LPL Financial, to successfully guide LFAS through disruptions that may affect operations, the use of crisis communications systems and procedures that address life, health, and safety issues; damage assessment; damage mitigation; personnel mobilization and mission-critical systems. If this type of disruption takes place, LFAS intends to restore all critical services within one day after the disruption occurs. However, in light of the various types of disruptions of this nature that could take place, it may take longer to resume operations in one or more services during any particular disruption.

### ***Disruptions that Affect a Single Building***

In the event of a disruption that affects LFAS' office, such as a fire in the building, the plan calls for a response involving multiple locations. LFAS will resume critical services by moving key personnel to an alternate location, to the extent necessary. Certain key personnel may also work remotely by connecting to the LPL Financial network from a remote location. In addition to relocating key personnel to back-up facilities, LFAS will, if necessary, transfer responsibility for certain operations and support services to an offsite location. LFAS intends to resume operations in all critical service areas within one day after a disruption of this nature occurs. It may, however, take as long as two or three days to continue doing business in one or more critical service areas depending on the availability of data.

***Disruptions that Affect the Entire City or Business District***

If a disruption significant enough to affect the entire city or business district, such as an Act of God or a terrorist attack that cuts off access to LFAS' office, under the plan, LFAS will resume critical services at a back-up location. As above, certain key employees will work remotely and certain operations and support services would be handled at alternate locations. LFAS intends to resume operations in all of its critical service areas within one day after a disruption of this nature occurs. It may, however, take up to three or four days to recover depending on the availability of data and on the availability of key employees.

***Disruptions that Affect the Entire North Texas Region***

In the event of a disruption that affects the entire North Texas Region, such as a regional power outage, LFAS will resume critical service areas from back-up locations. Although LFAS intends to resume operations within one day after the disruption occurs, one or more critical service areas may not be able to resume operations until the disruption is over.

In all of the situations described above, LFAS expects to continue doing business and expects to resume operations within the specified time frames. However, in the event that a business disruption results in a significant loss of life at LFAS' office or otherwise results in key employees being unavailable or unable to report to their designated location, the recovery times described above may be significantly increased. Furthermore, although LFAS expects to continue operating regardless of the type of disruption, it is impossible to anticipate every scenario. It is, therefore, possible that a significant business disruption could occur and as a result, LFAS may be unable to continue doing business. In those situations, the plan provides procedures to help ensure that the customers have prompt access to their funds and securities.

LFAS will continue to devote substantial resources to the enhancement of its business continuity plan and procedures.