

LGT Financial Advisors LLC

Firm Brochure

Dated: March 30, 2020

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This brochure provides information about the qualifications and business practices of LGT Financial Advisors LLC. If you have any questions about the contents of this brochure, please contact us at (214) 461-1539 or ScottG@lgt-fa.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.

Additional information about LGT Financial Advisors LLC also is available on the SEC's website at www.adviserinfo.sec.gov.

References herein to LGT Financial Advisors LLC as a "registered investment adviser" or any reference to being "registered" does not imply a certain level of skill or training.

Item 2 Material Changes

This section discusses material revisions to this Brochure since LGT Financial Advisors LLC’s last Annual Amendment filing on March 27, 2019.

While immaterial, we have revised Item 5A to reflect our new fee schedules. They will not apply to current clients unless and until we notify them that we are amending our advisory agreement.

ANY QUESTIONS: LGT Financial Advisors’ Chief Compliance Officer, Scott Gunn, remains available to address any questions that an existing or prospective client may have regarding this Brochure.

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Item 4 **Advisory Business**

- A. LGT Financial Advisors LLC (the “Registrant”) is a limited liability company formed on September 30, 1998 in the State of Texas. Registrant became registered as an Investment Adviser Firm in May 2001. Registrant is principally owned by its Managing Member, Lane Gorman Trubitt, LLC.
- B. As discussed below, Registrant offers investment advisory services to its clients, and, to the extent specifically requested by a client, financial planning and related consulting services.

INVESTMENT ADVISORY SERVICES

The client can determine to engage Registrant to provide discretionary and/or non-discretionary investment advisory services on a *fee* basis.

FINANCIAL PLANNING AND CONSULTING SERVICES (STAND-ALONE)

To the extent requested by a client, Registrant may provide financial planning and/or consulting services (including investment and non-investment related matters, including estate planning, insurance planning, etc.) on a stand-alone separate fee basis. Prior to engaging Registrant to provide planning or consulting services, clients are generally required to enter into a *Financial Planning and Consulting Agreement* with Registrant setting forth the terms and conditions of the engagement (including termination), describing the scope of the services to be provided, and the portion of the fee that is due from the client prior to Registrant commencing services. If requested by the client, Registrant may recommend the services of other professionals for implementation purposes, including Registrant’s representatives in their individual capacities as registered representatives of a broker-dealer, accountants and/or licensed insurance agents. (See disclosure at Item 10.C). 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 Registrant. 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: It remains the client’s responsibility to promptly notify Registrant if there is ever any change in their financial situation or investment objectives for the purpose of reviewing/evaluating/revising Registrant’s previous recommendations and/or services.

MISCELLANEOUS

Limitations of Financial Planning and Non-Investment Consulting/Implementation Services. As indicated above, to the extent requested by the client, Registrant may provide financial planning and related consulting services regarding non-investment related matters, such as estate planning, tax planning, insurance, etc. Registrant does not serve as a law firm or accounting firm, and no portion of its services should be construed as legal or accounting services. Accordingly, Registrant does not prepare estate planning documents or tax returns. To the extent requested by a client, Registrant may recommend the services of other professionals for certain non-investment implementation purposes (i.e. attorneys, accountants, insurance agents, etc.), including representatives of Registrant in their separate individual capacities as representatives Investment Security Corporation (“ISC”), 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 Registrant and/or its representatives. If the client engages any recommended professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional. The recommendation by Registrant's representative that a client purchase a securities or insurance commission product through Registrant's representative in his/her separate and individual capacity as a registered representative of ISC and/or as an insurance agent, presents a conflict of interest, as the receipt of commissions or a finder's fee provides an incentive to recommend investment or insurance products based on the additional compensation 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 through such a representative. Clients are reminded that they may purchase securities and insurance products recommended by Registrant through other, broker-dealers and/or insurance agencies. Registrant's Chief Compliance Officer, Scott Gunn, remains available to address any questions that a client or prospective client may have regarding the above conflict of interest.

Retirement Rollovers: A client or prospective client leaving an employer typically has four options regarding an existing retirement plan (and may engage in a combination of these options): (i) leave the money in the former employer's plan, if permitted, (ii) roll over the assets to the new employer's plan, if one is available and rollovers are permitted, (iii) roll over to an Individual Retirement Account ("IRA"), or (iv) cash out the account value (which could, depending upon the client's age, result in adverse tax consequences). If the Registrant recommends that a client roll over their retirement plan assets into an account to be managed by the Registrant, such a recommendation creates a conflict of interest if the Registrant will earn an advisory fee on the rolled over assets. No client is under any obligation to roll over retirement plan assets to an account managed by Registrant. The Registrant's Chief Compliance Officer, Scott Gunn, remains available to address any questions that a client or prospective client may have regarding the conflict of interest presented by such rollover recommendation.

Non-Discretionary Service Limitations. Clients that determine to engage Registrant on a non-discretionary investment advisory basis must be willing to accept that Registrant cannot effect any account transactions without obtaining prior consent to such transaction(s) from the client. Thus, in the event that Registrant would like to make a transaction for a client's account (including in the event of an individual holding or general market correction), and the client is unavailable, the Registrant will be unable to effect the account transaction(s) (as it would for its discretionary clients) without first obtaining the client's consent.

Unaffiliated Private Investment Funds. Registrant, on a non-discretionary basis, may also recommend that certain qualified clients consider an investment in unaffiliated private investment funds. Registrant's role relative to the private investment funds shall be limited to its initial and ongoing due diligence and investment monitoring services. If a client determines to become a private fund investor, the amount of assets invested in the fund(s) shall be included as part of "assets under management" for purposes of Registrant calculating its investment advisory fee. Registrant's clients are under absolutely no obligation to consider or make an investment in a private investment fund.

Private investment fund investments generally involve various risk factors, including, but not limited to, potential for complete loss of principal, liquidity constraints and lack of transparency, a complete discussion of which is set forth in each fund's offering documents, which will be provided to each client for review and consideration. Unlike

liquid investments that a client may own, private investment funds do not provide daily liquidity or pricing. Each prospective client investor will be required to complete a subscription agreement, pursuant to which the client shall establish that he/she is qualified for investment in the fund, and acknowledges and accepts the various risk factors that are associated with such an investment.

In the event that Registrant references private investment funds owned by the client on any supplemental account reports prepared by Registrant, the value for all private investment funds owned by the client will reflect the most recent valuation provided by the fund sponsor. If no updated valuation is provided by the fund sponsor, then the valuation will reflect the initial purchase price or the most current value provided by the fund sponsor. Any value reflected in an account report could be significantly more or less than the original purchase price. The client's advisory fee will be based upon the most recent value provided by the fund sponsor or the initial purchase price.

- **Conflict of Interest:** The recommendation by Registrant's representatives that a client purchase an interest in an unaffiliated private fund presents a conflict of interest. Certain of Registrant's representatives are also registered representatives of a broker-dealer (*See* Item 10.C below). In their capacity as registered representatives of a broker-dealer, those individuals receive compensation in the form of a "finder's fee" from sponsors or managers of unaffiliated private investment funds. Therefore, there is an incentive to recommend the unaffiliated private fund interests based on the fees to be received, rather than on a particular client's need. No client is under any obligation to purchase any interest in any private fund recommended by the Registrant or its representatives. Clients are reminded that they may purchase interests in unaffiliated private funds recommended by Registrant's representatives through other, non-affiliated registered representatives of a broker-dealer. Before the Registrant's representatives receive a finder's fee, the investor will be required to acknowledge that they understand and agree to this disclosure. Registrant's Chief Compliance Officer, Scott Gunn, remains available to address any questions that a client or prospective client may have regarding the above conflict of interest.

Use of Mutual Funds and Exchange-Traded Funds. Most mutual funds and exchange-traded funds are available directly to the public. A client or prospective client can obtain the securities used by Registrant without engaging Registrant as an investment adviser. However, if a client or prospective client determines to do so, they will not receive the Registrant's initial and ongoing investment advisory services.

eMoney Advisor Platform. Registrant may provide its clients with access to an online platform hosted by eMoney Advisor ("eMoney"). The eMoney platform allows a client to view their complete asset allocation, including those assets that Registrant does not manage (the "Excluded Assets"). Registrant does not provide investment management, monitoring, or implementation services for the Excluded Assets. Therefore, Registrant shall not be responsible for the investment performance of the Excluded Assets. Rather, the client and/or their advisors that maintain management authority for the Excluded Assets, and not Registrant, shall be exclusively responsible for such investments, including their investment performance. The client may choose to engage Registrant to manage some or all of the Excluded Assets pursuant to the terms and conditions of an *Investment Advisory Agreement* between Registrant and the client. The eMoney platform also provides access to other types of information, including financial planning concepts, which should not, in

any manner whatsoever, be construed as services, advice, or recommendations provided by Registrant. Finally, Registrant shall not be held responsible for any adverse results a client may experience if the client engages in financial planning or other functions available on the eMoney platform without Registrant's assistance or oversight.

Separately Managed Account Programs. The Registrant may allocate (and/or recommend that the client allocate) a portion of a client's investment assets among unaffiliated Separately Managed Account programs, including but not limited to Envestnet, and in accordance with the client's designated investment objective(s). In such situations, the Separately Managed Account manager shall have day-to-day responsibility for the active discretionary management of the allocated assets. The Registrant shall continue to render investment advisory services to the client relative to the ongoing monitoring and review of account performance, asset allocation and client investment objectives. Factors which the Registrant shall consider in recommending Separately Managed Account programs include the client's designated investment objective(s). The Registrant will also consider each manager's management style, performance, reputation, financial strength, reporting capabilities, pricing, and research.

AssetMark. Registrant offers an asset allocation system known as the AssetMark platform. With respect to clients investing in the AssetMark platform, Registrant uses model portfolios of equities, fixed income, mutual funds and exchange traded funds provided by a number of institutional investment strategists ("Portfolio Strategists") and based on the information, research, asset allocation methodology and investment strategies of these Portfolio Strategists.

Registrant does not take any independent discretionary authority over accounts on the AssetMark platform. Instead, asset allocations on the platform are composed by the Portfolio Strategists with the different model allocations designed to satisfy a gradient of risk/return objectives. The Portfolio Strategists have no direct relationship with Registrant or Registrant's clients, make no analysis of and do not consider the clients' individual circumstances or objectives, and do not tailor the model asset allocation to any specific client's needs, circumstances or objectives, but only to the stated risk/return objectives. Registrant assists the client in selecting the risk/return objective and Portfolio Strategist that best suits the client's objectives. The client then specifically directs the account to be invested in accordance with the chosen asset allocation. When the client selects the asset allocation, the client further directs that the account be automatically adjusted to reflect any adjustment in the asset allocation by the selected Portfolio Strategist. This client authorization results in the purchase and sale of certain equities, fixed income, mutual funds or exchange traded funds (or transfers between variable annuity sub-accounts) without further authorization by the client or any other party at such time as the Portfolio Strategist changes the composition of the selected model asset allocation. The client receives confirmation of all transactions in the account and is free to terminate participation in the AssetMark platform and retain or dispose of any assets in the account at any time. Registrant has no authority to cause any purchase or sale of securities in any client account, or change the selected model asset allocation or to direct the account to be invested in any manner other than as previously authorized by the client.

Sub-Advisory Arrangements. Registrant may engage sub-advisors for the purpose of assisting Registrant with the management of its client accounts, including but not limited to the Elements Group. The sub-advisor(s) shall have discretionary authority for the day-to-day management of the assets that are allocated to it by Registrant. The sub-advisor shall

continue in such capacity until such arrangement is terminated or modified by Registrant. Sub-advisors may be replaced and/or added at the discretion of the Registrant without prior notice to the client. Registrant shall pay a portion of the investment advisory fee received for these allocated assets to the sub-advisor for its sub-advisory services. Registrant's Chief Compliance Officer, Scott Gunn, remains available to address any questions concerning Registrant's sub-advisory arrangements.

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

- C. Registrant shall provide investment advisory services specific to the needs of each client. Prior to providing investment advisory services, an investment adviser representative will ascertain each client's investment objective(s). Thereafter, Registrant shall allocate and/or recommend that the client allocate investment assets consistent with the designated investment objective(s). The client may, at any time impose reasonable restrictions, in writing, on Registrant's services.
- D. **Wrap/Managed Account programs:** In the event that Registrant is engaged to provide investment management services as part of an unaffiliated wrap-fee program, Registrant will be unable to negotiate commissions and/or transaction costs. Under a wrap program, the wrap program sponsor arranges for the investor participant to receive investment advisory services, the execution of securities brokerage transactions, custody and reporting services for a single specified fee. Participation in a wrap program may cost the participant more or less than purchasing such services separately. In the event that Registrant is engaged to provide investment management services as part of an unaffiliated managed account program, Registrant will likewise be unable to negotiate commissions and/or transaction costs. If the program is offered on a non-wrap basis, the program sponsor will determine the broker-dealer through which transactions must be effected, and the amount of transaction fees and/or commissions to be charged to the participant investor accounts. Since the custodian/broker-dealer is determined by the program's sponsor, Registrant will be unable to negotiate commissions or transaction costs. As a result, clients 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 through alternative clearing arrangements recommended by Registrant. Higher transaction costs adversely impact account performance. **Registrant's Chief Compliance Officer, Scott Gunn, remains available to address any questions that a client may have regarding participation in a wrap fee program.**
- E. As of December 31, 2019, Registrant had \$207,910,842 in assets under management on a discretionary basis.

Item 5 Fees and Compensation

A.

INVESTMENT ADVISORY SERVICES

The fee schedule for our investment advisory services are as follows:

EQUITY AND BALANCED PORTFOLIOS (stock and bond) (\$250,000 minimum initial relationship value)

<u>Account Market Value</u>	<u>Annual Fee as a % of Market Value</u>
First \$2 million	1.00%
Next \$8 million	0.50%
Over \$10 million	Negotiable

BOND ONLY PORTFOLIOS (\$250,000 minimum initial relationship value)

<u>Account Market Value</u>	<u>Annual Fee as a % of Market Value</u>
First \$2 million	0.40%
Next \$8 million	0.25%
Over \$10 million	Negotiable

ANNUITIES

The Registrant does not sell annuities, but in limited instances may provide advice for or manage the investment assets underlying certain annuities. In addition, certain of our representatives are licensed with ISC, an SEC registered and FINRA member broker-dealer and as licensed insurance agents, and may separately recommend or sell clients an annuity.

<u>Account Market Value</u>	<u>Annual Fee as a % of Market Value</u>
Any	0.30%

FINANCIAL PLANNING AND CONSULTING SERVICES (STAND-ALONE)

To the extent specifically requested by a client, Registrant *may* determine to provide financial planning and/or consulting services (including investment and non-investment related matters, including estate planning, insurance planning, etc.) on a stand-alone fee basis. Registrant's planning and consulting fees are negotiable, but generally range from \$3,000 to \$20,000 on an annual fixed fee basis, and between \$350 to \$395 on an hourly rate basis, depending upon the level and scope of the service(s) required and the professional(s) rendering the service(s).

ASSETMARK

Client fees are payable quarterly, in advance, based upon the assets under Registrant's management, as set forth above in the Investment Advisory Services discussion. Clients pay additional fees to AssetMark to participate in this program and those fees are outlined in the client's agreement with AssetMark.

The minimum investment required in the AssetMark Platform depends upon the investment solution chosen for a client's account. It is generally \$50,000 for mutual fund and variable annuity accounts, \$100,000 for exchange-traded fund accounts and \$50,000 to \$500,000 for privately managed and Unified Managed Accounts (a professionally managed private investment account that is rebalanced regularly and can encompass most investment vehicles [e.g. mutual funds, stocks, bonds and exchange traded funds] in a client's portfolio, all in a single account). Accounts below the stated minimums may be accepted on an individual basis at the discretion of Registrant and AssetMark. AssetMark calculates advisory fees by including outstanding receivables as part of the market value of a client's assets, and therefore the Registrant's compensation will vary depending on the amount of receivables in your program account.

Information About Fees in General

The Registrant's fee is negotiable, and it may agree to reduce, waive or charge clients alternative fee arrangements. These negotiations and decisions are driven by various objective and subjective factors, including the representative assigned to the account, the amount of assets to be invested, the complexity of the engagement, the anticipated number of meetings and servicing needs of the client, related accounts, future earning capacity, and anticipated future additional assets. As a result, similar clients could pay different fees, which will affect a client's net account performance. Moreover, the services to be provided by the Registrant to any particular client could be available from other advisers at lower fees. All clients and prospective clients should be guided accordingly. Upon request and with our written approval, accounts that have a family or business relationship and are subject to our standard equity, balanced and bond fee schedule are generally aggregated with each other for purposes of calculating the applicable fee and meeting the annual relationship minimum.

Since the inception of our business, we have had other fee schedules in effect, which may provide for fees lower or higher than those shown above. Therefore, some of our clients pay higher or lower fees than our current standard fee schedules. From time to time, we negotiate fee schedules, minimum fees, and account minimums that vary from those discussed above. Additionally, the Registrant may provide investment advisory services to certain of its principals, employees, and their family members and friends without charge, or for fee rates that are lower than the rates available to other clients, and may waive minimum account size or fees for such individuals.

- B. Clients may elect to have Registrant's advisory fees deducted from their custodial account. Both Registrant's *Investment Advisory Agreement* and the custodial/clearing agreement may authorize the custodian to debit the account for the amount of Registrant's investment advisory fee and to directly remit that management fee to Registrant in compliance with regulatory procedures. In the limited event that Registrant bills the client directly, payment is due upon receipt of Registrant's invoice. Registrant shall deduct fees and/or bill clients quarterly in advance, based upon the market value of the assets on the last business day of the previous quarter.
- C. As discussed below, unless the client directs otherwise or an individual client's circumstances require, Registrant shall generally recommend that National Financial Services LLC and Fidelity Brokerage Services LLC (collectively "Fidelity") and TD Ameritrade ("TD") serve as the broker-dealer/custodian for client investment management assets. Broker-dealers such as Fidelity and TD charge brokerage commissions and/or

transaction fees for effecting certain securities transactions (i.e. transaction fees are charged for certain no-load mutual funds, commissions are charged for individual equity and fixed income securities transactions). From time to time, the Registrant and its employees may recommend that certain clients enter into asset-based pricing arrangements with a custodian. In those instances, the client would not pay for the cost of each transaction, but would instead pay an asset-based fee designed to cover the cost of transactions. The Registrant only recommends them for accounts it expects to trade frequently, where it has a reasonable belief that the asset-based fee will be more favorable than paying transaction costs separately. The Registrant is not required to recommend or make this arrangement available to every client. The Registrant periodically reviews these arrangements, but it will not recommend that the client change their pricing arrangement, unless it determines that the benefit to the client will outweigh the administrative cost of changing the account relationship. In addition, there is no guarantee that a client will save fees and expenses by entering into this arrangement.

Clients entering into an asset-based pricing arrangement will still incur a “trade away” fee for each trade that the Registrant has executed by a different broker-dealer than a client’s account’s custodian. Because of this, in order to minimize clients’ trading costs, we generally execute most trades for your account with the custodian of client’s accounts.

In addition to Registrant’s investment management fee, brokerage commissions, transaction fees, and custodial costs, clients will also incur expenses as shareholders or investors in mutual funds, exchange traded funds and private funds (e.g. management fees and other fund expenses).

- D. Registrant's annual investment advisory fee shall be prorated and paid quarterly, in advance, based upon the market value of the assets on the last business day of the previous quarter. Registrant generally requires a \$250,000 minimum asset level for investment advisory services. Registrant, in its sole discretion, may impose a higher minimum asset level than those outlined above in its sole discretion. The factors that would cause the Registrant to raise its minimum asset level include the complexity of the relationship or the perceive time that it will expend in managing the client’s relationship. When calculating the client’s fee, the Registrant includes receivables outstanding as part of the market value of a client’s assets, and the applicable fee paid to the Registrant will likely be higher as a result.

The *Investment Advisory Agreement* between Registrant and the client will continue in effect until terminated by either party by written notice in accordance with the terms of the *Investment Advisory Agreement*. Upon termination, Registrant shall refund a prorated portion of any advanced advisory fee paid based upon the number of days remaining in the billing quarter.

- E. **Securities Commission Transactions.** In the event that the client desires, the client can engage Registrant’s representatives, in their individual capacities, as registered representatives of *ISC* to implement investment recommendations on a commission basis. In the event the client chooses to purchase investment products through Registrant’s representatives, *ISC* will charge brokerage commissions to effect securities transactions or pay finder’s fees. A portion of commissions and the finder’s fees are paid to Registrant’s representatives, as applicable. The brokerage commissions charged by *ISC* may be higher or lower than those charged by other broker-dealers. In addition, *ISC*, as well as Registrant’s representatives, relative to certain mutual fund purchases made on a

commission-basis, will also receive Rule 12b-1 fees directly from the mutual fund company during the period that the client maintains the mutual fund investment.

1. **Conflict of Interest:** The recommendation that a client purchase a commission product from Registrant's representatives presents a conflict of interest, as the receipt of commissions provides an incentive to recommend investment products based on the commissions to be received, rather than on a particular client's need. No client is under any obligation to purchase any commission products from Registrant's representatives. Registrant's Chief Compliance Officer, Scott Gunn, remains available to address any questions that a client or prospective client may have regarding the above conflict of interest.
2. Clients may purchase investment products recommended by Registrant through other, non-affiliated broker dealers or agents.
3. Registrant does not receive more than 50% of its revenue from advisory clients as a result of commissions or other compensation for the sale of investment products Registrant recommends to its clients.
4. When Registrant's representatives sell an investment product and receive a commission, the Registrant does not charge an advisory fee in addition to the commissions paid by the client for such product. When providing services on an advisory fee basis, Registrant's representatives do not also receive commission compensation for such advisory services. Notwithstanding, the Registrant's representatives may receive finder's fees for accounts when it recommends private investment funds. The finder's fees that it receives are in addition to its advisory fee. This presents a conflict of interest, because the Registrant and its representatives have an incentive to recommend these types of products where they receive finder's fees. However, the Registrant conducts due diligence on these investments, and when they are appropriate for an investor's portfolio, will recommend them to clients. The Registrant and its representatives do not exclusively recommend these investments that pay finder's fees. A client is free to purchase other alternative investments where the Registrant's representatives do not receive finder's fees. A client may instruct the Registrant not to recommend these types of securities for their account.

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

Neither Registrant nor any supervised person of Registrant accepts performance-based fees.

Item 7 Types of Clients

Registrant's clients generally include individuals and charitable organizations, although the Registrant has various different types of clients.

Item 8 Methods of Analysis, Investment Strategies and Risk of Loss

- A. Registrant may utilize the following methods of security analysis:

- Fundamental - (analysis performed on historical and present data, with the goal of making financial forecasts)
- Technical – (analysis performed on historical and present data, focusing on price and trade volume, to forecast the direction of prices)
- Cyclical – (analysis performed on historical relationships between price and market trends, to forecast the direction of prices)

Registrant may utilize the following investment strategies when implementing investment advice given to clients:

- Long Term Purchases (securities held at least a year)
- Short Term Purchases (securities sold within a year)
- Trading (securities sold within thirty (30) days)

Investment Risk. Different types of investments involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by Registrant) will be profitable or equal any specific performance level(s).

- B. Registrant's methods of analysis and investment strategies do not present any significant or unusual risks.

However, every method of analysis has its own inherent risks. To perform an accurate market analysis Registrant must have access to current/new market information. Registrant has no control over the dissemination rate of market information; therefore, unbeknownst to Registrant, certain analyses may be compiled with outdated market information, severely limiting the value of Registrant's analysis. Furthermore, an accurate market analysis can only produce a forecast of the direction of market values. There can be no assurances that a forecasted change in market value will materialize into actionable and/or profitable investment opportunities.

Registrant's primary investment strategies - Long Term Purchases, Short Term Purchases, and Trading - are fundamental investment strategies. However, every investment strategy has its own inherent risks and limitations. For example, longer term investment strategies require a longer investment time period to allow for the strategy to potentially develop. Shorter term investment strategies require a shorter investment time period to potentially develop but, as a result of more frequent trading, may incur higher transactional costs when compared to a longer term investment strategy. Trading, an investment strategy that requires the purchase and sale of securities within a thirty (30) day investment time period, involves a very short investment time period but will incur higher transaction costs when compared to a short term investment strategy and substantially higher transaction costs than a longer term investment strategy.

- C. Currently, Registrant primarily allocates (or recommends that the client allocate) client investment assets among various individual equity (stocks), debt (bonds), mutual funds, real estate investment trusts, private placements, options and/or exchange traded funds, on a discretionary basis, and among independent managers, on a non-discretionary basis, in accordance with the client's designated investment objective(s).

Item 9 Disciplinary Information

Registrant has not been the subject of any disciplinary actions.

Item 10 Other Financial Industry Activities and Affiliations

- A. **Registered Representatives of ISC.** As disclosed above in Item 5.E, certain of Registrant's representatives are also registered representatives of ISC, an SEC registered and FINRA member broker-dealer.
- B. Neither Registrant, nor its representatives, are registered or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or a representative of the foregoing.
- C. **Accounting Firm.** Registrant's Representatives are also either employed by, or Partners of, Lane Gorman Trubitt, LLC ("*LGT*"). Certain of Registrant's representatives are Certified Public Accountants and/or Certified Financial Planners offering various accounting services through *LGT*, for which they may be paid fees. Specifically, to the extent that *LGT* provides accounting services to any clients, including clients of Registrant, all such services shall be performed by *LGT*, independent of Registrant, for which services Registrant shall not receive any portion of the fees charged by *LGT*, referral or otherwise. *LGT* is not involved in providing investment advice on behalf of Registrant, nor does *LGT* hold itself out as providing advisory services on behalf of Registrant. No client of Registrant is under any obligation to use the accounting services of *LGT*. Registrant's Chief Compliance Officer, Scott Gunn, remains available to address any questions that a client or prospective client may have regarding the above conflict of interest

Licensed Insurance Agency/Agents. *LGT Insurance Services, Inc.* is an affiliated licensed insurance company. Also, certain of Registrant's representatives, in their individual capacities, are licensed insurance agents, and may recommend the purchase of certain insurance-related products on a commission basis. As referenced in Item 4.B above, clients can engage certain of Registrant's representatives to effect insurance transactions on a commission basis.

The recommendation by the Registrant or certain of its representatives that a client purchase an insurance commission product 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 commission products from Registrant's representatives. Clients are reminded that they may purchase insurance products recommended by Registrant through other, non-affiliated insurance agencies and/or insurance agents. Registrant's Chief Compliance Officer, Scott Gunn, remains available to address any questions that a client or prospective client may have regarding the above conflict of interest.

Other Investment Adviser Firms. Certain of the Registrant's investment advisory representatives also serve as investment adviser representatives, on an independent contractor basis, of Lido Advisors, LLC, an unaffiliated SEC registered investment advisor firm (SEC# 801-100433). The Registrant does not refer clients to Lido Advisors, LLC or recommend its services.

From time to time, certain of the Registrant's representatives will meet with Fidelity financial advisors or prospects referred by Fidelity who may be interested in Lido Advisors, LLC's services. The Registrant's representatives will receive compensation if a Fidelity prospect agrees to engage Lido Advisors, LLC. This presents a conflict of interest, because the Registrant's representatives will spend time conducting activities for Lido Advisors, LLC and not the Registrant. However, the Registrant does not believe that the amount of time spent by these representatives compromises the services that they provide to the Registrant and its clients. The Registrant's Chief Compliance Officer, Scott Gunn, remains available to address any questions that a client or prospective client may have regarding the above conflict of interest. However, Scott Gunn is licensed by Lido Advisors, LLC, and upon request, you could speak with someone other than him to address this issue.

- D. The Registrant does not receive, directly or indirectly, compensation from investment advisers that it recommends or selects for its clients.

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

- A. Registrant maintains an investment policy relative to personal securities transactions. This investment policy is part of Registrant's overall Code of Ethics, which serves to establish a standard of business conduct for all of Registrant's representatives that is based upon fundamental principles of openness, integrity, honesty and trust, a copy of which is available upon request.

In accordance with Section 204A of the Investment Advisers Act of 1940, Registrant also maintains and enforces written policies reasonably designed to prevent the misuse of material non-public information by Registrant or any person associated with Registrant.

- B. Neither Registrant nor any related person of Registrant recommends, buys, or sells for client accounts, securities in which Registrant or any related person of Registrant has a material financial interest, except as disclosed above in Items 4 and 5 with respect to investments in unaffiliated investment funds.
- C. Registrant and/or representatives of Registrant *may* buy or sell securities that are also recommended to clients. This practice may create a situation where Registrant and/or representatives of the Registrant are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a conflict of interest. Practices such as "scalping" (i.e., a practice whereby the owner of shares of a security recommends that security for investment and then immediately sells it at a profit upon the rise in the market price which follows the recommendation) could take place if Registrant did not have adequate policies in place to detect such activities. In addition, this requirement can help detect insider trading, "front-running" (i.e., personal trades executed prior to those of Registrant's clients) and other potentially abusive practices.

Registrant has a personal securities transaction policy in place to monitor the personal securities transactions and securities holdings of each of Registrant's "Access Persons". Registrant's securities transaction policy requires that an Access Person of Registrant must provide the Chief Compliance Officer or his/her designee with a written report of their current securities holdings within ten (10) days after becoming an Access Person. Additionally, each Access Person must provide the Chief Compliance Officer or his/her

designee with a written report of the Access Person's current securities holdings at least once each twelve (12) month period thereafter on a date Registrant selects.

- D. Registrant and/or representatives of Registrant *may* buy or sell securities, at or around the same time as those securities are recommended to clients. This practice creates a situation where Registrant and/or representatives of the Registrant are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a conflict of interest. As indicated above in Item 11.C, Registrant has a personal securities transaction policy in place to monitor the personal securities transaction and securities holdings of each of Registrant's Access Persons.

Item 12 Brokerage Practices

- A. In the event that the client requests that Registrant recommend a broker-dealer/custodian for execution and/or custodial services (exclusive of those clients that may direct Registrant to use a specific broker-dealer/custodian), Registrant generally recommends that investment management accounts be maintained at *Fidelity* or *TD Ameritrade*. Prior to engaging Registrant to provide investment management services, the client will be required to enter into a formal *Investment Advisory Agreement* with Registrant setting forth the terms and conditions under which Registrant shall manage the client's assets, and a separate custodial/clearing agreement with each designated broker-dealer/custodian.

Factors that Registrant considers in recommending *Fidelity* or *TD Ameritrade* (or any other broker-dealer/custodian to clients) include historical relationship with Registrant, financial strength, reputation, execution capabilities, pricing, research, and service. Although the commissions and/or transaction fees paid by Registrant's clients shall comply with Registrant's duty to obtain best execution, a client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where Registrant determines, in good faith, that the commission/transaction fee is reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although Registrant will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client account transactions. The brokerage commissions or transaction fees charged by the designated broker-dealer/custodian are exclusive of, and in addition to, Registrant's investment management fee. Registrant's best execution responsibility is qualified if securities that it purchases for client accounts are mutual funds that trade at net asset value as determined at the daily market close.

- 1. Research and Additional Benefits

Although not a material consideration when determining whether to recommend that a client utilize the services of a particular broker-dealer/custodian, Registrant may receive from *Fidelity* or *TD Ameritrade* (or another broker-dealer/custodian, investment platform, unaffiliated investment manager, mutual fund sponsor, or vendor) without cost (and/or at a discount) support services and/or products, certain of which assist Registrant to better monitor and service client accounts maintained at such institutions. Included within the support services that may be obtained by Registrant may be investment-related research, pricing information and market data, software and other technology that provide access to client account data, compliance and/or practice

management-related publications, discounted or gratis consulting services, discounted and/or gratis attendance at conferences, meetings, and other educational and/or social events, marketing support, computer hardware and/or software and/or other products used by Registrant in furtherance of its investment advisory business operations.

As indicated above, certain of the support services and/or products that *may* be received may assist Registrant in managing and administering client accounts. Others do not directly provide such assistance, but rather assist Registrant to manage and further develop its business enterprise.

Registrant's clients do not pay more for investment transactions effected and/or assets maintained at *Fidelity* or TD Ameritrade as a result of this arrangement. There is no corresponding commitment made by Registrant to *Fidelity*, TD Ameritrade or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as a result of the above arrangement.

Registrant's Chief Compliance Officer, Scott Gunn, remains available to address any questions that a client or prospective client may have regarding the above arrangement and the conflict of interest such arrangement creates.

AssetMark, Inc. Program

With respect to the AssetMark Platform, Registrant may, subject to negotiation with AssetMark, receive certain allowances, reimbursements or services from AssetMark in connection with Registrant's investment advisory services to its clients.

Under AssetMark's Gold/Platinum Premier Consultant Program, Registrant was previously eligible to receive quarterly business development allowances for reimbursement for qualified marketing/practice management and educational expenses incurred by Registrant. These amounts varied depending on the amount of the advisor's client assets managed within the Platform. While no longer eligible to receive these allowances, AssetMark currently maintains an allowance account for allowances previously earned for which the Registrant may still submit or charge expenses. AssetMark may also bear the cost of airfare for firms such as Registrant to attend AssetMark's annual conference or to conduct due diligence visits to AssetMark's offices. In addition, AssetMark may, from time to time, contribute to the costs incurred by participating firms such as Registrant in connection with conferences or other client events conducted by such firms and their representatives. AssetMark may agree to provide the firm or its representatives with organizational consulting, education, training and marketing support.

Registrant's Chief Compliance Officer, Scott Gunn, remains available to address any questions that a client or prospective client may have regarding the above arrangement and the conflict of interest such arrangement creates.

2. Registrant does not receive referrals from broker-dealers.
3. Registrant does not generally accept directed brokerage arrangements (when a client requires that account transactions be effected through a specific broker-dealer). In such client directed arrangements, the client will negotiate terms and arrangements for their account with that broker-dealer, and Registrant will not seek better execution services

or prices from other broker-dealers or be able to “batch” the client's transactions for execution through other broker-dealers with orders for other accounts managed by Registrant. As a result, 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.

In the event that the client directs Registrant to effect securities transactions for the client's accounts through a specific broker-dealer, the client correspondingly acknowledges that such direction may cause the accounts to incur higher commissions or transaction costs than the accounts would otherwise incur had the client determined to effect account transactions through alternative clearing arrangements that may be available through Registrant. Higher transaction costs adversely impact account performance. Please Also Note: Transactions for directed accounts will generally be executed following the execution of portfolio transactions for non-directed accounts.

Registrant’s Chief Compliance Officer, Scott Gunn, remains available to address any questions that a client or prospective client may have regarding the above arrangement.

- B. To the extent that Registrant provides investment management services to its clients, the transactions for each client account generally will be effected independently, unless Registrant decides to purchase or sell the same securities for several clients at approximately the same time. Registrant may (but is not obligated to) combine or “bunch” such orders to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among Registrant’s clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will be averaged as to price and will be allocated among clients in proportion to the purchase and sale orders placed for each client account on any given day. Registrant shall not receive any additional compensation or remuneration as a result of such aggregation.

Item 13 Review of Accounts

- A. For those clients to whom Registrant provides investment supervisory services, account reviews are conducted on an ongoing basis by Registrant's Principals and/or representatives. All investment supervisory clients are advised that it remains their responsibility to advise Registrant of any changes in their investment objectives and/or financial situation. All clients (in person or via telephone) are encouraged to review financial planning issues (to the extent applicable), investment objectives and account performance with Registrant on an annual basis.
- B. Registrant may conduct account reviews on an other than periodic basis upon the occurrence of a triggering event, such as a change in client investment objectives and/or financial situation, market corrections and client request.
- C. Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts. Upon request, the Registrant will provide a written periodic report summarizing account activity and performance.

Item 14 Client Referrals and Other Compensation

- A. As referenced in Item 12.A.1 above, Registrant receives economic benefits from AssetMark, *Fidelity* and/or TD Ameritrade. Registrant, without cost (and/or at a discount), receives support services, allowances and/or products from AssetMark, *Fidelity* and/or TD Ameritrade.

Registrant's clients do not pay more for investment transactions effected and/or assets maintained at AssetMark, *Fidelity* and/or TD Ameritrade as a result of this arrangement. There is no corresponding commitment made by Registrant to AssetMark, *Fidelity*, TD Ameritrade, or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products because of the above arrangement.

Registrant's Chief Compliance Officer, Scott Gunn, remains available to address any questions that a client or prospective client may have regarding the above arrangement and the conflict of interest such arrangement creates.

- B. Registrant does not compensate, directly or indirectly, any person, other than its representatives, for client referrals.

Item 15 Custody

Registrant shall have the ability to have its advisory fee for each client debited by the custodian. Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts. Upon request, the Registrant will provide a written periodic report summarizing account activity and performance.

To the extent that Registrant provides clients with periodic account statements or reports, the client is urged to compare any statement or report provided by Registrant with the account statements received from the account custodian. Please Also Note: The account custodian does not verify the accuracy of Registrant's advisory fee calculation.

The Registrant is also deemed to have custody under the Investment Advisers Act of 1940 that requires disclosure in Item 9 of Part 1A of Form ADV and also subjects those accounts for which the Registrant is deemed to have custody to an annual examination by an independent public accountant. The Registrant's Chief Compliance Officer, Scott Gunn, remains available to address any questions that a client or prospective client may have regarding custody-related issues.

Item 16 Investment Discretion

The client can determine to engage Registrant to provide investment advisory services on a discretionary basis. Prior to Registrant assuming discretionary authority over a client's account, client shall be required to execute an *Investment Advisory Agreement*, naming Registrant as client's attorney and agent in fact, granting Registrant full authority to buy, sell, or otherwise effect investment transactions involving the assets in the client's name found in the discretionary account.

Clients who engage Registrant on a discretionary basis may, at any time, impose restrictions, in writing, on Registrant's discretionary authority (i.e. limit the types/amounts of particular securities purchased for their account, exclude the ability to purchase securities with an inverse relationship to the market, limit or proscribe Registrant's use of margin, etc.).

Item 17 Voting Client Securities

- A. Registrant does not vote client proxies. Clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets.
- B. Clients will receive their proxies or other solicitations directly from their custodian. Clients may contact Registrant to discuss any questions they may have with a particular solicitation.

Item 18 Financial Information

- A. Registrant does not solicit fees of more than \$1,200, per client, six months or more in advance.
- B. Registrant is unaware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments relating to its discretionary authority over certain client accounts.
- C. Registrant has not been the subject of a bankruptcy petition.

ANY QUESTIONS: Registrant's Chief Compliance Officer, Scott Gunn, remains available to address any questions that a client or prospective client may have regarding the above disclosures and arrangements.