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This brochure provides information about the qualifications and business practices of Loveless Wealth Management LLC. If you have any questions about the contents of this brochure, please contact us @ 406-656-9212 or 800-848-4447 or via email @ [dloveless@loveless-wealth.com](mailto:dloveless@loveless-wealth.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 Loveless Wealth Management LLC is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Note: Loveless Wealth Management refers to itself as a "Registered Investment Adviser" throughout this brochure and other communications. Registration does not imply a certain level of skill or training.

Effective March 25, 2020

## Item 2    Material Changes

Investment advisers are required to update this brochure when material changes occur and at least annually, and if necessary, deliver a copy of its updated brochure to its clients, free of charge; or prepare and deliver a *Summary of Material Changes* reporting material changes made to this brochure since the last annual update. An offer to deliver a copy of the updated brochure, free of charge, will also be included in this *Summary of Material Changes* document. If no material changes have been made to the brochure the adviser is not required to prepare and complete this Item.

If necessary, Loveless Wealth Management LLC will prepare this Item as a separate document attached to this brochure; material changes are not identified and discussed here.

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## **Item 4    Advisory Business**

Loveless Wealth Management LLC provides investment advice for a fee. We have been providing investment advice from the Billings, Montana area since 1987. We are owned by Donald S. Loveless, CFA, and CFP®.<sup>1</sup> Mr. Loveless is the firm's Chief Compliance Officer, principal management person, and an investment adviser representative of the firm. Brian Suskevich is the firm's Chief Operations Officer and an investment adviser representative of the firm. Maribeth (Betsy) A. Rector, AIF® is the firm's Chief Financial Officer and also an investment adviser representative of the firm. Shannon Schock, AIF® joined the firm in 2017 and became registered as an investment adviser representative of the firm in 2018. You can learn more about Don, Brian, Betsy, and Shannon in the supplements to this brochure.

### **Investment Portfolio Management Services**

Loveless Wealth Management, LLC offers and provides investment portfolio management services. Our investment strategy focuses primarily on developing an individual investment policy for each client based upon their risk tolerance and investment goals. This investment policy will dictate the percentage of different types of assets (e.g. equities, bonds, cash) held in the portfolio. We then will search for investment opportunities across industry groups and market sectors to diversify the investments in your portfolio.

We manage investment portfolios primarily on a discretionary (meaning we buy and sell securities for your portfolio without contacting you prior to the transaction for authorization) basis. Clients may restrict their investments to certain securities or types of securities purchased in their portfolio. Generally, we discuss most large transactions with our clients prior to making the purchase or sale.

### **Comprehensive Financial Planning Services**

Loveless Wealth Management LLC also offers and provides comprehensive financial planning services for an hourly fee. We will create financial plans specific to our client's request which may include a full comprehensive plan that includes developing a net worth statement, retirement savings plan, college savings plan, debt reduction plan, living estate plan, death estate plan, gifting, insurance needs, etc. or the client may choose to receive only one or more of the above plans. We strive to provide a plan designed to help our clients take control of their financial situation and achieve financial independence.

We tailor our investment advice and financial plan recommendations to the individual financial needs and investment objectives of our clients. We collect necessary financial information such as:

- savings and investment accounts and values
- other assets held and liabilities
- tax situation (from review of past and forecasted tax situation)
- insurance needs
- retirement accounts and values
- estate planning considerations

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<sup>1</sup> Chartered Financial Analyst® and CFA® are trademarks owned by CFA Institute.

Certified Financial Planner Board of Standards Inc. owns the certification marks CFP®, CERTIFIED FINANCIAL PLANNER™, CFP® (with plaque design) and CFP® (with flame design) in the U.S., which it awards to individuals who successfully complete CFP Board's initial and ongoing certification requirements.

from our clients to create comprehensive advice that considers all items above. Specific plan elements and investment recommendations are based upon each client's risk tolerance and specific investment objectives and goals.

### **Tax Planning**

We also incorporate tax planning into our investment portfolio management and comprehensive financial planning services to maximize our clients' wealth. Our team stays current on significant investment-related tax codes including changes in the capital gains tax rate, dividend tax rate, tax brackets, IRA and other qualified plan contribution limits, etc. In implementing tax planning we strive to:

- harvest tax losses,
- monitor marginal tax rates, capital loss carry-forwards, and Alternative Minimum Tax (AMT) situations,
- select investments that provide optimum after-tax returns and
- explore planned charitable giving to maximize tax benefits.

### **Estate Planning**

With effective, practical estate planning we help families preserve their wealth and leave their legacy to future generations. We work closely with our clients to assess their final wishes. We will review documents (trusts, wills, titles, insurance policies, etc.) to ensure they are executed correctly so assets are distributed as intended. We have many years of experience helping clients and their families through the difficult time of losing a loved one.

We occasionally conduct educational workshops or seminars.

**ERISA Considerations.** In rendering investment advice to retirement accounts that may be subject to ERISA regulation:

Loveless Wealth Management LLC is acting as a fiduciary as defined in ERISA 29 USC § 1002 (21) and applicable rules found @ 29 CFR 2510.3-21 and as an investment adviser registered with the SEC under the Investment Advisers Act of 1940.

We will act with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of like character and with like aims, based on the investment objectives, risk tolerance, financial circumstances and needs of the client, without regard to our interests.

Compensation for our services will not exceed "reasonable" compensation within the meaning of ERISA section 408(b)(2) and Code section 4975(d)(2).

Please find more detailed information about our services in **Item 8. Methods of Analysis, Investment Strategies and Risk of Loss** and our fee schedule in **Item 5. Fees and Compensation** below.

As of December 31, 2019, we managed client assets totaling approximately \$183,100,000.00, all on a discretionary basis.

## Item 5 Fees and Compensation

We are compensated for managing investment portfolios based upon a percentage of the market value of assets managed. Fees may be negotiable.

### Market Value of Assets Managed      Annual Fee

First \$500,000	1.50%
Next \$500,001 to \$1,000,000	1.00%
Next \$1,000,001 to \$20,000,000	0.75%
Next \$20,000,001 to \$50,000,000	0.375%
Next \$50,000,001 and above	0.25%

Accounts are subject to a \$400 per year (\$100 per quarter) minimum.

Clients will authorize fees to be deducted from their accounts. Fees are payable quarterly (1/4 of annual rate) and based on the market value of the portfolio at the end of the quarter. Example:

Billing Period	06/30 Market Value	Tier	Fee Calculation	Quarterly Fee
04/01 – 06/30	\$1,200,000.00	First \$500,000	.015/4 [\$7,500/4] =	\$1,875.00
		Next \$500,000	.010/4 [\$5,000/4] =	\$1,250.00
		Last \$200,000	.0075/4 [\$1,500/4] =	\$ 375.00
				\$3,500.00

Fees are billed and payable after services have been provided, not in advance. Fees are pro-rated for partial quarters and for large cash flows.

We execute an agreement with our clients defining certain terms of our investment advisory relationship. This agreement can be terminated at any time by the client and with a 14-day notice by us.

We charge \$350.00 per hour for financial planning services. No refunds are made and termination of services is effective upon notice.

Our clients also incur transaction fees or commissions from the broker-dealer through which the investments are purchased or sold. Mutual funds also charge annual management fees. We do not retain any portion of any of these additional fees. The custodian, broker-dealer, and/or investment company keep all of these additional fees. We do not receive any other compensation such as commissions or "loads" for the sale of securities or other investment products nor do we receive any annual service fees from mutual fund or annuity companies. For additional information see [Item 12. Brokerage Practices](#) below.

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

We are not compensated with performance-based fees.

## Item 7 Types of Clients

Loveless Wealth Management LLC provides and offers investment advisory services to several different types of clients including but not limited to:

- ✓ individuals and their families    ✓ trusts    ✓ retirement accounts and employer sponsored plans
- ✓ foundations and endowments   ✓ estates   ✓ charitable organizations
- ✓ small businesses, corporations, and other business entities

Generally we do not accept accounts less than \$100,000.00 but may waive this requirement at our discretion.

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

Loveless Wealth Management LLC's investment strategy focuses primarily on developing an individual investment policy for each client based upon their risk tolerance and investment goals. This investment policy will dictate the percentage of different types of assets (e.g. equities, bonds, cash) held in the portfolio.

We search for investment opportunities across industry groups and market sectors to diversify the investments in your portfolio. We fundamentally analyze individual investment opportunities, meaning we review the company's financial statements to determine the overall financial "health" of the company and determine financial ratios to compare the company's relative value to its competitors. After suitability, diversification of the portfolio is our primary focus. Diversifying the investments across several market sectors, asset classes, and individual securities we believe is the best way to decrease the volatility and increase the return of our clients' portfolios.

We recommend and advise upon various securities including:

- individual corporate exchange-listed domestic and international securities,
- corporate bonds
- United States government bonds and agency bonds,
- CD's,
- municipal securities,
- mutual funds (closed and open-end funds),
- exchange traded funds (ETFs), and
- exchange traded MLPs and real estate investment trusts (REITs).

Again, as stated in **Item 4. Advisory Services** above clients may restrict their investments to certain securities or types of securities purchased in their portfolio.

**It is important to understand investing in general involves risk of loss that you should be prepared to bear.**

Along with the obvious risk of loss of principal, there are a number of significant risks associated with LWM's investment approach. These risks include, but are not limited to:

- **Inflation Risk:** The investment value may not keep pace with inflation. If the after-tax return on an investment is less than the rate of inflation, the value of the investment will decline.

●**Equity Investing Risks:** Equity risk is the risk that the value of equity securities will fall due to general market or economic conditions (*market risk*), perceptions of the industry (*industry risk*), or company specific circumstances (*business risk*).

●**Fixed Income Investing Risks:** Fixed income investment value may fall due to interest rate movement (*interest rate risk*) and specific issuer's inability to pay its obligations (interest and principal payments) due to unforeseen circumstances (*credit risk*).

●**Global Investing Risks:** We search to find high quality opportunities on a **global** basis. This may result in additional risks such as:

*Country Risk*        The possibility that political events (war, national elections), financial problems (rising inflation, government default), or natural disasters (earthquake, poor harvest) will weaken a country's economy and cause investments in that country to decline.

*Currency Risk*        The possibility that returns could be reduced for U.S. dollar based investors investing in foreign securities because of a rise in the value of the U.S. dollar against foreign currencies. Also called exchange-rate risk.

*Foreign Market Exchanges*    Certain events may affect foreign market exchanges that may result in the inability to quickly sell foreign securities traded on that exchange (the security will become illiquid).

●**Mutual Fund Investing:** We may recommend and advise upon mutual funds. Investing in mutual funds also presents the following risk in addition to those detailed above:

*Manager Risk*    The possibility that an actively managed mutual fund's investment adviser will fail to execute the fund's investment strategy effectively resulting in the failure of the stated objectives.

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Loveless Wealth Management LLC's main sources of information for its investment research are:

- financial newspapers and magazines,
- inspections of corporate activities
- corporate rating services,
- research materials prepared by others
- annual reports, prospectuses, filings with the SEC and
- company press releases

## Item 9    Disciplinary Information

We have no legal or disciplinary events to disclose.

## Item 10 Other Financial Industry Activities and Affiliations

We are not involved or affiliated with any other financial industries or activities. We do not recommend or select other investment advisers for clients.

## Item 11 Code of Ethics

Donald S. Loveless, CFA, and CCO of the firm has adopted the CFA Institute's ASSET MANAGER CODE OF PROFESSIONAL CONDUCT as the firm's **Code of Ethics**. This code provides ethical guidance for asset managers to follow in conducting their operations in the following areas:

- |                                   |  |
|-----------------------------------|--|
| A. Loyalty to Clients             | D. Risk Management, Compliance & Support |
| B. Investment Process and Actions | E. Performance and Valuation             |
| C. Trading                        | F. Disclosures                           |

Our **Code of Ethics** is available to our clients and prospective clients upon request.

Loveless Wealth Management LLC or its employees and representatives may invest in the same securities we recommend to our clients. We may buy or sell securities for client accounts at or about the same time we buy or sell securities for our own accounts.

Investing in securities our clients also invest in presents a potential conflict of interest because we also want the value of those securities to rise to benefit our own accounts. "Front-running" or "scalping" then becomes a possibility. The practice of "front-running" or "scalping" is when an investment adviser or employee of an investment adviser purchases a security for their own account(s) prior to purchasing in their clients' accounts and then profitably selling the stock.

We require firm personnel to adhere to our Code of Ethics and our fiduciary duty to always place our clients' interests before our own. We require personnel to be cognizant of client trading activity and ensure transactions placed for proprietary accounts are appropriate prior to executing the proprietary trade. When the firm is aware of transacted or potential transactions in mutually owned securities, and if applicable and appropriate, we will ensure orders are placed in client accounts before our own. In an effort to detect and prevent improper proprietary trading we require personnel to periodically report security holdings and transactions. Personnel are subject to termination and possible regulatory action if a pattern of impropriety is detected.

## Item 12 Brokerage Practices

### **The Custodian and Brokers We Use**

Loveless Wealth Management LLC does not maintain custody of your assets we manage although we may be deemed to have custody of your assets for regulatory purposes when you give us authority to withdraw advisory fees from your account (see **Item 15. Custody**, below). Your assets must be maintained in an account at a "qualified custodian", generally a broker-dealer or bank. When requested to do so by a client or prospective client, we will recommend our clients use Charles Schwab & Co., Inc. (Schwab), a registered broker-dealer, member SIPC, as the qualified custodian.



Loveless Wealth Management LLC is independently owned and operated and is not affiliated with Schwab. Schwab will hold your assets in a brokerage account and buy and sell securities as we instruct them to. Each client receives statements directly from Schwab and also quarterly management and performance reports from us.

While we may recommend you use Schwab as the custodian/broker, you decide whether to do so and will open your account with Schwab or a custodian/broker-dealer of your choice by entering into an account agreement with the custodian/broker-dealer. We may assist you in opening the account administratively.

If your account is maintained at Schwab, we can still use other brokers to execute trades for your account as described below (see **"Your Brokerage and Custody Costs"**), but in practice such transactions are rare.

### **How We Select Brokers/Custodians**

We seek to recommend a custodian/broker-dealer who will hold your assets and execute transaction on terms that are, overall, most advantageous when compared to other available providers and their services. We consider a wide range of factors, including among others:

- Combination of transaction execution services and asset custody services (generally without a separate fee for custody); promptness of execution reports and accuracy of confirmations and statements provided to clients
- Capability to execute, clear, and settle trades (buy and sell securities for your account)
- Capability to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.)
- Breadth of available investment products [stocks, bonds (corporate, municipal, U.S. Government Treasuries and Agency), mutual funds, exchange-traded funds (ETFs), etc.]
- Availability and value of investment research and tools that assist us in making investment decisions
- Quality of services
- Competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.) and willingness to negotiate the prices
- Reputation, financial strength, and stability
- Prior services to us and our other clients
- Availability of other products and services that benefit us, as discussed below (see **"Products and Services Available to Us From Schwab"**)

### **Your Brokerage and Custody Costs**

For our clients' accounts maintained at Schwab, Schwab generally does not charge separately for custody services but is compensated by charging the client commissions or other fees on trades that it executes or that settle into the Schwab account. The commission rate Schwab charges our clients is contingent upon the total amount of assets the client maintains at Schwab and whether or not the client chooses to receive trade confirmations and account statements electronically. We will discuss and disclose exact commission charges directly with each client prior to entering into an advisory services agreement. Commission rates charged our clients by Schwab is in no way connected to the

number or nature of trades affected in our client accounts or total amount of assets our clients collectively maintain at Schwab.

In addition to commissions, Schwab charges our clients a flat dollar amount as a “prime broker” or “trade away” fee for each trade that we have executed by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into your Schwab account. These fees are in addition to the commissions the client pays the executing broker-dealer. Because of this, in order to minimize our clients’ trading costs, we execute most trades for your account through Schwab. We have determined having Schwab execute most trades is consistent with our duty to seek “best execution” of our clients’ trades. Best execution means the most favorable terms for a transaction based on all relevant factors, including those listed above (see “**How we Select Brokers/Custodians**”).

### **Products and Services Available to Us From Schwab**

Schwab Advisor Services™ (formerly Schwab Institutional®) is Schwab’s business serving independent investment advisory firms like us. Schwab Advisor Services™ provides us and our clients with access to its institutional brokerage – trading, custody, reporting, and related services – many of which are not typically available to Schwab retail customers. Schwab also makes available various support services. Some of those services help us manage or administer our clients’ accounts while others help us manage and grow our business. Schwab’s support services generally are available on an unsolicited basis (we do not have to request them) and at no charge to us. Following is a more detailed description of Schwab’s support services:

**Services That Benefit You.** Schwab’s institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through Schwab include some we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients. Schwab’s services described in this paragraph generally benefit you and your account.

**Services That May Not Directly Benefit You.** Schwab also makes available to us other products and services that benefit us but may not directly benefit you or your account. These products and services assist us in managing and administering our clients’ accounts. They include investment research, both Schwab’s own and that of third parties. We may use this research to service all or a substantial number of our clients’ accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab also makes available software and other technology that:

- Provide access to client account data (duplicate trade confirmations and account statements)
- Facilitate trade execution and allocate aggregated trade orders for multiple client accounts
- Provide pricing and other market data
- Facilitate payment of our fees from our clients’ accounts
- Assist with back-office functions, recordkeeping, and client reporting

**Services That Generally Benefit Only Us.** Schwab also offers other services intended to help us manage and further develop our business enterprise. These services include:

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

Schwab may provide some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to us. Schwab may also discount or waive its fees for some of these services or pay all or a part of a third party's fees. Schwab may also provide us with other benefits. We access and use Schwab's compliance publications and resources to a considerable extent and have attended educational conferences and events at our own expense. We have accessed and used only minimally or not at all the other services noted above.

### **Our Interest in Schwab's Services**

The availability of these services from Schwab benefits us because we do not have to produce or purchase them. The availability of these services at no charge may be an incentive to recommend that you maintain your account with Schwab based on our financial interests rather than based on your interest in receiving best value in custody services and the most favorable execution of your transactions. This presents a potential conflict of interest. However, we believe recommending Schwab as custodian and broker is in the best interests of our clients. This belief is supported primarily by the scope, quality, and price of Schwab's services (based on the factors discussed above – see "How We Select Brokers/Custodians") and not simply because Schwab's services are available to us at no charge. It is also important to remember our clients may choose any custodian or broker-dealer they wish.

### **Brokerage for Client Referrals**

Loveless Wealth Management LLC does not receive client referrals from any broker-dealer or custodian.

### **Directed Brokerage**

If a broker-dealer recommendation is *requested by the client*, we will recommend Schwab as the broker-dealer for the reasons described in "**How We Select Brokers/Custodians**" above. We do not *request* or *require* our clients use any particular broker-dealer. It is ultimately the client's decision where to open or maintain their broker-dealer account.

Loveless Wealth Management LLC is independently owned and operated and is not affiliated with Schwab. We believe our recommendation of Schwab as broker-dealer is in the best interests of our clients. Our recommendation is primarily supported by the scope, quality, and price of Schwab's services (again see "**How We Select Brokers/Custodians**" above) and Schwab's ability to facilitate the best execution of the orders we place for our clients. The conflicts of interest this recommendation may present are described and addressed in complete detail in "**Products and Services Available to Us From Schwab**" above.

Clients may direct brokerage to any broker-dealer they choose. It is the client's responsibility to negotiate commission rates with the directed broker-dealer. It is important to understand, if the client

directs brokerage to a broker-dealer other than Schwab, the client may not receive the best execution available, may pay higher commissions, and may not be able to participate in aggregated trades (please see **Order Aggregation** below). In selecting an executing broker-dealer clients are encouraged to consider, among other factors, the following:

- Brokerage arrangements other than those directed by the client may exist that would provide the client more favorable execution or additional brokerage related services;
- Other than in connection with monitoring trade execution data for client transactions, we have no responsibility to determine or assess the extent or value of service provided to clients provided by their directed executing brokers, nor do we generally have access to such information;
- Technological capabilities and limitations of a client's executing broker (e.g. a broker's inability to receive orders electronically) may affect our ability to relay trading instructions to such broker as efficiently as it is able to relay instructions to brokers that have more sophisticated order systems.

We encourage our clients to periodically review the terms of their brokerage agreement to ensure such the terms meet their needs and are competitive in the market in relation to the services offered.

### **Order Aggregation**

Client orders executed through the same broker dealer may be aggregated to achieve best execution. Generally clients will receive the average share price of all orders executed to fill the aggregated order. Individual transaction fees and commissions will not be affected. The client will incur the same transaction fee or commission charge regardless if the order was aggregated or executed individually. Aggregation saves time and all accounts receive same price. We will attempt to aggregate orders when it is determined prudent.

## **Item 13 Account Review**

### **Account Review**

Loveless Wealth Management LLC continuously monitors the investments held in client accounts and reviews the accounts accordingly. Significant changes in general market and economic conditions and specific industry and company developments will also trigger a review.

We review accounts at least quarterly for various things including but not limited to:

- general adherence to the account's investment policy
- appropriate diversification
- appropriateness of cash level maintained in the account (is there enough cash to meet the client's needs, should cash be invested, etc.)

We also review client accounts immediately upon learning of material changes in client circumstances.

Donald S. Loveless, CFA and CFP® reviews all accounts. Brian Suskevich, Betsy A. Rector, and Shannon Schock assist Don in these account reviews.

You can find additional information about Mr. Loveless, Mr. Suskevich, Ms. Rector, and Ms. Schock in the supplements to this brochure.

## **Reports**

We prepare and send to our clients written quarterly reports which contain performance reports, asset allocation reports and a portfolio statement. Clients also receive statements directly from the custodian where their account is held.

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

Loveless Wealth Management LLC receives an economic benefit from Schwab in the form of the support products and services it makes available to us and other independent investment advisors whose clients maintain their accounts at Schwab. These products and services, how they benefit us, and the related conflicts of interest are described above (see **Item 12 – Brokerage Practices**). The availability to us of Schwab's products and services is not based on us giving particular investment advice, such as buying particular securities for our clients.

We do not compensate anyone for client referrals.

## **Item 15 Custody**

Although under government regulations we are deemed to have custody of client assets if clients authorize us to instruct Schwab to deduct our advisory fees directly from their account, Loveless Wealth Management LLC does not take custody of client funds or securities. Our clients open accounts at a separate custodian. As explained above in **Item 12. Brokerage Practices**, we encourage our clients to open accounts at Schwab, but ultimately the client chooses the custodian they wish to use. The custodian will send account statements quarterly, or more frequently, directly to the client. We strongly encourage our clients to carefully review these account statements received from the custodian and compare the information reported on the account statements to information reported on the quarterly reports we provide.

## **Item 16 Investment Discretion**

Loveless Wealth Management LLC manages investment portfolios on a discretionary (meaning we may buy and sell securities for your portfolio without contacting you prior to the transaction for authorization) although you may limit or restrict securities we can purchase or sell for your account.

We will not exercise any discretionary power without first obtaining written discretionary authority from the client. Discretionary authorization is granted in paragraph 1 of the Investment Advisory Agreement we execute with our clients. Discretionary authority is also granted in the custodian's account opening application.

## **Item 17 Voting Client Securities**

Loveless Wealth Management LLC will not vote, or give any advice about how to vote, proxies for securities held in our clients' investment accounts.

## **Item 18 Financial Information**

We do not require or solicit prepayment of \$500 or more in fees per client, six months or more in advance and therefore have not included a balance sheet.

We have no financial condition that is reasonably likely to impair our ability to meet contractual commitments, nor have we been subject of any bankruptcy petition.