

**Item 1: Cover Page**

**Part 2A of Form ADV  
Firm Brochure**

March 24, 2020

**Left Brain Wealth Management, LLC**

SEC File No. 801-113256

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This brochure provides information about the qualifications and business practices of Left Brain Wealth Management, LLC. If you have any questions about the contents of this brochure, please contact us at 630-517-9300 or email at NolandL@leftbrainwm.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. Registration with the SEC or state regulatory authority does not imply a certain level of skill or expertise.

Additional information about Left Brain Wealth Management, LLC, is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2: Material Changes**

This Firm Brochure is our disclosure document prepared according to regulatory requirements and rules. Consistent with the rules, we will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business' fiscal year. Furthermore, we will provide you with other interim disclosures about material changes as necessary.

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## Item 4: Advisory Business

### A. Left Brain Wealth Management, LLC

Left Brain Wealth Management, LLC ("LBWM" and/or "the firm"), is an Illinois limited liability company. Noland Langford is the firm's sole member. The firm has been providing investment advisory services since May 2014.

### B. Advisory Services Offered

LBWM is an independent asset management and financial planning firm offering a variety of financial services to individuals, trusts, corporations, partnerships, retirement plans, tax exempt and other legal entities.

#### B.1. Discretionary Asset Management Services

For its discretionary asset management services, LBWM receives a limited power of attorney to effect securities transactions on behalf of its clients that include securities and strategies described in Item 8 of this brochure.

LBWM's discretionary asset management services are predicated on the client's investment objectives, goals, tolerance for risk, and other personal and financial circumstances. LBWM will analyze each client's current investments, investment objectives, goals, age, time horizon, financial circumstances, investment experience, investment restrictions and limitations, and risk tolerance and implement a portfolio consistent with such investment objectives, goals, risk tolerance and related financial circumstances. LBWM's objective is to review the client's tax, financial, and estate planning objectives and goals in connection with the client's investment objectives, goals, tolerance for risk, and other personal and financial circumstances and make appropriate recommendations and implementation decisions. LBWM may engage third-party service providers to assist with the tax and estate planning portion of the services provided to clients. In addition, LBWM may utilize third-party software to analyze individual security holdings and separate account managers utilized within the client's portfolio.

LBWM's investment advisory services to clients take into account a client's personal financial circumstances, investment objectives and tolerance for risk (e.g., cash-flow, tax and estate). LBWM's engagement with a client will include, as appropriate, the following:

- Providing assistance in reviewing the client's current investment portfolio against the client's personal and financial circumstances as disclosed to LBWM in response to a questionnaire and/or in discussions with the client and reviewed in meetings with LBWM.
- Analyzing the client's financial circumstances, investment holdings and strategy, and goals.
- Providing assistance in identifying a targeted asset allocation and portfolio design.
- Implementing and/or recommending individual equity and fixed income securities, mutual funds and ETFs.

- Proposing changes in the client's investment portfolio in consideration of changes in the client's personal circumstances, investment objectives and tolerance for risk, the performance record of any of the client's investments, and/or the performance of any fund retained by the client.
- If the client's portfolio and personal circumstances, investment objectives, and tolerance for risk make such advice appropriate, providing recommendations to hedge a client's portfolio through the use of derivative strategies, to generate additional income through the use of covered call option writing strategies involving exchange listed or OTC options, and/or to monetize or hedge concentrated stock positions.

In addition to providing LBWM with information regarding their personal financial circumstances, investment objectives and tolerance for risk, clients are obligated to provide the firm with any reasonable investment restrictions that should be imposed on the management of their portfolio, and to promptly notify the firm in writing of any changes in such restrictions or in the client's personal financial circumstances, investment objectives, goals and tolerance for risk. On a quarterly basis, LBWM's reports to clients will remind clients of their obligation to inform the firm of any such changes or any restrictions that should be imposed on the management of the client's account. LBWM will also contact clients at least annually to determine whether there have been any changes in a client's personal financial circumstances, investment objectives and tolerance for risk.

## **B.2. Financial Planning Services**

Clients will receive a written or oral report (depending on the client's preference) providing a basic financial plan designed to help achieve their stated financial goals and objectives. Based on the client's needs, financial planning services may include (but are not limited to) the following:

- Preparation of a recommended asset allocation that serves to diversify the client's portfolio among different categories of investments, such as domestic and international small, medium, and large capitalization securities; corporate and government fixed income (short-, intermediate-, and long-term maturities); emerging market securities (i.e., foreign issuers); real estate investment trusts; and such other alternative asset categories that are suitable in light of the client's investment goals, objectives, and risk tolerance.
- Preparation of a retirement plan that serves to identify whether the client is saving enough and investing in a way that meets retirement objectives in light of the client's financial circumstances and risk tolerance.
- Preparation of cash flow projections to ensure that the client can meet daily living expenses and obligations.
- Insurance planning to meet the needs of the client, taking into account family, business, and other financial objectives of the client.

LBWM gathers required information through in-depth personal interviews and questionnaires. Information gathered includes a client's current financial status, investment objectives, future goals, and attitudes toward risk. Related documents supplied by the client are carefully

reviewed, and a report is prepared covering one or more of the above-mentioned topics as directed by the client.

### **B.3. 401(k) Consultative Services**

Upon completing a questionnaire provided by the firm, LBWM will provide a one-time review of the performance of the client's 401(k) account and provide the client with a report of the firm's investment advice, including allocation advice, regarding the investment alternatives offered by the Plan in accordance with the client's risk tolerance and investment goals as set forth in the questionnaire.

### **B.4. Fund Portfolio Management**

LBWM serves as the investment manager to the Left Brain Capital Appreciation Master Fund, LDT; Left Brain Capital Appreciation Fund, L.P.; and Left Brain Capital Appreciation Off Shore, LDT (the "Funds"), and continuously manages the Funds' assets based on the investment goals and objectives as outlined in the Funds' offering documents.

## **C. Client-Tailored Services and Client-Imposed Restrictions**

Each client's account will be managed on the basis of the client's financial situation and investment objectives and in accordance with any reasonable restrictions imposed by the client on the management of the account—for example, restricting the type or amount of security to be purchased in the portfolio.

## **D. Wrap Fee Programs**

LBWM does not participate in wrap fee programs. (Wrap fee programs offer services for one all-inclusive fee.)

## **E. Client Assets Under Management**

As of December 31, 2019, LBWM has \$167,288,275 of discretionary assets under management and \$211,154 of non-discretionary assets under management.

## Item 5: Fees and Compensation

### A. Methods of Compensation and Fee Schedule

#### A.1. Asset-Based Fee Schedule

LBWM's fee for the services is an asset-based fee calculated as a percentage of the value of the managed assets, calculated according to the following fee schedule, which represents the maximum fees for individual services. All fees are negotiable.

<u>Assets Under Management</u>	<u>Annual Fee Rate*</u>
First \$100,000	2.00%
Next \$150,000	1.75%
Next \$250,000	1.50%
Next \$500,000	1.35%
Next \$2,000,000	1.15%
Over \$3,000,000	1.00%

The client authorizes the qualified custodian to automatically deduct the fee and all other charges payable hereunder from the assets in the account when due with such payments to be reflected on the next account statement sent to the client. If insufficient cash is available to pay such fees, securities in an amount equal to the balance of unpaid fees will be liquidated to pay for the unpaid balance. LBWM may modify the fee at any time upon 30 days' written notice to the client. In the event the client has an ERISA-governed plan, fee modifications must be approved in writing by the client.

Asset-based fees are always subject to the investment advisory agreement between the client and LBWM. Such fees are payable monthly in advance. Asset-based fees are calculated as a percentage of the fair market value of all assets in the client's account(s) on the last trading day of the previous calendar month in accordance with the firm's stated fee schedule. The fees will be prorated if the investment advisory relationship commences otherwise than at the beginning of a calendar month. Adjustments for significant contributions to a client's portfolio are prorated for the month in which the change occurs; no adjustments will be made for withdrawals.

A client investment advisory agreement may be canceled at any time by the client, or by LBWM with 30 days' prior written notice to the client. A financial planning agreement may be terminated by either party for any reason upon receipt of written notice. Upon termination of any account, any unearned, prepaid fees will be promptly refunded. If the client has not received the firm's disclosure brochure at least 48 hours prior to signing the investment advisory contract, the investment advisory contract may be terminated by the client within five business days of signing the contract without incurring any advisory fees.

#### A.2. Financial Planning Fees

LBWM offers either hourly or fixed fee arrangements to all financial planning clients. Generally, the more complex the financial planning engagement, the higher the likelihood that fixed fees



will be negotiated, as it is difficult with respect to complex cases to discern the exact number of hours required to provide services. In this particular case, a fixed fee would be negotiated and then reevaluated at a later point to determine whether the fixed fee compensation requires adjustment. Fixed fees are computed based upon a good faith estimate of hours required to perform services. Where the time spent can be accurately estimated, then an hourly charge would apply. LBWM attempts to maintain parity with hourly and fixed charges while allowing some flexibility in estimation, taking into account case complexity and client-specific circumstances.

Financial planning fees will be billed at the rate of \$300 per hour or a fixed fee mutually agreed upon by the client and LBWM. For fixed fee arrangements, LBWM will provide the prospective client with an estimate of the fixed charges prior to finalizing the financial planning agreement. Estimates will be based upon a good faith estimate of the number of hours to complete the assignment multiplied by the hourly rate and re-evaluated at a later point as discussed above. The client will be billed directly for such services. Invoices will be mailed out on a periodic basis reflecting completed work performed. Clients seeking to terminate this service must do so in writing.

### **A.3. 401(k) Consultative Services Fess**

Clients are billed a one-time fee of \$499.00 for this service, payable in full upon signing the agreement for this service. The service terminates upon receipt of the report from LBWM.

If the client has not received the firm's disclosure brochure at least 48 hours prior to signing the investment advisory contract, the investment advisory contract may be terminated by the client within five business days of signing the contract without incurring any advisory fees.

### **A.4 Fund Portfolio Management Fees**

Left Brain Capital Appreciation Master Fund, LDT; Left Brain Capital Appreciation Fund, L.P.; and Left Brain Capital Appreciation Off Shore, LDT, pay LBWM a management and performance fee as detailed in the Funds' offering documents.

## **B. Client Payment of Fees**

LBWM requires clients to authorize the direct debit of fees from their accounts. Exceptions may be granted subject to the firm's consent for clients to be billed directly for our fees. For directly debited fees, the custodian's periodic statements will show each fee deduction from the account. Clients may withdraw this authorization for direct billing of these fees at any time by notifying us or their custodian in writing.

LBWM will deduct advisory fees directly from the client's account provided that (i) the client provides written authorization to the qualified custodian, and (ii) the qualified custodian sends the client a statement, at least quarterly, indicating all amounts disbursed from the account.

The client is responsible for verifying the accuracy of the fee calculation, as the client's custodian will not verify the calculation.

### **C. Additional Client Fees Charged**

All fees paid for investment advisory services are separate and distinct from the fees and expenses charged by exchange-traded funds, mutual funds, separate account managers, private placement, pooled investment vehicles, broker-dealers, and custodians retained by clients. Such fees and expenses are described in each exchange-traded fund and mutual fund's prospectus, each separate account manager's Form ADV and Brochure and Brochure Supplement or similar disclosure statement, each private placement or pooled investment vehicle's confidential offering memoranda, and by any broker-dealer or custodian retained by the client. Clients are advised to read these materials carefully before investing. If a mutual fund also imposes sales charges, a client may pay an initial or deferred sales charge as further described in the mutual fund's prospectus. A client using LBWM may be precluded from using certain mutual funds or separate account managers because they may not be offered by the client's custodian.

Please refer to the Brokerage Practices section (Item 12) for additional information regarding the firm's brokerage practices.

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

LBWM generally requires investment advisory fees to be prepaid on a monthly basis. LBWM's fees will either be paid directly by the client or disbursed to LBWM by the qualified custodian of the client's investment accounts, subject to prior written consent of the client. The custodian will deliver directly to the client an account statement, at least quarterly, showing all investment and transaction activity for the period, including fee disbursements from the account.

A client investment advisory agreement may be canceled at any time by the client, or by LBWM with 30 days' prior written notice to the client. Upon termination, any unearned, prepaid fees will be promptly refunded. The client has the right to terminate an agreement without penalty within five business days after entering into the agreement.

### **E. External Compensation for the Sale of Securities to Clients**

LBWM's advisory professionals are compensated primarily through a salary and bonus structure. LBWM's advisory professionals may be paid sales, service or administrative fees for the sale of mutual funds or other investment products. LBWM's advisory professionals may receive commission-based compensation for the sale of securities and insurance products. Investment adviser representatives, in their capacity as a The Leaders Group registered representative, are prohibited from earning an advisory fee on the securities value transferred from an advisory client's The Leaders Group brokerage account unless commissions earned on such securities transactions occurred at least 12–18 months prior to the transfer. Please see Item 10.C. for detailed information and conflicts of interest.

### **F. Important Disclosure – Custodian Investment Programs**

Please be advised that certain of the firm's investment adviser representatives are registered with a broker-dealer and/or the firm is a broker-dealer or affiliated with a broker-dealer. Under

these arrangements, we can access certain investment programs offered through the broker-dealer that offer certain compensation and fee structures that create conflicts of interest of which clients need to be aware. As such, the investment adviser representative and/or the firm may have an economic incentive to recommend the purchase of 12b-1 or revenue share class mutual funds offered through the broker-dealer platform rather than from the investment adviser platform.

Please be advised that the firm utilizes certain custodians/broker-dealers. Under these arrangements we can access certain investment programs offered through such custodian(s) that offer certain compensation and fee structures that create conflicts of interest of which clients need to be aware. Please note the following:

***Limitation on Mutual Fund Universe for Custodian Investment Programs:*** Please note that as a matter of policy we prohibit the receipt of revenue share fees from any mutual funds utilized for our advisory clients' portfolios. There are certain programs in which we participate where a client's investment options may be limited in certain of these programs to those mutual funds and/or mutual fund share classes that pay 12b-1 fees and other revenue sharing fee payments, and the client should be aware that the firm is not selecting from among all mutual funds available in the marketplace when recommending mutual funds to the client.

***Conflict Between Revenue Share Class (12b-1) and Non-Revenue Share Class Mutual Funds:*** Revenue share class/12b-1 fees are deducted from the net asset value of the mutual fund and generally, all things being equal, cause the fund to earn lower rates of return than those mutual funds that do not pay revenue sharing fees. The client is under no obligation to utilize such programs or mutual funds. Although many factors will influence the type of fund to be used, the client should discuss with their investment adviser representative whether a share class from a comparable mutual fund with a more favorable return to investors is available that does not include the payment of any 12b-1 or revenue sharing fees given the client's individual needs and priorities and anticipated transaction costs. In addition, the receipt of such fees can create conflicts of interest in instances (i) where our adviser representative is also licensed as a registered representative of a broker-dealer and receives a portion of 12b-1 and or revenue sharing fees as compensation – such compensation creates an incentive for the investment adviser representative to use programs which utilize funds that pay such additional compensation; and (ii) where the custodian receives the entirety of the 12b-1 and/or revenue sharing fees and takes the receipt of such fees into consideration in terms of benefits it may elect to provide to the firm, even though such benefits may or may not benefit some or all of the firm clients.

***Additional Disclosure Concerning Wrap Programs:*** To the extent that we either sponsor or recommend wrap fee programs, please be advised that certain wrap fee programs may (i) allow our investment adviser representatives to select mutual fund classes that either have no transaction fee costs associated with them but include embedded 12b-1 fees that lower the investor's return ("sometimes referred to as "A-Shares," depending on the mutual fund issuer), or (ii) allow the use of mutual fund classes that have transaction fees associated with them but do not carry embedded 12b-1 fees (sometimes referred to as "I-Shares," depending on the mutual fund sponsor). Wrap fee programs offer investment services and related transaction

services for one all-inclusive fee (except as may be described in the applicable wrap fee program brochure). The trading costs are typically absorbed by the firm and/or the investment representative. If a client's account holds A-Shares within a wrap fee program, the firm and/or its investment adviser representative avoids paying the transaction fees charged by other mutual fund classes, which in effect decreases the firm's costs and increases its revenues from the account. Effectively, the cost is transferred to the client from the firm in the form of a lower rate of return on the specific mutual fund. This creates an incentive for the firm or investment adviser representative to utilize such funds as opposed to those funds that may be equally appropriate for a client but do not carry the additional cost of 12b-1 fees. As a policy matter, the firm does not allow funds that impose 12b-1 or revenue sharing fees on the client's investment within its wrap fee programs. Clients should understand and discuss with their investment adviser representative the types of mutual fund share classes available in the wrap fee program and the basis for using one share class over another in accordance with their individual circumstances and priorities.

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

LBWM may charge performance-based fees to clients. Clients are advised that performance-based fees involve a sharing of any portfolio gains between the client and the investment manager. Such performance-based fees create an economic incentive for the investment manager to take additional risks in the management of a client portfolio that may be in conflict with the client's current investment objectives and tolerance for risk.

Please be advised that for separately managed accounts managed side-by-side with the Left Brain Capital Appreciation Master Fund, LDT; Left Brain Capital Appreciation Fund, L.P.; and Left Brain Capital Appreciation Off Shore, LDT (the "Funds"), there is a potential conflict of interest in that LBWM may have an economic incentive to allocate securities transactions with a higher expected return to the Funds whereby LBWM can take advantage of the performance-based fee structure of the Funds and earn higher compensation.

Performance-based fees may only be offered to clients who meet at least one of the following criteria:

- A natural person who or a company that immediately after entering into the contract has at least \$1,000,000 under the management of the investment adviser;
- A natural person or a company that the investment adviser entering into the contract (and any person acting on his behalf) reasonably believes, immediately prior to entering into the contract, either:
  - Has a net worth (together, in the case of a natural person, with assets held jointly with a spouse) of more than \$2,000,000 at the time the contract is entered into, exclusive of the value of their primary residence; or
  - Is a qualified purchaser as defined in section 2(a)(51)(AA) of the Investment Company Act of 1940 (15U.S.C. 80a-2(51)(A)) at the time the contract is entered into; or
  - A natural person who immediately prior to entering into the contract is:
    - An executive officer, director, trustee, general partner, or person serving in similar capacity of the investment adviser; or
    - An employee of the investment adviser (other than an employee performing solely clerical, secretarial, or administrative functions with regard to the investment adviser) who, in connection with his or her regular functions or duties, participates in the investment activities of such investment adviser, provided that such employee has been performing such functions and duties for or on behalf of the investment adviser, or substantially similar functions or duties for or on behalf of another company for at least 12 months.

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

LBWM offers its investment services to various types of clients including high-net-worth individuals, trusts, corporations, partnerships, retirement plans, tax exempt, proprietary private fund, and other legal entities.

LBWM does not have a minimum account size.

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

### **A. Methods of Analysis and Investment Strategies**

LBWM uses a variety of sources of data to conduct its economic, investment and market analysis, such as financial newspapers and magazines, economic and market research materials prepared by others, conference calls hosted by mutual funds, corporate rating services, annual reports, prospectuses, and company press releases. It is important to keep in mind that there is no specific approach to investing that guarantees success or positive returns; investing in securities involves risk of loss that clients should be prepared to bear.

Investment selection will be aided by the General Partner's proprietary trading strategy (the JARVIS STRATEGY) using fundamental, technical, and quantitative analysis. One of its tools is the JARVIS STRATEGY, which is a proprietary technology platform for valuing and ranking securities. The strategy allows the manager to evaluate securities based on fundamental, technical and quantitative factors. The investment advisor believes that all three evaluation methods are important drivers of performance.

#### **A.1. Technique in Selection of Securities**

When the investment advisor finds a security meeting criteria sufficient for initial review, the investment advisor does an in depth analysis of that security to determine if it meets its recommendation criteria. It is not enough for a security to be attractively priced. It needs to be priced reasonably while signaling it is moving in the right direction and fit our proprietary criteria for factors we determine to be important to determine opportunity for outsized gains in the future. We use our strategy, the JARVIS STRATEGY, simply as a shortcut to allow us to cut through the noise and identify which securities meet our criteria and which do not. The technology platform also signals anomalies that may exist between markets and securities, and highlights areas the investment advisor should investigate.

The JARVIS STRATEGY executed by the investment advisor will employ various analytical techniques, including:

- **Fundamental Analysis of Specific Securities and Indices.** The investment advisor will develop an opinion of a security's true value by reading company annual reports, listening to company conference calls, reviewing the balance sheet, using valuation metrics such as price to earnings ratios, price to cash flow ratios, price to book, etc.
- **Technical Analysis of Various Securities and Indices.** The investment advisor will get a read on a security's technical attributes by evaluating its shares based on their price action, moving averages, relative strength, etc. Our strategy is to be careful when entering and maintaining positions to take care that they are performing well versus other securities that are available in the markets. We will be diligent in not "going long" securities that are experiencing weak price action, especially if that is accompanied by a deceleration in business fundamentals.

- Quantitative Factors. These are proprietary inputs (algorithm) that we use to determine which securities are the most attractive at a certain point and time given several factors that the manager believes are important to lead to superior performance.

The Partnership's JARVIS STRATEGY is not an automated trading system, i.e., where trades are executed automatically by a computer various times a day. The technology platform used by the Partnership simply aids the manager in identifying which securities possess favorable characteristics, where anomalies may exist, and alerts the manager when it is an opportune time to buy or add exposure to them. The manager will then evaluate that security individually to verify that the security is a good fit for inclusion in the portfolio. The factors the manager favors include, but are not limited to:

- Earnings growth
- Sales growth
- Improving financials
- Strong competitive positioning
- Substantial upside potential
- Strong relative strength

Generally, when the Partnership buys securities, it will attempt to maintain a concentrated exposure. The investment advisor believes that the best way to experience significant investment returns is to own only the most attractive securities, and that increasing exposure to those investment opportunities is a better strategy than "indexing," i.e., owning a lot of mediocre securities. The Partnership's JARVIS STRATEGY is focused on securities that have significant upside potential (the potential to double in value over longer periods of time).

For this reason, some, but not all, of the companies the Partnership owns may be small, fast-growing companies. Other investment opportunities might include distressed, turn-around situations or cyclical situations. Whichever group the company falls into, the Partnership intends a portfolio of companies that are:

- Currently priced reasonably
- Experiencing strong technical attributes
- Score well on quantitative factors
- That have a catalyst that can propel the security in the intermediate term

The Partnership constantly updates its factors and its valuation strategies in its models. This could lead to more active trading (higher turnover), which could increase commissions for the Partnership and have adverse tax consequences, especially in times of volatile market conditions.

LBWM and its investment adviser representatives are responsible for identifying and implementing the methods of analysis used in formulating investment recommendations to clients. The methods of analysis may include quantitative methods for optimizing client portfolios, computer-based risk/return analysis, technical analysis, and statistical and/or computer models utilizing long-term economic criteria.



- Optimization involves the use of mathematical algorithms to determine the appropriate mix of assets given the firm's current capital market rate assessment and a particular client's risk tolerance.
- Quantitative methods include analysis of historical data such as price and volume statistics, performance data, standard deviation and related risk metrics, how the security performs relative to the overall stock market, earnings data, price to earnings ratios, and related data.
- Technical analysis involves charting price and volume data as reported by the exchange where the security is traded to look for price trends.
- Computer models may be used to derive the future value of a security based on assumptions of various data categories such as earnings, cash flow, profit margins, sales, and a variety of other company specific metrics.

In addition, LBWM reviews research material prepared by others, as well as corporate filings, corporate rating services, and a variety of financial publications. LBWM may employ outside vendors or utilize third-party software to assist in formulating investment recommendations to clients.

#### **A.2. Mutual Funds and ETFs, Individual and Fixed Income Securities**

LBWM may recommend no-load and load-waived mutual funds and individual securities (including fixed income instruments). A description of the criteria to be used in formulating an investment recommendation for mutual funds, ETFs, and individual securities (including fixed-income securities) is set forth below.

LBWM has formed relationships with third-party vendors that:

- provide a technological platform for separate account management
- prepare performance reports
- perform or distribute research of individual securities
- perform billing and certain other administrative tasks

LBWM may utilize additional independent third parties to assist it in recommending and monitoring individual securities and mutual funds to clients as appropriate under the circumstances.

LBWM reviews certain quantitative and qualitative criteria related to mutual funds and to formulate investment recommendations to its clients. Quantitative criteria may include:

- the performance history of a mutual fund evaluated against that of its peers and other benchmarks
- an analysis of risk-adjusted returns
- an analysis of the manager's contribution to the investment return (e.g., manager's alpha), standard deviation of returns over specific time periods, sector and style analysis
- the fund's fee structure
- the relevant portfolio manager's tenure

Qualitative criteria used in selecting/recommending mutual funds include the investment objectives and/or management style and philosophy of a mutual fund; a mutual fund's consistency of investment style; and employee turnover and efficiency and capacity.

Quantitative and qualitative criteria related to mutual funds are reviewed by LBWM on a quarterly basis or such other interval as appropriate under the circumstances. In addition, mutual funds are reviewed to determine the extent to which their investments reflect efforts to time the market, or evidence style drift such that their portfolios no longer accurately reflect the particular asset category attributed to the mutual fund by LBWM (both of which are negative factors in implementing an asset allocation structure).

LBWM may negotiate reduced account minimum balances and reduced fees under various circumstances (e.g., for clients with minimum level of assets committed to the manager for specific periods of time, etc.). There can be no assurance that clients will receive any reduced account minimum balances or fees, or that all clients, even if apparently similarly situated, will receive any reduced account minimum balances or fees available to some other clients. Also, account minimum balances and fees may significantly differ between clients. Each client's individual needs and circumstances will determine portfolio weighting, which can have an impact on fees given the funds utilized. LBWM will endeavor to obtain equal treatment for its clients with funds, but cannot assure equal treatment.

LBWM will regularly review the activities of mutual funds utilized for the client. Clients that invest in mutual funds should first review and understand the disclosure documents of those mutual funds, which contain information relevant to such retention or investment, including information on the methodology used to analyze securities, investment strategies, fees and conflicts of interest.

### **A.3. Material Risks of Investment Instruments**

LBWM may invest in individual and fixed income securities, equity securities, ETFs, and mutual funds for the vast majority of its clients. In addition, for certain clients, LBWM may effect transactions in the following types of securities:

- Equity securities
- Mutual fund securities
- Exchange-traded funds
- Fixed income securities and corporate debt securities
- Municipal securities
- U.S. government securities
- Corporate debt obligations

#### **A.3.a. Equity Securities**

Investing in individual companies involves inherent risk. The major risks relate to the company's capitalization, quality of the company's management, quality and cost of the company's services, the company's ability to manage costs, efficiencies in the manufacturing or service delivery process, management of litigation risk, and the company's ability to create

shareholder value (i.e., increase the value of the company's stock price). Foreign securities, in addition to the general risks of equity securities, have geopolitical risk, financial transparency risk, currency risk, regulatory risk and liquidity risk.

#### **A.3.b. Mutual Fund Securities**

Investing in mutual funds carries inherent risk. The major risks of investing in a mutual fund include the quality and experience of the portfolio management team and its ability to create fund value by investing in securities that have positive growth, the amount of individual company diversification, the type and amount of industry diversification, and the type and amount of sector diversification within specific industries. In addition, mutual funds tend to be tax inefficient and therefore investors may pay capital gains taxes on fund investments while not having yet sold the fund.

#### **A.3.c. Exchange-Traded Funds ("ETFs")**

ETFs are investment companies whose shares are bought and sold on a securities exchange. An ETF holds a portfolio of securities designed to track a particular market segment or index. Some examples of ETFs are SPDRs<sup>®</sup>, streetTRACKS<sup>®</sup>, DIAMONDS<sup>SM</sup>, NASDAQ 100 Index Tracking Stock<sup>SM</sup> ("QQQs<sup>SM</sup>") iShares<sup>®</sup> and VIPERs<sup>®</sup>. The funds could purchase an ETF to gain exposure to a portion of the U.S. or foreign market. The funds, as a shareholder of another investment company, will bear their pro-rata portion of the other investment company's advisory fee and other expenses, in addition to their own expenses.

Investing in ETFs involves risk. Specifically, ETFs, depending on the underlying portfolio and its size, can have wide price (bid and ask) spreads, thus diluting or negating any upward price movement of the ETF or enhancing any downward price movement. Also, ETFs require more frequent portfolio reporting by regulators and are thereby more susceptible to actions by hedge funds that could have a negative impact on the price of the ETF. Certain ETFs may employ leverage, which creates additional volatility and price risk depending on the amount of leverage utilized, the collateral and the liquidity of the supporting collateral.

Further, the use of leverage (i.e., employing the use of margin) generally results in additional interest costs to the ETF. Certain ETFs are highly leveraged and therefore have additional volatility and liquidity risk. Volatility and liquidity can severely and negatively impact the price of the ETF's underlying portfolio securities, thereby causing significant price fluctuations of the ETF.

#### **A.3.d. Fixed Income Securities and Corporate Debt Securities**

Fixed income securities carry additional risks than those of equity securities described above. These risks include the company's ability to retire its debt at maturity, the current interest rate environment, the coupon interest rate promised to bondholders, legal constraints, jurisdictional risk (U.S or foreign) and currency risk. If bonds have maturities of ten years or greater, they will likely have greater price swings when interest rates move up or down. The shorter the maturity the less volatile the price swings. Foreign bonds have liquidity and currency risk.

### **A.3.e. Municipal Securities**

Municipal securities carry additional risks than those of corporate and bank-sponsored debt securities described above. These risks include the municipality's ability to raise additional tax revenue or other revenue (in the event the bonds are revenue bonds) to pay interest on its debt and to retire its debt at maturity. Municipal bonds are generally tax free at the federal level, but may be taxable in individual states other than the state in which both the investor and municipal issuer is domiciled.

### **A.3.f. U.S. Government Securities**

U.S. government securities include securities issued by the U.S. Treasury and by U.S. government agencies and instrumentalities. U.S. government securities may be supported by the full faith and credit of the United States.

### **A.3.g. Corporate Debt Obligations**

Corporate debt obligations include corporate bonds, debentures, notes, commercial paper and other similar corporate debt instruments. Companies use these instruments to borrow money from investors. The issuer pays the investor a fixed or variable rate of interest and must repay the amount borrowed at maturity. Commercial paper (short-term unsecured promissory notes) is issued by companies to finance their current obligations and normally has a maturity of less than nine months. In addition, the firm may also invest in corporate debt securities registered and sold in the United States by foreign issuers (Yankee bonds) and those sold outside the U.S. by foreign or U.S. issuers (Eurobonds).

## **B. Investment Strategy and Method of Analysis Material Risks**

Our investment strategy is custom-tailored to the client's goals, investment objectives, risk tolerance, and personal and financial circumstances.

### **B.1. Margin Leverage**

Although LBWM, as a general business practice, does not utilize leverage, there may be instances in which exchange-traded funds, other separate account managers and, in very limited circumstances, LBWM will utilize leverage. In this regard please review the following:

The use of margin leverage enhances the overall risk of investment gain and loss to the client's investment portfolio. For example, investors are able to control \$2 of a security for \$1. So if the price of a security rises by \$1, the investor earns a 100% return on their investment. Conversely, if the security declines by \$.50, then the investor loses 50% of their investment.

The use of margin leverage entails borrowing, which results in additional interest costs to the investor.

Broker-dealers who carry customer accounts require a minimum equity requirement when clients utilize margin leverage. The minimum equity requirement is stated as a percentage of the value of the underlying collateral security with an absolute minimum dollar requirement. For example, if the price of a security declines in value to the point where the excess equity used to

satisfy the minimum requirement dissipates, the broker-dealer will require the client to deposit additional collateral to the account in the form of cash or marketable securities. A deposit of securities to the account will require a larger deposit, as the security being deposited is included in the computation of the minimum equity requirement. In addition, when leverage is utilized and the client needs to withdraw cash, the client must sell a disproportionate amount of collateral securities to release enough cash to satisfy the withdrawal amount based upon similar reasoning as cited above.

Regulations concerning the use of margin leverage are established by the Federal Reserve Board and vary if the client's account is held at a broker-dealer versus a bank custodian. Broker-dealers and bank custodians may apply more stringent rules as they deem necessary.

### **B.2. Short-Term Trading**

Although LBWM, as a general business practice, does not utilize short-term trading, there may be instances in which short-term trading may be necessary. In this regard, please read the following:

There is an inherent risk for clients who trade frequently in that high-frequency trading creates substantial transaction costs that in the aggregate could negatively impact account performance.

### **B.3. Short Selling**

LBWM generally does not engage in short selling but reserves the right to do so in the exercise of its sole judgment. Short selling involves the sale of a security that is borrowed rather than owned. When a short sale is effected, the investor is expecting the price of the security to decline in value so that a purchase or closeout of the short sale can be effected at a significantly lower price. The primary risks of effecting short sales is the availability to borrow the stock, the unlimited potential for loss, and the requirement to fund any difference between the short credit balance and the market value of the security.

### **B.4. Option Strategies**

Various option strategies give the holder the right to acquire or sell underlying securities at the contract strike price up until expiration of the option. Each contract is worth 100 shares of the underlying security. Options entail greater risk but allow an investor to have market exposure to a particular security or group of securities without the capital commitment required to purchase the underlying security or groups of securities. In addition, options allow investors to hedge security positions held in the portfolio. For detailed information on the use of options and option strategies, please contact the Options Clearing Corporation for the current Options Risk Disclosure Statement.

LBWM as part of its investment strategy may employ the following option strategies:

- Covered call writing
- Long call options purchases
- Long put options purchases

#### **B.4.a. Covered Call Writing**

Covered call writing is the sale of in-, at-, or out-of-the-money call option against a long security position held in the client portfolio. This type of transaction is used to generate income. It also serves to create downside protection in the event the security position declines in value. Income is received from the proceeds of the option sale. Such income may be reduced to the extent it is necessary to buy back the option position prior to its expiration. This strategy may involve a degree of trading velocity, transaction costs and significant losses if the underlying security has volatile price movement. Covered call strategies are generally suited for companies with little price volatility.

#### **B.4.b. Long Call Option Purchases**

Long call option purchases allow the option holder to be exposed to the general market characteristics of a security without the outlay of capital necessary to own the security. Options are wasting assets and expire (usually within nine months of issuance), and as a result can expose the investor to significant loss.

#### **B.4.c. Long Put Option Purchases**

Long put option purchases allow the option holder to sell or “put” the underlying security at the contract strike price at a future date. If the price of the underlying security declines in value, the value of the long put option increases. In this way long puts are often used to hedge a long stock position. Options are wasting assets and expire (usually within nine months of issuance), and as a result can expose the investor to significant loss.

### **C. Security-Specific Material Risks**

There is an inherent risk for clients who have their investment portfolios heavily weighted in one security, one industry or industry sector, one geographic location, one investment manager, one type of investment instrument (equities versus fixed income). Clients who have diversified portfolios, as a general rule, incur less volatility and therefore less fluctuation in portfolio value than those who have concentrated holdings. Concentrated holdings may offer the potential for higher gain, but also offer the potential for significant loss.

## **Item 9: Disciplinary Information**

### **A. Criminal or Civil Actions**

There is nothing to report on this item.

### **B. Administrative Enforcement Proceedings**

There is nothing to report on this item.

### **C. Self-Regulatory Organization Enforcement Proceedings**

There is nothing to report on this item.

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

### **A. Broker-Dealer or Representative Registration**

Freddy Garcia, an investment advisor representative of LBWM, is a registered representative of The Leaders Group, Inc., a FINRA-registered broker-dealer and member of SIPC. The Leaders Group is a financial services company engaged in the sale of investment products.

### **B. Futures or Commodity Registration**

Neither LBWM nor its affiliates are registered as a commodity firm, futures commission merchant, commodity pool operator or commodity trading advisor and do not have an application to register pending.

### **C. Material Relationships Maintained by this Advisory Business and Conflicts of Interest**

#### **C.1. Broker-Dealer Registration**

Freddy Garcia, an investment advisor representative of LBWM, is a registered representative of The Leaders Group, Inc., a FINRA-registered broker-dealer. As a result, Mr. Garcia is subject to the oversight of The Leaders Group and the Financial Industry Regulatory Authority, Inc. ("FINRA"). As such, clients of LBWM should understand that their personal and account information is available to FINRA and The Leaders Group personnel in the fulfillment of their oversight obligations and duties.

LBWM professionals who effect transactions for advisory clients may receive transaction or commission compensation from The Leaders Group. The recommendation of securities transactions for commission creates a conflict of interest in that LBWM is economically incented to effect securities transactions for clients. Although LBWM strives to put its clients' interests first, such recommendations may be viewed as being in the best interests of LBWM rather than in the client's best interest. LBWM advisory clients are not compelled to effect securities transactions through The Leaders Group.

#### **C.2. Insurance Sales**

Certain managers, members, and registered employees of LBWM are licensed insurance agents. With respect to the provision of financial planning services, LBWM professionals may recommend insurance products offered by such carriers for whom they function as an agent and receive a commission for doing so. Please be advised there is a potential conflict of interest in that there is an economic incentive to recommend insurance and other investment products of such carriers. Please also be advised that LBWM strives to put its clients' interests first and foremost. Other than for insurance products that require a securities license, such as variable insurance products, clients may utilize any insurance carrier or insurance agency they desire. For



products requiring a securities and insurance license, clients may be limited to those insurance carriers that have a selling agreement with LBWM's employing broker-dealer.

### **C.3. Left Brain Capital Management, LLC**

Left Brain Capital Management, LLC was established to serve as the General Partner for Left Brain Capital Appreciation Fund, L.P., and is an affiliate of LBWM organized under the laws of Delaware.

### **C.4. Left Brain Capital Appreciation Master Fund, LTD and Left Brain Capital Appreciation Offshore Fund, LTD**

LBWM is the investment manager for Left Brain Capital Appreciation Master Fund, LTD and Left Brain Capital Appreciation Offshore Fund, LTD (the "Funds"). The Funds are master funds in a master-feeder arrangement organized as Cayman Islands exempted company incorporated with limited liability. Noland Langford serves as Director of the Funds.

Investment advisory clients of LBWM may be solicited to invest in the Funds. A potential conflict of interest arises in that there is an economic incentive for LBWM to solicit clients to invest directly in the Funds versus a separately managed account. LBWM receives a performance fee allocation based upon the Funds' cumulative investment performance. Performance-based fees may create an incentive for the investment manager to incur trading and strategy risks that may conflict with an investor's risk tolerance and investment objectives.

### **C.5. Left Brain Investment Research LLC**

Left Brain Investment Research LLC ("LBIR") is an affiliate of LBWM and a registered investment adviser which provides an investment research subscription service to the public. Prospective clients are advised that LBWM has an economic interest in recommending the subscription services of LBIR. Please note that clients are under no obligation to utilize the services of LBWM's affiliate.

## **D. Recommendation or Selection of Other Investment Advisors and Conflicts of Interest**

LBWM does not recommend separate account managers or other investment products in which it receives any form of compensation from the separate account manager or investment product sponsor.

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

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

In accordance with the Advisers Act, LBWM has adopted policies and procedures designed to detect and prevent insider trading. In addition, LBWM has adopted a Code of Ethics (the "Code"). Among other things, the Code includes written procedures governing the conduct of LBWM's advisory and access persons. The Code also imposes certain reporting obligations on persons subject to the Code. The Code and applicable securities transactions are monitored by the chief compliance officer of LBWM. LBWM will send clients a copy of its Code of Ethics upon written request.

LBWM has policies and procedures in place to ensure that the interests of its clients are given preference over those of LBWM, its affiliates and its employees. For example, there are policies in place to prevent the misappropriation of material non-public information, and such other policies and procedures reasonably designed to comply with federal and state securities laws.

### **B. Investment Recommendations Involving a Material Financial Interest and Conflicts of Interest**

LBWM does not engage in principal trading (i.e., the practice of selling stock to advisory clients from a firm's inventory or buying stocks from advisory clients into a firm's inventory). In addition, LBWM does not recommend any securities to advisory clients in which it has some proprietary or ownership interest.

### **C. Advisory Firm Purchase of Same Securities Recommended to Clients and Conflicts of Interest**

LBWM, its affiliates, employees and their families, trusts, estates, charitable organizations and retirement plans established by it may purchase the same securities as are purchased for clients in accordance with its Code of Ethics policies and procedures. The personal securities transactions by advisory representatives and employees may raise potential conflicts of interest when they trade in a security that is:

- owned by the client, or
- considered for purchase or sale for the client.

Such conflict generally refers to the practice of front-running (trading ahead of the client), which LBWM specifically prohibits. LBWM has adopted policies and procedures that are intended to address these conflicts of interest. These policies and procedures:

- require our advisory representatives and employees to act in the client's best interest,
- prohibit front-running, and
- provide for the review of transactions to discover and correct any trades that result in an advisory representative or employee benefitting at the expense of a client.

Advisory representatives and employees must follow LBWM's procedures when purchasing or selling the same securities purchased or sold for the client.

#### **D. Client Securities Recommendations or Trades and Concurrent Advisory Firm Securities Transactions and Conflicts of Interest**

LBWM, its affiliates, employees and their families, trusts, estates, charitable organizations, and retirement plans established by it may effect securities transactions for their own accounts that differ from those recommended or effected for other LBWM clients. LBWM will make a reasonable attempt to trade securities in client accounts at or prior to trading the securities in its affiliate, corporate, employee or employee-related accounts. Trades executed the same day will likely be subject to an average pricing calculation (please refer to Item 12.B.3 Order Aggregation). It is the policy of LBWM to place the clients' interests above those of LBWM and its employees.

## Item 12: Brokerage Practices

### A. Factors Used to Select Broker-Dealers for Client Transactions

#### A.1. Custodian Recommendations

LBWM may recommend that clients establish brokerage accounts with TD Ameritrade Institutional, a division of TD Ameritrade, Inc., or Interactive Brokers, FINRA registered broker-dealers and members SIPC (hereinafter collectively referred to as “custodian”), to maintain custody of clients’ assets and to effect trades for their accounts. Although LBWM may recommend that clients establish accounts at the custodian, it is the client’s decision to custody assets with the custodian. LBWM is independently owned and operated and not affiliated with custodian. For LBWM client accounts maintained in its custody, the custodian generally does not charge separately for custody services but is compensated by account holders through commissions and other transaction-related or asset-based fees for securities trades that are executed through the custodian or that settle into custodian accounts.

LBWM considers the financial strength, reputation, operational efficiency, cost, execution capability, level of customer service, and related factors in recommending broker-dealers or custodians to advisory clients.

In certain instances and subject to approval by LBWM, LBWM will recommend to clients certain other broker-dealers and/or custodians based on the needs of the individual client, and taking into consideration the nature of the services required, the experience of the broker-dealer or custodian, the cost and quality of the services, and the reputation of the broker-dealer or custodian. The final determination to engage a broker-dealer or custodian recommended by LBWM will be made by and in the sole discretion of the client. The client recognizes that broker-dealers and/or custodians have different cost and fee structures and trade execution capabilities. As a result, there may be disparities with respect to the cost of services and/or the transaction prices for securities transactions executed on behalf of the client. Clients are responsible for assessing the commissions and other costs charged by broker-dealers and/or custodians.

##### A.1.a. Soft Dollar Arrangements

LBWM generally receives research and services provided by broker-dealers from third-party vendors or by requesting that a broker-dealer step-out client trades or pay research credits to broker-dealers or vendors who produce research products or services. LBWM may also trade directly with a broker-dealer who produces research or brokerage services. Selection of these broker-dealers is not made pursuant to an agreement; however, LBWM utilizes an internal allocation procedure to identify those brokers or dealers who produce research or services that are provided to LBWM and endeavors to direct sufficient research credits generated by its clients’ accounts to such brokers or dealers to ensure the continued receipt of the research and services that LBWM believes are valuable. To the extent LBWM utilizes client transactions to obtain information LBWM might otherwise acquire at its own expense, LBWM may have an incentive to place a greater volume of transactions or pay higher commissions.

The research and brokerage services provided to LBWM may be proprietary or produced by third parties. The research and brokerage services are used by LBWM in making investment decisions or trading for client accounts and constitute advice, either directly or through publications or writings, as to the value of securities, the advisability of investing, purchasing, or selling securities, and the availability of securities or purchasers and sellers of securities. They include analysis and reports concerning issuers, industries, securities, economic factors and trends, portfolio strategies, and meetings where corporate executives are present to provide information on the performance of their companies. They may also include statistical analysis, data and data services, software and computer programs utilized for research and portfolio analysis, trade analytics, market research, and brokerage services relating to execution, clearing, and settlement of transactions. In some cases, products and services may be provided to LBWM that constitute both (i) research and brokerage services and (ii) services used for administrative or other functions not related to the investment decision-making or brokerage processes. In such cases, the allocation will generally be made on the basis of the percentage of time devoted to LBWM's use of the product for research vs. non-research applications, or such other appropriate measure of the value of the product for each use as the Compliance Officer determines to be appropriate, both initially and upon subsequent periodic review.

Research products or services provided by brokers may be used in servicing any or all of the clients of LBWM, and such research products or services may not necessarily be used by LBWM in connection with the accounts that paid commissions to the brokers providing such products or services. For various reasons, including differing investment strategies and directed brokerage arrangements, products and services may benefit clients that do not execute transactions generating research or brokerage credits. Brokerage for a related party account and the firm's capital account is directed to a broker providing custody for the accounts; these accounts do not generate research or brokerage credits. Clients that direct brokerage may establish commission recapture programs where services are received directly by the client account in return for brokerage generated by that account.

As indicated above, individual clients may direct LBWM (subject to certain conditions which may from time to time be imposed by LBWM) to effect portfolio transactions through specific brokers or dealers. A client who chooses to direct the use of a particular broker or dealer should consider whether such a direction may result in certain costs or disadvantages to the client, either because the client may pay higher commissions on some transactions than might otherwise be obtainable by LBWM, or may receive less favorable executions on some transactions, or both. The ability of LBWM to negotiate commission rates with directed brokers will be limited. A client who directs brokerage may also be subject to the disadvantages discussed in Item 12.B.3 below regarding aggregation of orders. In determining whether to instruct LBWM to utilize a particular broker or dealer, the client may wish to compare the possible costs or disadvantages of such an arrangement with the value of the services provided.

**A.1.b. Institutional Trading and Custody Services**

The custodian provides LBWM with access to their institutional trading and custody services, which are typically not available to the custodian's retail investors. These services generally are available to independent investment advisors on an unsolicited basis, at no charge to them so long as a certain minimum amount of the advisor's clients' assets are maintained in accounts at a particular custodian. The custodian's brokerage services include the execution of securities transactions, custody, research, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

**A.1.c. Other Products and Services**

Custodian also makes available to LBWM other products and services that benefit LBWM but may not directly benefit its clients' accounts. Many of these products and services may be used to service all or some substantial number of LBWM's accounts, including accounts not maintained at custodian. The custodian may also make available to LBWM software and other technology that:

- provide access to client account data (such as trade confirmations and account statements)
- facilitate trade execution and allocate aggregated trade orders for multiple client accounts
- provide research, pricing and other market data
- facilitate payment of LBWM's fees from its clients' accounts
- assist with back-office functions, recordkeeping and client reporting

The custodian may also offer other services intended to help LBWM manage and further develop its business enterprise. These services may include:

- compliance, legal and business consulting
- publications and conferences on practice management and business succession
- access to employee benefits providers, human capital consultants and insurance providers

The custodian may also provide other benefits such as educational events or occasional business entertainment of LBWM personnel. In evaluating whether to recommend that clients custody their assets at the custodian, LBWM may take into account the availability of some of the foregoing products and services and other arrangements as part of the total mix of factors it considers, and not solely the nature, cost or quality of custody and brokerage services provided by the custodian, which may create a potential conflict of interest.

**A.1.d. Independent Third Parties**

The custodian may make available, arrange, and/or pay third-party vendors for the types of services rendered to LBWM. The custodian may discount or waive fees it would otherwise charge for some of these services or all or a part of the fees of a third party providing these services to LBWM.

**A.1.e. Additional Compensation Received from Custodians**

LBWM may participate in institutional customer programs sponsored by broker-dealers or custodians. LBWM may recommend these broker-dealers or custodians to clients for custody and brokerage services. There is no direct link between LBWM's participation in such programs and the investment advice it gives to its clients, although LBWM receives economic benefits through its participation in the programs that are typically not available to retail investors. These benefits may include the following products and services (provided without cost or at a discount):

- Receipt of duplicate client statements and confirmations
- Research-related products and tools
- Consulting services
- Access to a trading desk serving LBWM participants
- Access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client accounts)
- The ability to have advisory fees deducted directly from client accounts
- Access to an electronic communications network for client order entry and account information
- Access to mutual funds with no transaction fees and to certain institutional money managers
- Discounts on compliance, marketing, research, technology, and practice management products or services provided to LBWM by third-party vendors

The custodian may also pay for business consulting and professional services received by LBWM's related persons, and may pay or reimburse expenses (including client transition expenses, travel, lodging, meals and entertainment expenses for LBWM's personnel to attend conferences). Some of the products and services made available by such custodian through its institutional customer programs may benefit LBWM but may not benefit its client accounts. These products or services may assist LBWM in managing and administering client accounts, including accounts not maintained at the custodian as applicable. Other services made available through the programs are intended to help LBWM manage and further develop its business enterprise. The benefits received by LBWM or its personnel through participation in these programs do not depend on the amount of brokerage transactions directed to the broker-dealer.

LBWM also participates in similar institutional advisor programs offered by other independent broker-dealers or trust companies, and its continued participation may require LBWM to maintain a predetermined level of assets at such firms. In connection with its participation in such programs, LBWM will typically receive benefits similar to those listed above, including research, payments for business consulting and professional services received by LBWM's related persons, and reimbursement of expenses (including travel, lodging, meals and entertainment expenses for LBWM's personnel to attend conferences sponsored by the broker-dealer or trust company).

As part of its fiduciary duties to clients, LBWM endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by LBWM or its related persons in and of itself creates a potential conflict of interest and may indirectly influence LBWM's recommendation of broker-dealers such as TD Ameritrade for custody and brokerage services.

## **A.2. Brokerage for Client Referrals**

LBWM does not engage in the practice of directing brokerage commissions in exchange for the referral of advisory clients.

## **A.3. Directed Brokerage**

### **A.3.a. LBWM Recommendations**

LBWM typically recommends TD Ameritrade and Interactive Brokers as custodian for clients' funds and securities and to execute securities transactions on its clients' behalf.

### **A.3.b. Client-Directed Brokerage**

Occasionally, clients may direct LBWM to use a particular broker-dealer to execute portfolio transactions for their account or request that certain types of securities not be purchased for their account. Clients who designate the use of a particular broker-dealer should be aware that they will lose any possible advantage LBWM derives from aggregating transactions. Such client trades are typically effected after the trades of clients who have not directed the use of a particular broker-dealer. LBWM loses the ability to aggregate trades with other LBWM advisory clients, potentially subjecting the client to inferior trade execution prices as well as higher commissions.

## **B. Aggregating Securities Transactions for Client Accounts**

### **B.1. Best Execution**

LBWM, pursuant to the terms of its investment advisory agreement with clients, has discretionary authority to determine which securities are to be bought and sold, and the amount of such securities. LBWM recognizes that the analysis of execution quality involves a number of factors, both qualitative and quantitative. LBWM will follow a process in an attempt to ensure that it is seeking to obtain the most favorable execution under the prevailing circumstances when placing client orders. These factors include but are not limited to the following:

- The financial strength, reputation and stability of the broker
- The efficiency with which the transaction is effected
- The ability to effect prompt and reliable executions at favorable prices (including the applicable dealer spread or commission, if any)
- The availability of the broker to stand ready to effect transactions of varying degrees of difficulty in the future
- The efficiency of error resolution, clearance and settlement



- Block trading and positioning capabilities
- Performance measurement
- Online access to computerized data regarding customer accounts
- Availability, comprehensiveness, and frequency of brokerage and research services
- Commission rates
- The economic benefit to the client
- Related matters involved in the receipt of brokerage services

Consistent with its fiduciary responsibilities, LBWM seeks to ensure that clients receive best execution with respect to clients' transactions by blocking client trades to reduce commissions and transaction costs. To the best of LBWM's knowledge, these custodians provide high-quality execution, and LBWM's clients do not pay higher transaction costs in return for such execution.

Commission rates and securities transaction fees charged to effect such transactions are established by the client's independent custodian and/or broker-dealer. Based upon its own knowledge of the securities industry, LBWM believes that such commission rates are competitive within the securities industry. Lower commissions or better execution may be able to be achieved elsewhere.

## **B.2. Security Allocation**

Since LBWM may be managing accounts with similar investment objectives, LBWM may aggregate orders for securities for such accounts. In such event, allocation of the securities so purchased or sold, as well as expenses incurred in the transaction, is made by LBWM in the manner it considers to be the most equitable and consistent with its fiduciary obligations to such accounts.

LBWM's allocation procedures seek to allocate investment opportunities among clients in the fairest possible way, taking into account the clients' best interests. LBWM will follow procedures to ensure that allocations do not involve a practice of favoring or discriminating against any client or group of clients. Account performance is never a factor in trade allocations.

LBWM's advice to certain clients and entities and the action of LBWM for those and other clients are frequently premised not only on the merits of a particular investment, but also on the suitability of that investment for the particular client in light of his or her applicable investment objective, guidelines and circumstances and in the case of the Funds, its operating documents. Thus, any action of LBWM with respect to a particular investment may, for a particular client, differ or be opposed to the recommendation, advice, or actions of LBWM to or on behalf of other clients.

## **B.3. Order Aggregation**

Orders for the same security entered on behalf of more than one client will generally be aggregated (i.e., blocked or bunched) subject to the aggregation being in the best interests of all participating clients. Subsequent orders for the same security entered during the same trading day may be aggregated with any previously unfilled orders. Subsequent orders may also

be aggregated with filled orders if the market price for the security has not materially changed and the aggregation does not cause any unintended duration exposure. All clients participating in each aggregated order will receive the average price and, subject to minimum ticket charges and possible step outs, pay a pro rata portion of commissions.

To minimize performance dispersion, "strategy" trades should be aggregated and average priced. However, when a trade is to be executed for an individual account and the trade is not in the best interests of other accounts, then the trade will only be performed for that account. This is true even if LBWM believes that a larger size block trade would lead to best overall price for the security being transacted.

#### **B.4. Allocation of Trades**

All allocations will be made prior to the close of business on the trade date. In the event an order is "partially filled," the allocation will be made in the best interests of all the clients in the order, taking into account all relevant factors including, but not limited to, the size of each client's allocation, clients' liquidity needs and previous allocations. In most cases, accounts will get a pro forma allocation based on the initial allocation. This policy also applies if an order is "over-filled."

LBWM acts in accordance with its duty to seek best price and execution and will not continue any arrangements if LBWM determines that such arrangements are no longer in the best interest of its clients.

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

### **A. Schedule for Periodic Review of Client Accounts or Financial Plans and Advisory Persons Involved**

Accounts are reviewed by LBWM's Manager. The frequency of reviews is determined based on the client's investment objectives, but reviews are conducted no less frequently than semi-annually. More frequent reviews may also be triggered by a change in the client's investment objectives, tax considerations, large deposits or withdrawals, large purchases or sales, loss of confidence in the underlying investment, or changes in macro-economic climate.

Financial planning clients receive their financial plans and recommendations at the time service is completed. There are no post-plan reviews unless engaged to do so by the client.

401(k) Consultative Services clients receive their report at the time service is completed. There are no post-plan reviews unless engaged to do so by the client.

Fund activity is reviewed on a continuous basis in accordance with the terms of the Funds' offering documents.

### **B. Review of Client Accounts on Non-Periodic Basis**

LBWM may perform ad hoc reviews on an as-needed basis if there have been material changes in the client's investment objectives or risk tolerance, or a material change in how LBWM formulates investment advice.

### **C. Content of Client-Provided Reports and Frequency**

The client's independent custodian provides account statements directly to the client no less frequently than quarterly. The custodian's statement is the official record of the client's securities account and supersedes any statements or reports created on behalf of the client by LBWM.

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

### **A. Economic Benefits Provided to the Advisory Firm from External Sources and Conflicts of Interest**

Other than what is disclosed in Item 12 regarding benefits the firm receives from its custodian(s), LBWM does not receive economic benefits for referring clients to third-party service providers.

### **B. Advisory Firm Payments for Client Referrals**

LBWM does not pay for client referrals.

## Item 15: Custody

LBWM is considered to have custody of client assets for purposes of the Advisers Act for the following reasons:

- The client authorizes us to instruct their custodian to deduct our advisory fees directly from the client's account. Individual advisory clients will receive at least quarterly account statements directly from their custodian containing a description of all activity, cash balances, and portfolio holdings in their accounts. LBWM urges its clients to compare the account balance(s) shown on their account statements to the quarter-end balance(s) on their custodian's monthly statement. The custodian's statement is the official record of the account.
- Our authority to direct client requests, utilizing standing instructions, for wire transfer of funds for first-party money movement and third-party money movement (checks and/or journals, ACH, Fed-wires). The firm has elected to meet the SEC's seven conditions to avoid the surprise custody exam, as outlined below:
  1. The client provides an instruction to the qualified custodian, in writing, that includes the client's signature, the third party's name, and either the third party's address or the third party's account number at a custodian to which the transfer should be directed.
  2. The client authorizes the investment adviser, in writing, either on the qualified custodian's form or separately, to direct transfers to the third party either on a specified schedule or from time to time.
  3. The client's qualified custodian performs appropriate verification of the instruction, such as a signature review or other method to verify the client's authorization, and provides a transfer of funds notice to the client promptly after each transfer.
  4. The client has the ability to terminate or change the instruction to the client's qualified custodian.
  5. The investment adviser has no authority or ability to designate or change the identity of the third party, the address, or any other information about the third party contained in the client's instruction.
  6. The investment adviser maintains records showing that the third party is not a related party of the investment adviser or located at the same address as the investment adviser.
  7. The client's qualified custodian sends the client, in writing, an initial notice confirming the instruction and an annual notice reconfirming the instruction.
- The firm or its affiliate is a managing member or general partner to a private fund vehicle. An independent public accountant annually audits a pooled investment vehicle(s) the firm manages and the audited financial statements are distributed to the investors in the pooled vehicle within 120 days from the end of the private fund's fiscal year end or 180 days in the event of a feeder/master fund structure. Private fund investors will receive fund level statements of all activity, cash balances, and portfolio holdings on a quarterly basis from their qualified custodian.

## **Item 16: Investment Discretion**

Clients may grant a limited power of attorney to LBWM with respect to trading activity in their accounts by signing the appropriate custodian limited power of attorney form. In those cases, LBWM will exercise full discretion as to the nature and type of securities to be purchased and sold, the amount of securities for such transactions, and discretion over the broker or dealer to be used to execute the client's trades. Investment limitations may be designated by the client as outlined in the investment advisory agreement.

In the case of its proprietary Funds, LBWM, in addition to the discretion described above, will also exercise discretion for the selection of executing brokers.

## Item 17: Voting Client Securities

LBWM does not take discretion with respect to voting proxies on behalf of its clients. LBWM will endeavor to make recommendations to clients on voting proxies regarding shareholder vote, consent, election or similar actions solicited by, or with respect to, issuers of securities beneficially held as part of LBWM supervised and/or managed assets. In no event will LBWM take discretion with respect to voting proxies on behalf of its clients.

Except as required by applicable law, LBWM will not be obligated to render advice or take any action on behalf of clients with respect to assets presently or formerly held in their accounts that become the subject of any legal proceedings, including bankruptcies.

From time to time, securities held in the accounts of clients will be the subject of class action lawsuits. LBWM has no obligation to determine if securities held by the client are subject to a pending or resolved class action lawsuit. LBWM also has no duty to evaluate a client's eligibility or to submit a claim to participate in the proceeds of a securities class action settlement or verdict. Furthermore, LBWM has no obligation or responsibility to initiate litigation to recover damages on behalf of clients who may have been injured as a result of actions, misconduct, or negligence by corporate management of issuers whose securities are held by clients.

Where LBWM receives written or electronic notice of a class action lawsuit, settlement, or verdict affecting securities owned by a client, it will forward all notices, proof of claim forms, and other materials to the client. Electronic mail is acceptable where appropriate and where the client has authorized contact in this manner.

## **Item 18: Financial Information**

### **A. Balance Sheet**

LBWM does not require the prepayment of fees of \$1,200 or more, six months or more in advance, and as such is not required to file a balance sheet.

### **B. Financial Conditions Reasonably Likely to Impair Advisory Firm's Ability to Meet Commitments to Clients**

LBWM does not have any financial issues that would impair its ability to provide services to clients.

### **C. Bankruptcy Petitions During the Past Ten Years**

There is nothing to report on this item.



<b>FACTS</b>	<b>What Does Left Brain Wealth Management, LLC (“LBWM”) Do With Your Personal Information?</b>
<b>The Law</b>	Financial companies choose how they share your personal information. Federal law gives consumers the right to limit some but not all sharing. Federal law also requires us to tell you how we collect, share and protect your personal information. Please read this notice carefully to understand what we do.
<b>Our Policy</b>	<p>The types of personal information we collect and share depend on the product or service you have with us. This information can include:</p> <ul style="list-style-type: none"> <li>• Income</li> <li>• Employment and residential information</li> <li>• Social security number</li> <li>• Cash balance</li> <li>• Security balances</li> <li>• Transaction detail history</li> <li>• Investment objectives, goals, and risk tolerance</li> </ul> <p>When you are <i>no longer</i> a client, we continue to share your information as described in this notice.</p>
<b>Your Rights</b>	All financial companies need to share customers’ personal information to run their everyday business. We list below the reasons financial companies can share their customers’ personal information; the reasons LBWM chooses to share; and whether you can limit this sharing.
<b>Definitions</b>	
Everyday Business Purposes	The actions necessary by financial companies to run their business and manage customer accounts, such as providing investment advisory and financial planning advice, processing securities transactions, and otherwise providing financial services to you.
Affiliates	<p>Companies related by common ownership or control. They can be financial and nonfinancial companies. LBWM has the following affiliates:</p> <ul style="list-style-type: none"> <li>• Left Brain Capital Management, LLC</li> <li>• Left Brain Capital Appreciation Fund, L.P.</li> <li>• Left Brain Capital Appreciation Master Fund LTD</li> <li>• Left Brain Capital Appreciation Off Shore LTD</li> </ul>
Non-Affiliates	Companies not related by common ownership or control. They can be financial and nonfinancial companies. LBWM does not share information with non-affiliates for marketing purposes.
Joint Marketing	A formal agreement between nonaffiliated financial companies that together market financial products or services to you. LBWM does not engage in joint marketing with non-affiliates.

Reasons we can share your personal information	Does LBWM share?	Can you limit this sharing?
For our everyday business purposes—such as to provide advice, process your transactions, and maintain your account(s)	Yes	No
For our marketing purposes—to offer our products and services to you	Yes	No
For joint marketing with other financial companies	No	We do not share
For our affiliates' everyday business purposes—information about your transactions and experiences	Yes	No
For our affiliates' everyday business purposes—information about your creditworthiness	Yes	No
For our affiliates to market to you	Yes	No
For non-affiliates to market to you	No	We do not share
<b>Contact Us</b>	Call LBWM at 630-517-9300	

Sharing Practices	
How often does LBWM notify me about their practices?	We must notify you about our sharing practices when you become a client and each year while you are a client.
How does LBWM protect my personal information?	To protect your personal information from unauthorized access and use, we use security measures that comply with federal law. These measures include computer safeguards and secured files and buildings.
How does LBWM collect my personal information?	<p>We collect your personal information, for example, when you</p> <ul style="list-style-type: none"> <li>• establish an investment advisory relationship</li> <li>• contract for financial planning services</li> <li>• open an account or deposit money with custodians</li> <li>• purchase or sell securities with executing broker-dealers</li> </ul> <p>We also collect your personal information from others, such as custodians, broker-dealers, or other companies.</p>
Why can't I limit all sharing?	<p>Federal law gives you the right to limit sharing only for</p> <ul style="list-style-type: none"> <li>• affiliates' everyday business purposes—information about your creditworthiness</li> <li>• affiliates to market to you</li> <li>• non-affiliates to market to you</li> </ul> <p>State laws and individual companies may give you additional rights to limit sharing.</p>

If you would like a copy of the Left Brain Wealth Management Form ADV Part 2A and 2B, please send a written request to:

Left Brain Wealth Management LLC  
215 Shuman Blvd., #304  
Naperville, IL 60563

If you wish to modify or impose reasonable restrictions concerning the management of your account, or if your financial situation, investment objectives, or risk tolerance have changed, please contact your Left Brain Wealth Management investment advisor representative or contact Nolan Langford at 630-517-9300. We will contact you at least annually to determine if your investment goals, objectives, and risk tolerance have changed.

We urge that you advise us immediately if you have not received your custodian or brokerage statement, which is required to be delivered to you no less frequently than quarterly. In addition, please compare any account information provided by us with account statements from your broker-dealer or custodian and to advise us of any discrepancies. The official record of your account is maintained by your broker-dealer or custodian. Thank you.