

# FIRM BROCHURE

**May 19, 2020**



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This brochure provides information about the qualifications and business practices of Larson Financial Group, LLC. If you would like more information or if you have any questions about the contents of this brochure, please call the phone number above or email [compliance@larsonfinancial.com](mailto:compliance@larsonfinancial.com). Larson Financial Group, LLC is a registered investment adviser with the U.S. Securities and Exchange Commission. This registration does not imply a certain level of skill or training. 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 Larson Financial Group, 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 dated 5/19/2020, is an update to Larson Financial Group, LLC's ("**LFG**") annual disclosure document.

Material changes since this brochure's last amendment dated March 10, 2020, include:

- Item 18 – updated to disclose a PPP loan our firm's parent has taken to support our ongoing operations

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## ITEM 4 | ADVISORY BUSINESS

Larson Financial Group, LLC ("**LFG**," "**we**" or "**us**") is a wholly-owned subsidiary of Larson Financial Holdings, LLC ("**LFH**"). LFG has been a SEC-registered investment advisor since 2006 and is headquartered in Saint Louis, Missouri. We provide financial planning and other investment advisory services to individual clients, organizations, trusts, and various for-profit and non-profit entities with a focus toward doctors and related businesses through investment advisors, some of which are employees and some of which are independent contractors. This Firm Brochure ("**Brochure**") discloses information about us and it is being provided pursuant to Securities and Exchange Commission ("**SEC**") rules.

We offer the following financial planning and advisory services to clients.

### INVESTMENT ADVISORY SERVICES AND MODEL PORTFOLIO MANAGEMENT

We provide financial planning services independently or in combination with investment management. Continuous advice is provided to clients regarding the investment of funds based on the client's individual needs. Through our Investment Advisor Representatives' ("**IAR**") personal discussions with clients and prospects, specific goals and objectives are established and personal investment policies are developed. From this personal investment policy, a model allocation is chosen for implementation and management. During the data-gathering process, the IAR determines the client's individual objectives, time horizons, risk tolerance, liquidity needs, and overall portfolio, among other characteristics. The client's prior investment history, family composition and background are also taken into consideration.

Advisory accounts are managed on a discretionary or non-discretionary basis. Account supervision is guided by the client's stated objectives (e.g.: capital appreciation, growth, income, or growth and income), as well as tax considerations. Once the IAR recommends a portfolio, and the client agrees, the portfolio is managed based on the stated goals (e.g.: retirement, education, etc.). Securities may be held in the name of the custodian with individual ownership of all securities retained by the client. Clients may impose reasonable restrictions on investing in certain securities, types of securities, or industry sectors, but should understand that by restricting investments on which we provide advice, the client's portfolio may not contain the same investments or risk characteristics.

Investment recommendations are not limited to any specific product or service offered by a broker-dealer or insurance company and will generally include advice regarding the following securities:

- Exchange-listed securities
- Securities traded over-the-counter
- Certificates of deposit
- Municipal securities
- Pooled investment vehicles, private equity funds
- Variable and term life insurance
- Variable annuities
- Mutual fund shares and exchange-traded funds ("**ETFs**")
- Interests in businesses and partnerships

Because some types of investments involve certain additional degrees of risk, they will only be implemented/recommended when consistent with the client's stated investment objectives, tolerance for risk, liquidity and suitability.

We provide portfolio management services to clients using model asset allocation portfolios and automated investment services offered through Fidelity Brokerage Services LLC, sub advised by Geode Capital Management, LLC ("**Geode**"). Each model portfolio is designed to meet a particular investment goal as outlined below.

<b><u>Larson Model Name</u></b>	<b><u>Equity/Debt Ratio</u></b>	<b><u>Primary Objective of Model</u></b>
Risk Averse I	20/80	Capital preservation
Risk Averse II	30/70	Capital preservation with modest amount of income
Conservative I	40/60	Income with a modest amount of growth
Conservative II	50/50	Income with increased amount of growth
Moderate I	60/40	Growth and income
Moderate II	70/30	Increased growth with a modest amount of income
Aggressive I	80/20	Growth
Aggressive II	90/10	Increased growth
Highly Aggressive	100/0	Maximum growth
<b><u>Geode Model Name</u></b>	<b><u>Equity/Debt Ratio</u></b>	<b><u>Primary Objective of Model</u></b>
Conservative	20/80	Preservation of capital
Moderate with Income	30/70	Capital preservation with a modest amount of growth
Moderate	40/60	Growth consistent with a modest degree of risk

Balanced	50/50	To balance risk with potential for modest growth
Growth with Income	60/40	To balance risk with potential for growth
Growth	70/30	Growth
Aggressive Growth	85/15	High growth

To ensure that a portfolio remains suitable for a particular client and that the account continues to be managed in a manner consistent with the client's known financial circumstances when utilizing LFG's models, the IAR will

- Send periodic reminders to the client requesting any updated information regarding changes in the client's financial situation and investment objectives
- At least annually, contact the client to determine whether there have been any changes in the client's financial situation or investment objectives, and whether the client wishes to impose investment restrictions or modify existing restrictions
- Be reasonably available to consult with the client
- Maintain client suitability information in each client's file

The client retains responsibility to ensure that a portfolio remains suitable for them and that the account continues to provide benefits consistent with the client's financial circumstances when utilizing Geode's automated investor models.

## IRA ROLLOVER CONSIDERATIONS

We may recommend that a client withdraw assets from an employer-based retirement plan (i.e. 401k) and roll the assets over to an individual retirement account (IRA) to be managed by LFG. We will typically charge our standard portfolio management fee to manage the IRA. This presents a potential conflict of interest as LFG will charge a management fee that may be higher than expenses charged had the assets remained in the employer's (or former employer's) retirement plan. There may also be other advantages to keeping those assets with the employer's (or former employer's) retirement plan. Clients and prospective clients are encouraged to speak with their LFG advisor concerning the potential advantages and disadvantages of rolling over retirement plan assets into an IRA.

## DEFINED BENEFIT AND DEFINED CONTRIBUTION CONSULTING SERVICES

The primary clients for the services described in this section are defined benefit and defined contribution plans; however, these services are offered, where appropriate, to individuals and trusts, estates, and charitable organizations. Defined Benefit and Defined Contribution Consulting Services are comprised of four distinct services. Clients may choose to use any or all of these services.

## INVESTMENT POLICY STATEMENT PREPARATION ("IPS")

An IAR will meet with the client, in person or over the telephone, to determine an appropriate investment strategy which reflects the plan sponsor's stated investment objectives for management of the overall plan. If appropriate and at the discretion of the IAR, they will prepare a written IPS detailing those needs and goals, including an encompassing policy under which these goals are to be achieved. The IPS also lists the criteria for selection of investment vehicles as well as the procedures and timing interval for monitoring of investment performance.

## SELECTION OF INVESTMENT VEHICLES

An IAR may assist plan sponsors in constructing appropriate asset allocation models. The Investment Analysis team will then review various mutual funds (both index and managed) to determine which investments are appropriate to implement within the client's IPS. Clients can choose to transfer most of the fiduciary burden onto the firm by signing a 3(38) Service Agreement, or the client can share the fiduciary burden with the firm by signing a 3(21) Service Agreement. Under a 3(38) arrangement, LFG will select and monitor all plan investments using the IPS as a guideline. Under a 3(21) arrangement, the client will share with LFG the responsibility for selecting and monitoring plan investments using the IPS as a guideline.

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## MONITORING OF INVESTMENT PERFORMANCE

LFG Investment Analysis team monitors client investments continually. Although we are not involved in any way in the purchase or sale of these investments, the IAR and the Investment Analysis team monitor the plans' investment options and will make recommendations as market factors and plan needs dictate.

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## EMPLOYEE COMMUNICATIONS

For defined benefit and defined contribution plan clients with individual plan participants exercising control over assets in their own account ("self-directed plans"), educational support and investment workshops designed for the plan participants may also be provided. The nature of the topics to be covered will be determined by the plan sponsor and IAR under the guidelines established in ERISA Section 404(c). The educational support and investment workshops will NOT provide plan participants with individualized, tailored investment advice or individualized, tailored asset allocation recommendations.

## FINANCIAL PLANNING

IARs provide financial planning services. Financial planning is a comprehensive evaluation of a client's current and future financial state by using currently known variables to predict future cash flows, asset values and withdrawal plans. Through the financial planning process, all questions, information and analysis are considered as they impact and are impacted by the entire financial and life situation of the client. Clients utilizing this service receive a customized financial plan designed to help achieve their financial goals and objectives.

In general, the financial plan can address any or all of the following areas:

- **GENERAL:** The IAR may review family records, employment details, budgeting, personal liability, estate information and financial goals
- **TAX & CASH FLOW:** The IAR may analyze a client's income tax and spending and planning for past, current and future years; then illustrate the impact of various investments on the client's current income tax and future tax liability
- **INVESTMENTS:** The IAR may analyze investment alternatives and their effect on a client's portfolio
- **INSURANCE:** The IAR may review existing policies to ensure proper coverage for life, health, disability, long-term care, liability, home and automobile
- **RETIREMENT:** The IAR may analyze current strategies and investment plans to help a client achieve his or her retirement goals
- **DEATH & DISABILITY:** The IAR may review a client's designated beneficiaries, cash needs at death, income needs of surviving dependents, estate planning, and disability insurance coverage
- **ESTATE:** The IAR may coordinate services with clients' legal counsel regarding their existing estate plan and/or other long-term strategies, including trusts, wills, estate tax, powers of attorney, asset protection plans, and other long-term considerations. The services provided by the IAR may include setting and/or changing beneficiaries, transferring assets into and/or out of trusts, gathering data on estate assets, and other services as needed in support of the client's estate plan.

The IAR gathers required information through in-depth personal interviews. Information gathered includes the client's current financial status, employment, tax status, future goals, investment time horizon, returns objectives, and attitudes towards risk. Implementation of financial plan recommendations is entirely at the client's discretion. LFG and its IARs do not provide tax or legal advice or services. Should the client choose to implement the recommendations made, it is suggested the client work closely with their attorney and accountant.

Typically, the financial plan is delivered to the client within six months of the financial planning agreement's date, if all information needed to prepare the financial plan has been provided. The financial plan may be composed of a number of illustrations, calculations, communications and other documents that collectively compose the comprehensive plan.

## AMOUNT OF MANAGED ASSETS

As of 12/31/2019, LFG managed \$1,185,321,000 of clients' assets on a discretionary basis and \$286,250,000 on a non-discretionary basis.

## ITEM 5 | FEES AND COMPENSATION

### INVESTMENT ADVISORY SERVICES AND MODEL PORTFOLIO MANAGEMENT

Our annual fees for our investment advisory services and model portfolio management are based upon a percentage of assets under management and generally range from 0.70% to 1.75%. The annualized fees are charged in advance on a quarterly basis as a percentage of assets under management, and are either deducted from client assets or invoiced per the client's request, per the following schedule:

<u>Assets Under Management</u>	<u>Annual Fee</u>
\$0 - \$250,000	1.75%
\$250,001 - \$500,000	1.50%
\$500,001 - \$750,000	1.25%
\$750,001 - \$1,000,000	1.00%
\$2,000,001 - \$3,000,000	0.90%
\$3,000,001 - \$5,000,000	0.80%
\$5,000,001 and above	Negotiable

**Limited Negotiability of Advisory Fees:** Although we have established the aforementioned fee schedule, we retain the discretion to negotiate alternative fees on a client-by-client basis. Client facts, circumstances and needs are considered in determining the fee schedule. These include the complexity of the client needs, assets to be placed under management, anticipated future additional assets, related accounts, portfolio style, account composition, and reports, among other factors. The specific annual fee schedule is identified in the contract between LFG and each client. Discounts, not generally available to advisory clients, may be offered to family members and friends of our associated persons.

### DEFINED BENEFIT AND DEFINED CONTRIBUTION CONSULTING SERVICES FEES

Fees for Defined Benefit and Defined Contribution Consulting Services are based on a percentage of assets under advisement, according to the following schedule:

<u>Assets Under Management</u>	<u>Annual Fee</u>
\$0 - \$250,000	1.75%
\$250,001 - \$500,000	1.50%
\$500,001 - \$750,000	1.25%
\$750,001 - \$1,000,000	1.00%
\$2,000,001 - \$3,000,000	0.90%
\$3,000,001 - \$5,000,000	0.80%
\$5,000,001 and above	Negotiable

Plan sponsors are invoiced as agreed upon, in advance monthly or at the beginning of each calendar quarter.

### FINANCIAL PLANNING FEES

Our Financial Planning fee is determined based on the nature of the services being provided and the complexity of each client's circumstances. All fees are agreed upon prior to entering into a contract with any client.

Financial Planning fees may be calculated and charged on a fixed fee basis, generally ranging from \$1,500 to \$20,000 annually, depending on the specific arrangement reached with the client.

A retainer may be requested upon completion of the initial fact-finding session with the client.

The payment of fees can be structured in multiple ways, based upon an agreed upon schedule. The client may be billed in advance or arrears on a quarterly or annual basis. Financial planning services and fees are annually renewable and typically automatically renew each year.

### GENERAL INFORMATION



We are committed to providing excellent personal financial planning and advisory services to all clients. However, should the relationship dissolve, clients should understand the following:

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## TERMINATION OF THE ADVISORY RELATIONSHIP

A client agreement may be canceled at any time, by either party, for any reason upon receipt of written notice. As disclosed above, certain fees are paid in advance of services provided. Upon termination of any account, any prepaid, unearned financial planning fees paid over the prior twelve months or investment management fees charged but unearned will be promptly refunded upon client's written request. In calculating a client's reimbursement of fees, LFG will pro rate the reimbursement according to the number of days remaining in the billing period.

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## MUTUAL FUND FEES

All fees paid to LFG for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds and/or ETFs to their shareholders. These fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee. If the fund also imposes sales charges, a client may pay an initial or deferred sales charge. A client could invest in a mutual fund directly, without using our services. In that case, the client would not receive the services we provide which are designed, among other things, to assist the client in determining which mutual fund or funds are most appropriate to each client's financial condition and objectives. Accordingly, the client should review both the fees charged by the funds and our fees to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided. LFG's revenues are not influenced based on the class of mutual fund purchased. LFG may only charge fees for investment advice about products for which we and/or our related persons do not receive any commissions or 12b-1 fees, or conversely, investment advice about products for which we and/or our related persons receive commissions or 12b-1 fees, however, only when such fees are used to offset LFG's advisory fees.

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## ADDITIONAL FEES AND EXPENSES

In addition to advisory fees, clients are also responsible for the fees and expenses charged by custodians and imposed by broker dealers, including any transaction charges imposed by a broker dealer with which an independent investment manager affects transactions for the client's account(s). Please refer to the "Brokerage Practices" section (Item 12) of this Form ADV for additional information.

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## ERISA ACCOUNTS

LFG is deemed to be a fiduciary to advisory clients that are employee benefit plans or individual retirement accounts (IRAs) pursuant to the Employee Retirement Income and Securities Act ("**ERISA**"), and regulations under the Internal Revenue Code of 1986 (the "**Code**"), respectively. As such, we are subject to specific duties and obligations under ERISA and the Code that include among other things, restrictions concerning certain forms of compensation. To avoid engaging in prohibited transactions, we may only charge fees for investment advice about products for which we and/or our related persons do not receive any commissions or 12b-1 fees, or conversely, investment advice about products for which we and/or our related persons receive commissions or 12b-1 fees, however, only when such fees are used to offset LFG's advisory fees.

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## ADVISORY FEES IN GENERAL

Clients should note that similar advisory services may (or may not) be available from other registered (or unregistered) investment advisors for similar, greater, or lower fees.

## ITEM 6 | PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

LFG does not charge performance-based fees.

## ITEM 7 | TYPES OF CLIENTS

We provide investment advice to the following types of clients:

- Individuals (other than high net worth individuals)
- High net worth individuals
- Pension and profit-sharing plans (other than plan participants)
- Charitable organizations
- Corporations or other entities not listed above

## ITEM 8 | METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

### METHODS OF ANALYSIS

We may use some or all of the following methods of analysis in formulating investment advice and/or managing client assets:

#### CLIENT ASSET ALLOCATION

Rather than focusing primarily on securities selection, the Investment Analysis team and the IAR attempt to identify an appropriate ratio of exposure to equities, fixed income, and cash equivalents suitable to the client's investment goals and risk tolerance.

A risk of asset allocation strategy is that the client may not fully participate in sharp increases in a particular security, industry or market sector. Another risk is that the ratio of securities, fixed income, and cash equivalents will change over time due to market movements and, if not corrected, the client's portfolio may no longer be representative of the client's tolerance for risk.

#### MUTUAL FUND AND/OR ETF ANALYSIS FOR CLIENTS

The Investment Analysis team evaluates the philosophy, strategy, and track record of the mutual fund or ETF to identify funds anticipated to deliver results consistent with the stated LFG investment strategies. Further, the funds or ETFs are monitored to ensure they remain aligned with our investment strategies and philosophy.

The investment analysis team selects fund families based on their investment philosophy. The types of fund families that are sought include fund families that subscribe to the efficient market hypothesis, utilize the factor approach, and/or are relatively low cost in relation to their peer group.

Individual funds are selected based on their ability to provide specific and consistent exposure to different segments of the market. Other metrics that are evaluated include turnover ratio, total number of holdings, and price to book ratio. In most cases, funds with low turnover, a high number of holdings, and low price to book ratio are preferred.

A risk of mutual fund or ETF analysis is that, past performance does not guarantee future results. A fund that has historical success may not replicate that success in the future. In addition, multiple funds held by a client may overlap in identical positions held, thus increasing the risk to the client of exposure to a specific security. There is also a risk the fund may deviate from the stated investment mandate or strategy, which could make the holding(s) less suitable for the client's portfolio.

#### RISKS FOR ALL FORMS OF ANALYSIS

Investment analysis methods used rely on being provided accurate information by companies whose investments are purchased and sold, the rating agencies that review these securities, and other publicly-available sources of information. There is always a risk that the firm analysis may be compromised by inaccurate or misleading information.

### CLIENT INVESTMENT STRATEGIES

LFG utilizes Modern Portfolio Theory when formulating client recommendations. Our goal is to implement Modern Portfolio Theory through the use of passive investment strategies. The Investment Analysis team rebalances as needed to ensure the client's portfolio remains in-line with client's stated investment risks, timeline, financial objectives and other relevant considerations.

Securities are purchased with the intent of holding them for one year or longer. Typically, this strategy is employed when the objective for the client is to have exposure to a particular asset class over time regardless of the current market projections for the asset class. Using a buy and hold strategy, transaction and custodian costs should be reduced compared to frequent trading strategies. We believe the markets are efficient and client returns are expected to be commensurate

with the level of risk taken in a portfolio. Although risk is inherent in all investments, diversified portfolios are employed through passively managed mutual funds. However, diversification does not guarantee against market loss.

Another risk in a long-term purchase strategy is while holding the security for a long period of time short term gains may not be realized. In addition, a security may decline sharply in value before a decision to sell is executed.

Using the Modern Portfolio Theory also presents other risks. For example, the theory may not account for investors' actions affecting systemic risks, including the increase in passive investing across the markets. Further, the impact of changes in the nature of companies' businesses and the extent of their market share, and the rise of algorithmic investing, can deter from the effectiveness of employing the Modern Portfolio Theory.

## SECURITIES RISKS

Investments are not guaranteed and money may be lost. Below are some of the risks associated with the types of investments on which we provide investment advice.

**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.

**Mutual Funds.** 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.

**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. We may recommend an ETF to gain exposure to a portion of the U.S. or foreign market. A client, as a shareholder of an ETF, will bear his / her pro-rata portion of the ETF's advisory fee and other expenses, in addition to our advisory fees. Investing in ETFs involves risk. 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.

**Certificates of Deposit.** Certificates of deposit are generally considered safe instruments, although they are subject to the level of general interest rates, the credit quality of the issuing bank and the length of maturity. With respect to certificates of deposit, depending on the length of maturity there can be prepayment penalties if the client needs to convert the certificate of deposit to cash prior to maturity.

**Municipal Securities.** Municipal securities' 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.

**Variable Annuities.** Variable annuities are long-term financial products designed for retirement purposes. In essence, annuities are contractual agreements in which payments are made to an insurance company, which agrees to pay out an income or a lump sum amount at a later date. There are contract limitations and fees and charges associated with annuities, administrative fees, and charges for optional benefits. They also may carry early withdrawal penalties and surrender charges

and carry additional risks such as the insurance carrier's ability to pay claims. Moreover, variable annuities carry investment risk similar to mutual funds. Investors should carefully review the terms of the variable annuity contract before investing.

CYBERSECURITY RISKS

The computer systems, networks and devices used by LFG, service providers to LFG and our clients to carry out routine business operations employ a variety of protections designed to prevent damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches. Despite the various protections utilized, systems, networks or devices potentially can be breached. A client could be negatively impacted as a result of a cybersecurity breach. Cybersecurity breaches can include unauthorized access to systems, networks, or devices; infection from computer viruses or other malicious software code; and attacks that shut down, disable, slow or otherwise disrupt operations, processes and website functionality. Cybersecurity breaches may cause disruptions and impact business operations, potentially resulting in financial losses to a client; impediments to trading; the inability by us and other service providers to transact business; violations of applicable privacy and other laws; regulatory fines, penalties, reputational damage, reimbursement or other compensation costs, or additional compliance costs, as well as the inadvertent release of confidential information. Similar adverse consequences could result from cybersecurity breaches affecting issuers of securities in which a client invests; governmental and other regulatory authorities; exchange and other financial market operators, banks, brokers, dealers and other financial institutions and other parties. In addition, substantial costs may be incurred by these entities in order to prevent any cybersecurity breaches in the future.

ITEM 9 | DISCIPLINARY INFORMATION

An IAR, without admitting or denying the findings, consented to the sanctions and to the entry of findings that from February 2012 to November 2013, that he corresponded with six customers about variable universal life insurance (“VULI”) policies, comparing the policies to buying term life insurance and investing the difference in a taxable brokerage account, and also sending reprints of articles about VULI policies to some of the customers. However, the comparisons did not contain all of the required disclosures and illustrations. None of LFG’s principals had approved the reprints. The correspondence and reprints also contained certain inaccurate or incomplete statements that he failed to clarify or qualify.

ITEM 10 | OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Certain management personnel and LFG IARs are separately licensed as registered representatives of Larson Financial Securities, LLC (“LFS”), an affiliated broker-dealer. These individuals, in their separate capacity, can affect securities transactions for which they will receive separate, yet customary compensation.

LFG’s management or associates also have ownership in LFH. LFH’s subsidiaries include the following, along with each subsidiary’s primary business description:

<u>LFH Subsidiary</u>	<u>Subsidiary’s Primary Business</u>
Larson Financial Securities, LLC	Registered broker-dealer
Larson Capital Management, LLC	Registered Investment Advisor
Larson Commercial Real Estate, LLC, (f/k/a MedRealty, LLC and Emmanuel Real Estate Group, LLC)	Real estate management, commercial and residential sales, and leasing company
Doctors Without Quarters, LLC	Student loan advisory company
Doctors Only, LLC	Coordinates with other companies to provide shared services across the affiliate network

Additionally, Larson Financial Leasing, LLC (an auto leasing company) and Branson Lake Properties, LLC (a vacation resort) are owned by Paul Larson, the principal owner of LFH. Mr. Larson is also associated with the Larson Financial Foundation and the Warrior Relief Fund. Paul D. Larson, LFG’s principal and majority owner of LFH, is a director of Larson Financial

Foundation ("**LFF**"). LFF is a 501(c)(3) non-profit organization and was created with the purpose of stimulating economic development in distressed areas of under-developed locations. It seeks to accomplish this by creating for profit businesses that meet a critical need in those areas. Clients are advised that LFF and the companies that it starts are separate and distinct entities from LFG and that the Firm's relationship with LFF should not be construed as a recommendation to invest in any LFF companies. Warrior Relief Fund is a 501(c)(3) non-profit organization and was created for the purpose of providing relief and support to those within the community who face unexpected emergency, disaster, or hardship.

The services offered by the above affiliated companies are separate and distinct from LFG's advisory services. Clients are advised that the Firm's advisory associates may receive referral compensation if affiliated company services are engaged by the client. Furthermore, clients are advised that the recommendation for using affiliated company services may represent a conflict of interest. The Firm emphasizes in its engagement agreements that all clients have complete discretion in deciding whether or not to use the services of an affiliated company or invest therein. None of the affiliated companies have the authority to sign checks or otherwise disburse funds on any advisory client's behalf.

Clients are advised that Larson Capital Management, LLC ("**LCM**"), which registered as an investment advisor in 2019, sponsors and manages a series of private equity funds (the "**LCM Funds**"). While an IAR may discuss an LCM Fund or a Private Fund with an LFG client, clients should understand that in doing so, the IAR is acting solely in his/her capacity as an LFS representative, and the IAR's corresponding compensation resulting from recommending an LCM Fund or a Private Fund presents a conflict of interest. Therefore, any LFG client investing in an LCM Fund or a Private Fund must execute an acknowledgment of such conflict, in addition to other conflicts of interest explained in the LCM Fund's offering documents.

IARs of LFG, as independent contractors or employees, are also agents for various insurance companies. As such, these individuals are able to receive separate, yet customary commission compensation resulting from implementing product transactions on behalf of advisory clients. Clients, however, are not under any obligation to engage these individuals when considering implementation of insurance recommendations. The implementation of any or all recommendations is solely at the discretion of the client.

Clients should be aware that the receipt of additional compensation by LFG and its management persons or IARs may create a conflict of interest that may impair the objectivity of the Firm and these individuals when making advisory recommendations. LFG endeavors at all times to put the interest of its clients first as part of the fiduciary duty as an investment advisor. The following steps are taken to address this conflict:

1. Disclosure to clients the existence of all material conflicts of interest, including the potential for the Firm and associated persons to earn compensation from advisory clients in addition to the Firm's advisory fees;
2. Disclosure to clients that they are not obligated to purchase recommended investment or insurance products from associated persons or affiliated companies of LFG;
3. LFG collects, maintains and documents accurate, complete and relevant client background information, including the client's financial goals, objectives and risk tolerance;
4. LFG's supervisory personnel conduct reviews of client account(s) to verify that recommendations made to a client meet their stated objectives;
5. Requires that IARs seek prior approval of any outside business activity so that it may be ensured that any conflicts of interests in such activities are properly addressed;
6. Monitors IARs' reported outside business activities; and,
7. Provide education to IARs regarding the responsibilities of a fiduciary, including the need for having a reasonable and independent basis for the investment advice provided to clients.

LFG's and its IARs' conflicts of interest are addressed in part through LFG's Code of Ethics, Written Supervisory Procedures and continuing education and training. All IARs receive ongoing continuing education which include courses on ethics. Annually, IARs and employees attest to having read, understood and agree to abide by the Code of Ethics which imposes numerous duties upon our IARs.

## ITEM 11 | CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

We have adopted a Code of Ethics ("**Code**") which sets forth ethical standards of business conduct that are required of access persons, including compliance with applicable federal securities laws. LFG and associated personnel owe a duty of

loyalty, fairness and good faith towards clients, and have an obligation to adhere not only to the specific provisions of the Code but to the general principles that guide the Code.

The Code includes policies and procedures for the review of quarterly securities transaction reports as well as initial and annual securities holding reports that must be submitted by our access persons. Among other things, the Code also requires the prior approval of any acquisition of securities in a limited offering (e.g., private placement) or an initial public offering. The Code also provides for oversight, enforcement and recordkeeping provisions. Under the Code, LFG and IARs are prohibited from engaging in principal transactions (trading on our behalf) and are prohibited from engaging in agency cross transactions (transactions between our clients, except where all investors in a Private Fund have consented to such transactions in advance, as described in the Funds Brochure).

The Code further includes our policy prohibiting the use of material non-public information. All associated persons are reminded that such information may not be used in a personal or professional capacity. A copy of the Code is available to advisory clients and prospective clients. A copy may be requested by email sent to [compliance@larsonfinancial.com](mailto:compliance@larsonfinancial.com), or by calling (866) 569-2450.

The Code is designed to assure that the personal securities transactions, activities and interests of associated persons will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing associated persons to invest for their own accounts. LFG and IARs may buy or sell for their personal accounts securities identical to or different from those recommended to clients. In addition, any related person(s) may have an interest or position in a certain security(ies) which may also be recommended to a client.

Our policy is that no IAR may purchase or sell any security prior to a transaction(s) being implemented for an advisory client account, thereby preventing such associated person(s) from benefiting from transactions placed on behalf of advisory accounts.

As these situations represent actual or potential conflicts of interest, the following policies and procedures have been established for implementing our Code:

1. No principal, employee or independent contractor of LFG may put his or her own interest above the interest of an advisory client;
2. No principal, employee or independent contractor of LFG may buy or sell securities for their personal portfolio(s) where their decision is a result of information received as a result of his or her association unless the information is also available to the investing public;
3. No principal, employee or independent contractor may purchase or sell any security prior to a transaction(s) being implemented for an advisory account. This prevents such persons from benefiting from transactions placed on behalf of advisory accounts;
4. We require prior approval for any IPO or private placement investments by our principals, employees or independent contractors;
5. A list of all reportable securities holdings for LFG and anyone associated with its advisory practice that has access to advisory recommendations ("access person") is maintained. These holdings are reviewed on a regular basis by the Chief Compliance Officer or his/her designee;
6. All clients are fully informed that IARs may receive separate commission compensation when effecting transactions in their capacity as LFS registered representatives;
7. Clients can decline to implement any advice rendered, except in situations where we are granted discretionary authority;
8. All of our principals, employees and independent contractors must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices;
9. The Code must be reviewed and acknowledged by each supervised person and access person annually;
10. Code violations must be reported to senior management; and,
11. Any individual in violation of any of the above restrictions may be subject to discipline up to and including termination.

As disclosed in Item 10 of this Brochure, certain IARs are separately registered as securities representatives of LFS and licensed as insurance agents of various insurance companies. Please refer to Item 10 for a detailed explanation of these relationships and important conflict of interest disclosures.

## ITEM 12 | BROKERAGE PRACTICES

Currently, LFG exclusively utilizes its affiliate LFS as broker-dealer for client implementations. Clients may include any limitations on discretionary authority in their Investment Policy Statement. Clients may change/amend these limitations as required. Such amendments must be provided to LFG in writing.

## FUND COMPANIES

Fund companies like Dimensional Fund Advisors ("DFA") and First Trust Portfolios, L.P. and its affiliate First Trust Advisors, L.P. (Collectively "First Trust") provide assistance and economic support directly to LFG in the form of technology as well as in the production of seminars, conferences, educational events, including providing educational speakers and sponsoring and exhibiting at conferences hosted by LFG or LFG's affiliates. When warranted, these companies may also provide subject matter experts for client meetings. These services are valuable and are a substantial direct meaningful economic benefit to LFG. The services and support present a conflict of interest as LFG could have an incentive to recommend one of these providers or expand use of a provider as a result of services and other benefits provided. Without these services, LFG would be required to purchase the same or similar services at its own expense. The fees that LFG charges will not be reduced by the value of the services received. These providers engage in providing services to LFG in their sole discretion and at their own expense primarily for educational and training purposes, and LFG does not pay any fees to these providers for the support services. LFG's receipt of services does not diminish its duty to act in the best interests of its clients. In addition to Support Services, on limited occasions, these companies may also provide customary business entertainment to LFG personnel. LFG also receives software from DFA, in forming asset allocation strategies and producing performance reports. On limited occasions, certain LFG professionals are invited by custodians, service providers, record-keepers, or fund companies to speak/present or attend a strategic planning meeting, that organizations conference or an industry conference for which that speaker or attendee will be reimbursed for travel expenses and receive a free conference attendance. This is an economic benefit for LFG to receive reimbursement for travel expenses and free attendance, however, neither LFG nor its affiliates have made any commitment to direct business to any of these companies as a result of the reimbursement of travel expenses and free conference attendance.

While we are under no obligation to recommend the use of funds from certain companies, the use of DFA or First Trust funds aligns with our core investment beliefs which are to provide clients access to quality investments, tools and research while keeping expenses down.

## CUSTODIANS

### TD Ameritrade, Inc.

We participate in the institutional advisor program (the "**Program**") offered by TD Ameritrade Institutional. TD Ameritrade Institutional is a division of TD Ameritrade Inc., member SIPC ("**TD Ameritrade**"), an unaffiliated SEC-registered broker-dealer and FINRA member. TD Ameritrade offers services to independent investment advisors which include custody of securities, trade execution, clearance and settlement of transactions. We receive some benefits from TD Ameritrade through participation in the Program. (Please see the disclosure under Item 14. Below.) TD Ameritrade may be recommended to clients for custody and brokerage services. However, there is no direct link between our participation in the Program and the investment advice given to clients, although we may receive economic benefits through participation in the Program that are typically not available to TD Ameritrade retail investors.

These benefits include the following products and services (provided without cost or at a discount): duplicate client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving advisor participants; 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; and discounts on compliance, marketing, research, technology, and practice



management products or services provided to us by third party vendors. TD Ameritrade may also pay for business consulting and professional services received by our related persons and may also pay or reimburse expenses (i.e., including travel, lodging, meals) for our personnel to attend conferences or meetings relating to the program. Some of the products and services made available by TD Ameritrade through the program may benefit us but may not benefit client accounts. These products or services may assist the firm in managing and administering client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help us manage and further develop our business enterprise. The benefits we receive through participation in the Program do not depend on the amount of brokerage transactions directed to TD Ameritrade. Clients should be aware, however, that the receipt of economic benefits by LFG or related persons in and of itself may create a potential conflict of interest and may indirectly influence recommendations of TD Ameritrade for custody and brokerage services.

Our receipt of additional services does not diminish the duty to act in the best interests of LFG clients, including seeking best execution of trades for client accounts.

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### **Charles Schwab & Co., Inc. ("Schwab")**

We may recommend that clients establish brokerage accounts with the Schwab Institutional division of Schwab, a FINRA registered broker-dealer, member SIPC, to maintain custody of clients' assets and to effect trades for their accounts. Although advisors may recommend that clients establish accounts at Schwab, it is the client's decision to custody assets with Schwab. LFG is independently owned and operated and not affiliated with Schwab.

Schwab provides us with access to its institutional trading and custody services, which are typically not available to Schwab retail investors. These services generally are available to independent investment advisors on an unsolicited basis, at no charge to them so long as a total of at least \$10 million of the advisor's clients' assets are maintained in accounts at Schwab Institutional. These services are not contingent upon LFG committing to Schwab any specific amount of business (assets in custody or trading commissions). Schwab'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.

For LFG client accounts maintained in its custody, Schwab generally does not charge separately for custody services but is compensated by account holders through commissions and other transaction-related or asset-based fees.

Schwab Institutional also makes available to us other products and services that benefit us but may not directly benefit clients' accounts. Many of these products and services may be used to service all or some substantial number of client accounts, including accounts not maintained at Schwab. Schwab may make available, arrange and/or pay third-party vendors for the types of services rendered to us. Schwab Institutional may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to us. Schwab Institutional may also provide other benefits such as educational events or occasional business entertainment of our personnel. In evaluating whether to recommend or require that clients custody their assets at Schwab, consideration of the availability of some of the foregoing products and services and other arrangements as part of the total mix of factors reviewed and not solely on the nature, cost or quality of custody and brokerage services provided by Schwab, which may create a potential conflict of interest.

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### **National Financial Services, LLC and Fidelity Brokerage Services, LLC**

We have an arrangement with National Financial Services LLC, and Fidelity Brokerage Services LLC (together with all affiliates, "**Fidelity**") through which Fidelity provides LFG with their "platform" services. The platform services include, among others, brokerage, custodial, administrative support, record keeping and related services that are intended to support intermediaries like LFG in conducting business and in serving the best interests of clients but that may also benefit the Firm.

Fidelity charges brokerage commissions and transaction fees for affecting certain securities transactions (i.e., transactions fees are charged for certain no-load mutual funds, commissions are charged for individual equity and debt securities transactions). Fidelity enables LFG to obtain many no-load mutual funds without transaction charges and other no-load funds at nominal transaction charges. Fidelity's commission rates are generally considered discounted from customary retail commission rates. However, the commissions and transaction fees charged by Fidelity may be higher or lower than those



charged by other custodians and broker-dealers. As part of the arrangement, Fidelity also makes available to us, at no additional charge to us, certain research and brokerage services, including research services obtained by Fidelity directly from independent research companies, as selected by LFG (within specified parameters). These research and brokerage services presently include services such as research and are used by us to manage accounts for which investment discretion is maintained.

We may also receive reimbursement for educational meetings. As a result of receiving such services for no additional cost, there may be an incentive to continue to use or expand the use of Fidelity's services. This potential conflict of interest was examined when we chose to enter into the relationship with Fidelity and we determined that the relationship is in the best interests of our clients and satisfies our obligations, including the duty to seek best execution. A client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where it's determined in good faith that the commission is reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, while we will seek competitive rates, to the benefit of all clients, the lowest possible commission rates may not necessarily be obtained for specific client account transactions. Although the investment research products and services that may be received will generally be used to service all of our clients; a brokerage commission paid by a specific client may be used to pay for research that is not used in managing that specific client's account. LFG and Fidelity are not affiliated.

## TRADE ERRORS

LFG has implemented procedures designed to prevent trade errors. However, trade errors cannot always be avoided. In all situations where the client does not cause the trade error, the client will be made whole and LFG will absorb any loss resulting from the trade error if the error was caused by the firm. If the error is caused by the Custodian, the Custodian will be responsible for covering all trade error costs. In cases where the client causes the trade error, the client will be responsible for any loss resulting from the correction. Depending on the specific circumstances of the trade error, the client may not be able to receive any gains generated as a result of the error correction. In accordance with Custodians' policy, if an investment gain results from the correcting trade, the gain will be donated to charity. LFG does not benefit or profit from trade errors.

## ITEM 13 | REVIEW OF CLIENT ACCOUNTS

### CLIENT INVESTMENT ADVISORY SERVICES AND MODEL PORTFOLIO MANAGEMENT

#### REVIEWS

Client portfolios are continually monitored by the Investment Analysis Team to ensure the current allocations are in line with the target allocations as defined by client objectives and risk tolerance. Client accounts are reviewed at least annually by the Investment Advisor Representative with the client, but many times this is done on a quarterly basis. More frequent reviews may be triggered by material changes in variables such as the client's individual circumstances, the market events, political or economic environment.

#### REPORTS

In addition to the monthly statements and confirmations of transactions that clients receive from their custodian(s), quarterly reports summarizing portfolio performance, balances and holdings managed are also provided by LFG.

### DEFINED CONTRIBUTION AND DEFINED BENEFIT PLAN CONSULTING SERVICES

#### REVIEWS

The Investment Analysis team will review the client's IPS when the client advises of a change in circumstances regarding the needs of the plan. Periodic reviews of the portfolio models are performed by the Investment Analysis Team.

#### REPORTS

In addition to the quarterly statements clients receive from their Third-Party Administrator, quarterly reports summarizing account performance, balances and holdings are also provided to the plan administrator.

## FINANCIAL PLANNING SERVICES

### REVIEWS

While reviews of financial plans may occur at different stages depending on the nature of terms of the specific engagement, typically reviews of a client's financial plan are performed on an annual basis by the IAR; more frequent reviews may be conducted in appropriate circumstances or as specifically requested by the client.

### REPORTS

Financial planning clients will receive a financial plan from their IAR. The completed financial plan may be provided through electronic means. Additional reports will not typically be provided unless otherwise requested by the client. The financial plan may be composed of a number of illustrations, calculations, communications and other documents that collectively compose the comprehensive plan.

## ITEM 14 | CLIENT REFERRALS AND OTHER COMPENSATION

LFG has a referral arrangement with Doctors Only, LLC ("DO"). No direct compensation is paid to DO for referrals. However, both LFG and DO disclose the relationship to clients and prospects. LFG does pay membership fees to DO for shared back office support services; however, no part of such fee is related to any referrals. Both DO and LFG are wholly-owned by LFH as described under Item 10 of this Brochure. IARs that make referrals to the DO network are indirectly compensated. Such compensation is based strictly on a percentage of a discretionary fund determined by DO and the basis of the percentage is the number of referrals and is in no way related to the value or other characteristics of the referred party's potential business.

LFG maintains a concierge agreement with Paramount Bank. LFG has negotiated special bank account interest rates which may not be available to other retail investors through Paramount Bank. Paramount Bank is unaffiliated with LFG and is a bank regulated entity. Paramount Bank will pay a concierge fee to LFG for Clients referred to Paramount for loan and deposit products. LFG will share a portion of this fee with IARs who are the primary IAR servicing the Client. LFG is under no obligation to recommend Paramount Bank and LFG Clients are under no obligation to use or continue to use Paramount Bank's services or products. However, this arrangement creates a conflict of interest.

Mylo, LLC ("Mylo"), an insurance brokerage, recently completed an asset purchase of LFG's affiliate MedInsure Group, LLC's book of business. Pursuant to the terms of the purchase agreement, compensation is received back to LFH as a royalty marketing agreement on new and existing business. LFH will share this compensation with LFG and the IAR. This arrangement creates a conflict of interest. However, LFG IARs are under no obligation to address Client's property and casualty insurance concerns and LFG Clients are under no obligation to use or to continue to use Mylo's services or products.

## SOLICITOR ARRANGEMENTS

We have entered into solicitor agreements with an affiliate, Doctors Without Quarters, LLC (which is wholly owned by LFH), as well as other third-party firms or persons in which we compensate such persons or firms for client referrals. The fees paid to these referral sources do not affect the fees clients pay to us. In each instance, a written agreement exists between LFG and the referral source. At the time of a referral, prospective advisory clients will receive our Brochure and a Solicitor's Disclosure Document.

As disclosed under Item 12. above, we participate in TD Ameritrade's institutional customer program and we may recommend TD Ameritrade to clients for custody and brokerage services. There is no direct link between our participation in the Program and the investment advice we give to our clients, although we receive economic benefits through our participation in the Program that are typically not available to TD Ameritrade retail investors. As part of our fiduciary duties to clients, we endeavor at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by LFG or its related persons in and of itself creates a potential conflict of interest and may indirectly influence our choice of TD Ameritrade for custody and brokerage services.

We may receive client referrals from TD Ameritrade through our participation in TD Ameritrade AdvisorDirect. In addition to meeting the minimum eligibility criteria for participation in AdvisorDirect, we may have been selected to participate in AdvisorDirect based on the amount and profitability to TD Ameritrade of the assets in, and trades placed for, client accounts maintained with TD Ameritrade. TD Ameritrade is a discount broker-dealer independent of and unaffiliated with LFG and there is no employee or agency relationship between them. TD Ameritrade has established AdvisorDirect as a means of

referring its brokerage customers and other investors seeking fee-based personal investment management services or financial planning services to independent investment advisors. TD Ameritrade does not supervise LFG and has no responsibility for our management of client portfolios or our other advice or services. We pay TD Ameritrade an on-going fee for each successful client referral. This fee is usually a percentage (not to exceed 25%) of the advisory fee that the client pays to us (the "**Solicitation Fee**"). We will also pay TD Ameritrade the Solicitation Fee on any advisory fees we receive from any of a referred client's family members, including a spouse, child or any other immediate family member who resides with the referred client and hires us on the recommendation of such referred client. We will not charge clients referred through AdvisorDirect any fees or costs higher than its standard fee schedule offered to its clients or otherwise pass Solicitation Fees paid to TD Ameritrade to our clients. For information regarding additional or other fees paid directly or indirectly to TD Ameritrade, please refer to the TD Ameritrade AdvisorDirect Disclosure and Acknowledgement Form. Our participation in AdvisorDirect raises potential conflicts of interest. TD Ameritrade will most likely refer clients through AdvisorDirect to investment advisors that encourage their clients to custody their assets at TD Ameritrade and whose client accounts are profitable to TD Ameritrade. Consequently, in order to obtain client referrals from TD Ameritrade, we may have an incentive to recommend to clients that the assets under management by LFG be held in custody with TD Ameritrade and to place transactions for client accounts with TD Ameritrade. In addition, we have agreed not to solicit clients referred to it through AdvisorDirect to transfer their accounts from TD Ameritrade or to establish brokerage or custody accounts at other custodians, except when its fiduciary duties require doing so. Our participation in AdvisorDirect does not diminish our duty to seek best execution of trades for client accounts.

#### AFFILIATE BROKER DEALER

Our IARs, acting in their capacity as Registered Representatives of LFS, may receive commissions, including 12b-1 fees, from the sale of investment products, insurance products and other services through our affiliate broker-dealer, during the implementation of a financial plan. Thus, creating the potential for a conflict of interest. Such potential conflicts are addressed through the annual update of this Brochure as well as through implementation of the Code of Ethics, Written Supervisory Procedures and continuing education and training. Disclosure of firm and advisor relationships and financial incentives are made to the client. Processes are in place to ensure that any recommended products are suitable for the specific client. The relationship with the affiliated broker-dealer and the financial incentives are expressly disclosed. Further, LFG does not charge investment advisory fees to commissionable products implemented through LFS. Clients are also notified that they are not under any obligation to implement advisory recommendations or utilize a particular provider. The implementation of any and all recommendations is solely at the client's discretion.

#### ITEM 15 | CUSTODY

As discussed above under "Fees and Compensation," where authorized by the client, we directly debit advisory fees from client accounts. As part of this billing process, the client's custodian is advised of the amount of the fee to be deducted from that client's account. On at least a quarterly basis, the custodian is required to send to the client a statement showing all transactions within the account during the reporting period. Because the custodian does not calculate the amount of the fee to be deducted by LFG, it is important for clients to carefully review their custodial statements to verify the accuracy of the calculation, among other things. Clients should contact their IAR directly if they believe that there may be an error in their statement.

In addition to the periodic statements that clients receive directly from their custodians, IARs also send account statements directly to clients on a periodic basis. Clients are urged to carefully compare the information provided on these statements to ensure that all account transactions, holdings and values are correct and current. Clients should rely on the statement(s) from their qualified custodian(s) as the most accurate source of information with regard to funds and securities being held.

LFG is deemed to have custody of client's funds and securities and will continue to utilize "qualified custodians" to ensure the safety of those funds and securities. Although we do not act as a qualified custodian, adopting a "custody" status allows LFG to maintain client login information. We can then provide full service when reallocations of funds and securities are needed, as well as receive data downloads for report generating purposes. Custody status also gives us the ability to accept credit cards as a means of payment for advisory services. Clients are advised to compare the qualified custodian statements to LFG-provided statements. We comply with all of the provisions of the SEC Rules regarding custody, including 201(b) and (c), which requires an annual surprise audit by an accountant registered with the Public Company Accounting Oversight Board (PCAOB).

## ITEM 16 | INVESTMENT DISCRETION

Some client accounts are managed on a non-discretionary basis. However, during the application process, clients usually grant us limited discretionary trading authority. Clients may limit, change or amend this authority by providing written instructions. Limited discretionary trading authority includes the ability to do the following without contacting the client:

- Determine the security to buy or sell;
- Determine the amount of the security to buy or sell; and,
- Determine when to buy or sell.

## ITEM 17 | VOTING CLIENT SECURITIES

As a matter of firm policy, LFG and IARs do not vote proxies on behalf of clients and We do not offer any consulting assistance regarding proxy issues to clients. Therefore, although we may provide investment advisory services to client respecting their investments, clients maintain exclusive responsibility for: (i) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted, and (ii) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets. Clients are responsible for instructing each custodian of the assets, to forward to the client copies of all proxies and shareholder communications relating to the client's investment assets.

## ITEM 18 | FINANCIAL INFORMATION

In response to the Coronavirus (COVID19) crisis, congress made forgivable loans available to employers to help them maintain current employment levels through the Payroll Protection Program ("PPP"). LFH, LFG's parent company, applied for and received a PPP loan and is distributing it as needed to LFG and other affiliates to help them maintain employment levels pursuant to the terms of the program.