



Part 2A Appendix 1 of Form ADV:

## **Wrap Fee Program Brochure**

**Sponsored by:**

**Legacy Financial Group, LLC  
6000 Grand Avenue, Suite B  
Des Moines, IA 50312  
(515) 255-3306**

**[www.lfgplanners.com](http://www.lfgplanners.com)**

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This Wrap Fee Program Brochure provides information about the qualifications and business practices of Legacy Financial Group, LLC. If clients have any questions about the contents of this brochure, please contact Legacy Financial Group, LLC at (515) 334-5266.

The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or any state securities authority.

Additional information about Legacy Financial Group, LLC also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

The use of the term registered investment adviser does not imply a certain level of skill or training.

## **Item 2 – Material Changes**

There have been no material changes since the March 17, 2020 Wrap Brochure filing on the IARD system.

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## **Item 4 - Services, Fees and Compensation**

### **Asset Management Wrap Fee Program**

We emphasize continuous and regular account supervision. As part of our wrap asset management service, we generally create a portfolio, consisting of individual stocks or bonds, exchange traded funds (“ETFs”), options, mutual funds and other public and private securities or investments. The client’s individual investment strategy is tailored to their specific needs and may include some or all of the previously mentioned securities. Each portfolio will be initially designed to meet a particular investment goal, which we determine to be suitable to the client’s circumstances. Once the appropriate portfolio has been determined, we review the portfolio at least quarterly and if necessary, rebalance the portfolio based upon the client’s individual needs, stated goals, and objectives. Each client has the opportunity to place reasonable restrictions on the types of investments to be held in the portfolio.

Our firm’s annual fees for investment management services shall be calculated at up to a maximum of one-and-a-half percent (1.5%) of all assets under management. These fees are billed on a pro-rata basis quarterly in advance based on the value of your managed account on the last day of the previous quarter. Fees include execution costs for brokerage transactions.

Fees will be deducted from the client’s account at an independent qualified custodian upon their written authorization. In rare cases, Adviser will agree to directly bill clients. As part of this process, clients understand and acknowledge the following:

- (a) The client’s independent custodian sends statements at least quarterly showing all disbursements for the account, including the amount of the advisory fees paid to Adviser;
- (b) The client provides authorization permitting Adviser to be directly paid by these terms;
- (c) If Adviser sends a copy of an invoice to the client, Adviser will also send a copy of the invoice to the independent custodian;
- (d) If Adviser sends a copy of an invoice to clients, the invoice will include a legend that urges the client to compare information provided in their invoice with statements received from the qualified custodian.

### **Relative Cost of the Program**

In a wrap fee program, clients pay a specified fee for investment advisory services and the execution of transactions. The advisory services may include portfolio management, and the fee is not based directly upon transactions in client’s accounts. Management fees are bundled with the costs for executing transactions in client accounts. This may result in a higher advisory fee to clients. Adviser does not charge clients higher management fees based on trading activity, but clients should be aware that Adviser may have an incentive to limit trading activities in client accounts because Adviser is charged for executed trades. By participating in a wrap fee program, clients may end up paying more or less than clients would through a non-wrap fee program where a lower advisory fee might be charged, but the executing broker passes trade execution costs directly to clients.

### **Additional Fees**

Clients may pay charges imposed directly by a mutual fund, index fund, or exchange traded fund, which shall be disclosed in the fund’s prospectus (i.e., fund management fees and other fund expenses), mark-ups and mark-downs, spreads paid to market makers, wire transfer fees and other fees and taxes on brokerage accounts and securities transactions. These fees are not included within Adviser’s wrap fees.

**Adviser Compensation**

Adviser's Investment Adviser Representatives ("IARs") receive a portion of the management fees that clients pay Adviser, either directly as a percentage of the overall fee or as part of their salary. In cases where IARs are paid a percentage of the overall advisory fee, this may create an incentive to recommend that clients participate in a wrap fee program rather than a non-wrap fee program. This is because, in some cases, IARs may stand to earn more compensation from management fees paid to Adviser through a wrap fee program arrangement if client accounts are not actively traded.

**Item 5 - Account Requirements and Types of Clients****Account Minimums**

Adviser does not impose a minimum account requirement on clients.

**Type of Clients**

Adviser provides advisory services to:

- Individuals and High Net Worth Individuals;
- Trusts, Estates or Charitable Organizations;
- Corporations, Limited Liability Companies and/or Other Business Types.

**Item 6 - Portfolio Manager Selection and Evaluation****Item 6.A – Selection and Review of Portfolio Managers**

Client's investment portfolios are managed either by Adviser's IARs or outside portfolio managers. Adviser selects and reviews outside portfolio managers based on the following factors:

- past performance;
- cost;
- investment philosophy;
- market outlook;
- experience of portfolio managers and executive team;
- opinions of third-party analysts;
- disciplinary, legal and regulatory histories of the firm and its associates;
- whether established compliance procedures are in place to address at a minimum, insider trading, conflicts of interest, anti-money laundering.

Adviser does not calculate portfolio manager performance. Instead, Adviser relies upon the performance figures based on the client's account statements or reports provided to Adviser by the outside portfolio managers.

Adviser does, however, watch for several types of events in conjunction with poor performance. These events trigger an in-depth review of an outside portfolio manager and primarily include:

- Significant changes in asset allocation;
- Substantial drift in investment style; and/or
- Sustained under-performance.

Adviser does not verify the accuracy of such performance information or its compliance with presentation standards. As a result, performance information may not be calculated on a uniform and consistent basis.

**Item 6.B – Advisory Business, Performance-Based Fees and Side- By-Side Management, Methods of Analysis, Investment Strategies and Risk Of Loss, And Voting Client Securities**

Our wrap fee program allows clients to pay a single fee for investment advisory services and associated custodial transaction costs. Because our firm absorbs client transaction fees under a wrap arrangement, an incentive exists to limit trading activities in client accounts. Custodial transaction costs are not included in the advisory fee charged by our firm for non-wrap services, and are to be paid by the client to their chosen custodian. Depending on the client's account or portfolio trading activity, clients may pay more for using our wrap fee services than they would for using our non-wrap services. This conflict of interest is mitigated by our fiduciary responsibility to always act in our client's best interest, and as such we do not manage wrap accounts in any different manner from non-wrap accounts.

Our firm utilizes our in-house portfolio managers as well as a selection of outside portfolio managers. In-house accounts are managed by licensed investment adviser representatives ("IARs") of our firm. Prior to becoming licensed with our firm, each IARs industry experience, licensure, outside business activities, client complaints (if any), disciplinary or regulatory history (if any) and financial well-being will be reviewed. Each IAR will then have a Form U4 and ADV Part 2B on file with our firm. Outside portfolio managers, either individually or firm-wide, are selected based on past performance, investment philosophy, market outlook, experience of associated portfolio managers and executive team, disciplinary, legal and regulatory histories of the firm and its associates, and/or whether compliance procedures are in place to address at a minimum, insider trading, conflicts of interest, and/or anti-money laundering.

**Item 6.B1 – Advisory Business**

See Item 4 of this Wrap Fee Program Brochure for a full description of Adviser's wrap fee program. Adviser offers individualized investment advice to clients. Clients have the opportunity to place reasonable restrictions on the types of investments to be held in their portfolio. However, restrictions on investments in certain securities or types of securities may not be possible due to the level of difficulty this would entail in managing the account.

**Item 6.B2 – Performance-Based Fees and Side-By-Side Management**

The Adviser does not charge or receive, directly or indirectly, any performance-based fees and does not participate in side-by-side arrangements.

**Item 6.B3 – Methods of Analysis, Investment Strategies and Risk Of Loss**

Adviser's primary method of analysis or strategy is long term purchases. Long term purchases is a strategy in which investments (such as stocks, bonds, mutual funds, etc.) are bought and held for a long period, which is generally at least one year or more. Generally, this strategy is not influenced by short term market fluctuations because the approach rests upon the assumption that long term prices will go up because of an expanding economy with profits, dividends and increased stock prices. Long term purchases minimize portfolio turnover which can reduce trading costs and taxes can be reduced or deferred on non-qualified accounts. Some of the risks involved with using this method include short term market volatility causing investor concern, risk of loss when the asset is sold, market or company volatility or loss. Investments carry a risk of loss of principal, earnings or both. Past performance is not a guarantee of future performance.

**Item 6.B3(a) – Methods of Analysis**

Adviser works with each client to design an appropriate investment strategy based on client financial and tax status, risk tolerance and investment objectives. Adviser usually recommends investment strategies

for the long-term, but may occasionally recommend short-term investment and hedging strategies. Adviser generally recommends a target asset mix with periodic rebalancing.

Adviser uses the following methods of analysis in formulating investment advice:

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

In providing certain advice in connection with certain clients, research, asset allocation methodologies and investment strategies are used.

#### **Item 6.B3(b) – Investment Strategies**

Adviser uses the following investment strategies when providing investment advice:

Long term purchases. Securities are purchased with the idea of holding them for a relatively long time (typically held for at least a year).

Short term purchases. Securities are purchased with the idea of selling them within a relatively short time (typically a year or less).

Options. Options are used to “hedge” the purchase of the underlying security. Options are purchased to limit the potential upside or downside of a security purchased in a client’s portfolio.

Structured Notes. Structured notes may be used to reduce risk exposure in a client’s portfolio based on current market trends.

This is not intended to be an all inclusive list.

#### **Item 6.B3(c) – Risk of Loss**

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

Because of the inherent risk of loss associated with investing, the Adviser is unable to represent, guarantee, or even imply that our services and methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate a client from losses due to market corrections or declines.

There are certain additional risks associated when investing in securities:

- Market Risk – Either the stock market as a whole, or the value of an individual company, goes down resulting in a decrease in the value of client investments. This is also referred to as systemic risk.
- Equity (stock) market risk – Common stocks are susceptible to general stock market fluctuations and to volatile increases and decreases in value as market confidence in and perceptions of their issuers change. If you held common stock, or common stock equivalents, of any given issuer, you would generally be exposed to greater risk than if you held preferred stocks and debt obligations of the issuer.
- Company Risk – When investing in stock positions, there is always a certain level of company or industry specific risk that is inherent in each investment. This is also referred to as unsystematic risk and can be reduced through appropriate diversification. There is the risk that the company will perform poorly or have its value reduced based on factors specific to the company or its industry. For example, if a company's employees go on strike or the company receives unfavorable media attention for its actions, the value of the company may be reduced.
- Fixed Income Risk – When investing in fixed income instruments such as bonds or notes, there is the risk that issuer will default on the bond and be unable to make payments. Further, individuals who depend on set amounts of periodically paid income face the risk that inflation will erode their spending power. Fixed-income investors receive set, regular payments that face the same inflation risk.
- Options Risk – Options on securities may be subject to greater fluctuations in value than an investment in the underlying securities. Purchasing and writing put and call options are highly specialized activities and entail greater than ordinary investment risks.
- ETF and Mutual Fund Risk – When investing in an ETF or mutual fund, a client will bear additional expenses based on the client's pro rata share of the ETF's or mutual fund's operating expenses, including the potential duplication of management fees. The risk of owning an ETF or mutual fund generally reflects the risks of owning the underlying securities the ETF or mutual fund holds. Clients will also incur brokerage costs when purchasing ETFs.
- Management Risk – Your investments will vary with the success and failure of our investment strategies, research, analysis and determination of portfolio securities. If you implement our financial planning recommendations and our investment strategies do not produce the expected results, the value of your investment may decrease.
- Credit Risk – Credit risk can be a factor in situations where an investment's performance relies on a borrower's repayment of borrowed funds. With credit risk, an investor can experience a loss or unfavorable performance if a borrower does not repay the borrowed funds as expected or required. Investment holdings that involve forms of indebtedness (i.e. borrowed funds) are subject to credit risk.



- **Liquidity Risk** – Certain assets may not be readily converted into cash or may have a very limited market in which they trade. Thus, you may experience the risk that your investment or assets within your investment may not be able to be liquidated quickly, thus, extending the period of time by which you may receive the proceeds from your investment. Liquidity risk can also result in unfavorable pricing when exiting (i.e. not being able to quickly get out of an investment before the price drops significantly) a particular investment and therefore, can have a negative impact on investment returns.

This is not intended to be an all inclusive list. Each client should review the mutual fund prospectus for the specific risks related to each fund that is held in each account.

#### **Item 6.B4 – Voting Client Securities**

The Adviser does not accept authority to vote proxies on behalf of clients as a matter of policy. Clients will receive their proxy information directly from their custodian.

Clients may contact the Adviser with questions about a particular solicitation by telephone at (515) 334-5266.

#### **Item 7 - Client Information Provided to Portfolio Manager(s)**

Client's portfolios will be managed by Adviser's IARs or outside portfolio managers. Adviser communicates with outside portfolio manager(s) on a regular basis as needed (daily, weekly, monthly, etc) to ensure the client's most current investment goals and objectives are understood by the portfolio manager(s).

Outside portfolio managers have access to the information provided by clients at account opening. Adviser will communicate such information for the ongoing management and trading of the account. Please refer to Adviser's privacy policy if clients are concerned about the privacy of any non-public information Adviser retains.

#### **Item 8 - Client Contact with Portfolio Manager(s)**

Clients are always free to directly contact portfolio manager(s) with any questions or concerns they have about their portfolios or other matters.

#### **Item 9 - Additional Information**

##### **Item 9.A –Disciplinary Information; Other Financial Industry Activities**

Adviser does not have any disciplinary information to disclose.

Adviser has the following financial industry activities and affiliations to disclose:

##### **Broker-Dealer Registration**

Associated persons of the Adviser may be registered securities representatives of Brokers International Financial Services, LLC ("Brokers Financial"), a registered broker-dealer, member of the Financial Industry Regulatory Authority, Inc. ("FINRA") and the Securities Investor Protection Corporation ("SIPC"). The IARs' Brokers Financial affiliation is an outside business activity and is not monitored, endorsed, or supervised by the Adviser.

In their capacity as Registered Representatives, associated persons may recommend securities or other products and receive normal transaction fees, commissions or other compensation. Thus, a conflict of interest exists between the interests of the associated persons and those of advisory clients.

Clients are under no obligation to act upon any recommendations of associated persons or affect any transactions through associated persons if they decide to follow their recommendations.

#### **Futures Commission Merchant/Commodities**

Neither the Adviser nor any management person is a commodity broker/futures commission merchant, a commodity pool operator, commodity trading advisor or an associated person for the foregoing entities; nor do they have any registration applications pending.

#### **Relationships with Related Persons**

In addition to being Registered Representatives of Brokers Financial, certain associated persons are insurance agents appointed with various insurance companies.

In these capacities associated persons of the Adviser may recommend securities, insurance, advisory services, or other products, and receive commissions and other compensation if products are purchased through any firms with which any associated persons are affiliated. Thus, a conflict of interest exists between the interests of associated persons and those of the advisory clients. However, clients are under no obligation to act upon any of their recommendations or execute any transactions through them if they decide to follow their recommendations.

#### **Relationships with Other Advisers**

Associated persons do not have any affiliations with other investment advisers.

#### **Item 9.B – Code of Ethics; Review of Accounts; Client Referrals And Other Compensation; And Financial Information**

##### **Item 9.B1 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading Code of Ethics**

Adviser has adopted a Code of Ethics that sets forth standards of conduct expected of advisory personnel and to address conflicts that arise from personal trading by advisory personnel. Advisory personnel are obligated to adhere to the Code of Ethics, and applicable securities and other laws.

The Code covers a range of topics that may include: general ethical principles, reporting personal securities trading, exceptions to reporting securities trading, reportable securities, initial public offerings and private placements, reporting ethical violations, distribution of the Code, review and enforcement processes, amendments to Form ADV and supervisory procedures. The Adviser will provide a copy of the Code to any client or prospective client upon request.

#### **Principal Trading**

Neither the Adviser nor any affiliated broker-dealer affects securities transactions as principal with the Adviser's clients.

#### **Personal Trading of Associates Affiliated with a Brokerage Firm**

In their capacity as Registered Representatives of Brokers Financial, associated persons of the Adviser may receive payments from certain mutual funds distributed pursuant to a 12b-1 distribution plan, or other such plans, as compensation for administrative services, representing a separate financial interest.

As such, a conflict of interest exists with respect to recommendations to buy or sell securities. In all cases, recommendations are made in the best interests of the client. The Adviser does not permit insider trading

and has implemented procedures to ensure that its policy regarding insider trading is being observed by associated persons.

#### **Agency-Cross Action Transactions**

Neither the Adviser nor any associated person recommends to clients or buys or sells for client accounts securities in which the Adviser or an associated person has a material financial interest. Neither the Adviser nor any associated person acting as a principal, buys securities from (or sells securities to) clients, acts as general partner in a partnership in which Adviser solicits client investments, or acts as an investment adviser to an investment company that the Adviser recommends to clients.

#### **Personal Trading by Associated Persons**

The Adviser recommends that clients invest in various types of assets. The Adviser and its associated persons may invest in the same types of assets. Permitted investments for associated persons are all asset classes.

#### **Conflicts of Interest with Personal Trading by Associated Persons**

Associated persons may own an interest in or buy or sell for their own accounts the same securities, which may be recommended to advisory clients. Associated persons seek to ensure that they do not personally benefit from the short-term market effects of their recommendations to clients and their personal transactions are regularly monitored.

Associated persons are aware of the rules regarding material non-public information and insider trading. Associated persons may also buy or sell a specific security for their own account based on personal investment considerations, which the Adviser does not deem appropriate to buy or sell for clients.

#### **Item 9.B2 – Review of accounts**

IARs perform reviews of investment advisory accounts no less than quarterly. Accounts are reviewed for consistency with the investment strategy and performance among other things. Reviews may be triggered by changes in an account holder's personal, tax, or financial status. There is currently no limit on the number of accounts that can be reviewed by an IAR.

The Adviser does not provide any periodic reports to clients unless asked to do so. Any reports provided from the Adviser will be specific to the services client has requested pursuant to an executed agreement with the Adviser.

#### **Item 9.B3 – Client referrals and other compensation**

##### **Suggestion of Brokers to Clients**

Adviser participates in the institutional advisor program (the "Program") offered by TD Ameritrade Institutional, a division of TD Ameritrade, Inc. ("TD Ameritrade"), an unaffiliated broker-dealer and member FINRA/SIPC. TD Ameritrade offers services to independent investment advisers which include custody of securities, trade execution, clearance and settlement of transactions. Adviser receives some benefits from TD Ameritrade through its participation in the Program.

Adviser recommends that clients in need of brokerage and custodial services utilize TD Ameritrade. There is no direct link between Adviser's participation in the Program and the investment advice Adviser gives to Clients, although Adviser receives 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): receipt of duplicate Client statements and confirmations;

research related products and tools; consulting services; access to a trading desk serving Adviser's 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; and discounts on compliance, marketing, research, technology, and practice management products or services provided to Adviser by third party vendors. TD Ameritrade may also have paid for business consulting and professional services received by Adviser's related persons. Some of the products and services made available by TD Ameritrade through the program may benefit the Adviser but may not benefit Client accounts. These products or services may assist Adviser in managing and administering Client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help Adviser manage and further develop Adviser's business enterprise. The benefits received by Adviser or Adviser's personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of Adviser's fiduciary duties to clients, Adviser endeavors at all times to put the interests of clients first. Clients should be aware, however, that the receipt of economic benefits by Adviser or Adviser's related persons in and of itself creates a conflict of interest and may influence Adviser's choice of TD Ameritrade for custody and brokerage services.

In addition, third party vendors have occasionally provided funds for events for Adviser's clients which also meets the definition of "eligible" products and services under Safe Harbor as determined under the Securities and Exchange Act, Section 28(e).

#### **Solicitors**

The Adviser has entered into solicitation agreements pursuant to which it compensates third-party intermediaries for client referrals. The Adviser will disclose these solicitation arrangements to affected investors, and any cash solicitation agreements will comply with Rule 206(4)-3 under the Advisers Act. Solicitors introducing clients to the Adviser will receive a flat fee per referral. Such compensation will be paid pursuant to a written agreement with the solicitor and generally may be terminated by either party from time to time. The cost of any such fees will be borne entirely by the Adviser and not by any affected client. As indicated above, the firm does not direct brokerage transactions to any third party, including TD Ameritrade, in return for client referrals.

#### **Client Referrals**

As part of our employee compensation package, incentive bonuses may be allocated based on successful completion of a variety of goals including new client relationships.

#### **Item 9.B4 – Financial information**

The Adviser does not require or collect prepayment of more than \$1,200 in fees, six months or more in advance, so no balance sheet is being provided. There is no financial condition that is reasonably likely to impair the Adviser's ability to meet its contractual commitments to its clients. The Adviser has not been subject of a bankruptcy petition at any time.

We have received a loan through the U.S. Small Business Administration ("SBA") Paycheck Protection Program ("PPP"), which allowed eligible individuals and small businesses to obtain loans during the COVID-19 crisis. A PPP loan is eligible for forgiveness, provided the terms of the loan forgiveness are satisfied. We certified to the SBA that the receipt of the loan was necessary to support our ongoing operations. The SBA has subsequently advised all PPP borrowers that they were required to make this certification in good

faith, taking into account their current business activity and their ability to access other sources of liquidity sufficient to support their ongoing operations in a manner that is not significantly detrimental to their business. We received a \$274,607 PPP loan to assist with the payment of salaries for our employees, including those who are primarily responsible for performing advisory functions for our clients. We believe that the PPP Loan was necessary to support our existing operations without layoffs or reductions of employee compensation. However, we do not believe we would have been unable to meet any contractual commitment absent our receipt of the PPP loan.

### **Confidentiality**

Protecting client privacy is very important to the Adviser. The Adviser views protecting its clients' private information as a top priority. Pursuant to the requirements of the Gramm-Leach-Bliley Act, the Adviser has instituted policies and procedures to ensure that customer information is kept private and secure. The Adviser does not disclose any non-public personal information about its clients or former clients to any nonaffiliated third parties, except as permitted by law. In the course of servicing a client account, the Adviser may share some information with its service providers, such as, but not limited to, transfer agents, custodians, broker/dealers, accountants, and lawyers.

The Adviser restricts internal access to non-public personal information about its clients to those employees who need to know that information in order to provide products or services to the client. The Adviser maintains physical and procedural safeguards that comply with federal standards to guard a client's non-public personal information and ensure its integrity and confidentiality. As emphasized above, it has always been and will always be the Adviser's policy never to sell information about current or former customers or their accounts to anyone. It is also the Adviser's policy not to share information unless required to process a transaction, at the request of the Adviser's customer, or as required by law.

A copy of the Adviser's privacy policy notice will be provided to each client prior to, or contemporaneously with, the execution of the advisory agreement. Thereafter, the Adviser will deliver a copy of the current privacy policy notice to its clients prior to changing its sharing practices.