

# Lantern Wealth Advisors, LLC

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March 31, 2021

## **FORM ADV PART 2A BROCHURE**

This Brochure provides information about the qualifications and business practices of Lantern Wealth Advisors, LLC ("Lantern Wealth Advisors" or "the firm"). If you have any questions about the contents of this Brochure, please contact us at 631-454-2000. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Lantern Wealth Advisors is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information from which you determine to hire or retain an Adviser.

Additional information about Lantern Wealth Advisors also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2 Material Changes**

Form ADV Part 2 requires registered investment advisers to amend their brochure when information becomes materially inaccurate. If there are any material changes to an adviser's disclosure brochure, the adviser is required to notify you and provide you with a description of the material changes.

Since the filing of our last annual updating amendment, dated March 27, 2020, the following material changes have been made:

On November 2, 2020, the ownership of Lantern Wealth Advisors, LLC has changed as follows:

### **Part 4: Advisory Business**

90% - Percheron Asset Management Group, Inc

10% - Markpet, LLC

### **Item 3 Table Of Contents**

Item 1 Cover Page	Page 1
Item 2 Material Changes	Page 2
Item 3 Table Of Contents	Page 3
Item 4 Advisory Business	Page 4
Item 5 Fees and Compensation	Page 5
Item 6 Performance-Based Fees and Side-By-Side Management	Page 10
Item 7 Types of Clients	Page 10
Item 8 Methods of Analysis, Investment Strategies and Risk of Loss	Page 10
Item 9 Disciplinary Information	Page 11
Item 10 Other Financial Industry Activities and Affiliations	Page 11
Item 11 Code of Ethics	Page 12
Item 12 Brokerage Practices	Page 13
Item 13 Review of Accounts	Page 15
Item 14 Client Referrals and Other Compensation	Page 16
Item 15 Custody	Page 17
Item 16 Investment Discretion	Page 17
Item 17 Voting Client Securities	Page 17
Item 18 Financial Information	Page 17

## Item 4 Advisory Business

Lantern Wealth Advisors provides investment advice to individuals, trusts, estates, corporations and other business entities. We have been registered investment advisors since September 2008. The Firm is owned by and Percheron Asset Management Group, Inc. and Markpet, LLC

In our capacity as an advisor, we offer a combination of the following advisory services:

**The Lighthouse Plan:** Under this plan, Lantern Wealth Advisors provides continuous advice to clients regarding investment of the client funds based upon the individual needs of the client. Through personal discussions in which goals and objectives based on a client's particular circumstances are established, Lantern Wealth Advisors develops a client's personal investment policy and creates and manages a portfolio based on that policy. Lantern Wealth Advisors will manage advisory accounts on a discretionary or non-discretionary basis. As such, clients may impose restrictions on investing in certain securities or types of securities. Account supervision is guided by the stated objectives of the client (i.e., maximum capital appreciation, growth, income, or growth and income). Under the Lighthouse Plan, Lantern Wealth Advisors utilizes models, both in-house, and provided by third-party providers, which are based on the client's risk profiles, investment horizons, and individual needs.

**The Lantern Select Plan:** Under this plan, Lantern Wealth Advisors will perform management searches of various unaffiliated independent registered investment advisers. Based on a client's individual circumstances and needs, Lantern Wealth Advisors will determine which independent adviser's portfolio management is appropriate for that client. This determination may be made on a discretionary or non-discretionary basis. Factors considered in making this determination include account size, risk tolerance, the opinion of each client and the investment philosophy of the independent adviser. Certain independent advisers made available through this program may require the client to enter into a separate discretionary agreement between the adviser and the client. The independent advisers may engage the client directly, or they may be made available through a third party program provider with which Lantern Wealth Advisors has entered into an agreement in order to access independent advisers made available on the provider's platform. Whether or not clients are permitted to impose restrictions on investing will depend upon the determination of each independent adviser. Please see Appendix 1 to this Brochure for complete disclosure regarding this program.

**The Lantern Advisor Select Plan:** Under this plan, Lantern Wealth Advisors provides discretionary and non-discretionary investment advisory services to clients within a wrap fee program. Each client in the wrap fee program pays a single all inclusive "wrap" fee for investment advisory services and execution costs. Therefore, such accounts are not charged brokerage fees and commissions and custodian charges as described in Item 5 below. The wrap fee is an asset based fee which includes the management fee paid to Lantern Wealth Advisors for its services as portfolio manager as well as compensation paid to the broker-dealer, custodian, and clearing firm for services rendered in the execution of client transactions.

We generally manage these accounts similarly to Lighthouse Plan accounts. Please see Appendix 1 to this Brochure for complete disclosure regarding this program.

**Financial Planning:** Lantern Wealth Advisors provides individualized advice in the form of a Financial Plan. Clients purchasing this service will receive a written report, providing the client with a detailed financial plan designed to achieve his or her stated financial goals and objectives. The financial plan will address any or all of the following areas: Personal, Education, Tax and Cash Flow, Death and Disability, Retirement and Investments.

**Consulting:** Lantern Wealth Advisors also offers clients the ability to receive individualized investment advice on a more limited basis. This may include advice on isolated area(s) of concern such as estate planning, retirement planning, reviewing clients existing portfolios, or any other specific topic. This service also provides specific consultation and administrative services regarding investment and financial concerns of the client.

**Assets Under Management:** As of December 31, 2020, we provide continuous management services for \$146,989,408 in client assets on a discretionary basis, and \$4,214,500 in client assets on a non-discretionary basis.

## Item 5 Fees and Compensation

**The Lighthouse Plan:** The annual fee for The Lighthouse Plan services will be charged as a percentage of assets under management, according to the following schedules:

### Equities and Balanced Accounts

#### Assets Under Management Annual Fee (%)

\$0 to \$49,999	2.50%
\$50,000 to \$99,999	2.25%
\$100,000 to \$249,999	2.00%
\$250,000 to \$499,999	1.75%
\$500,000 to \$999,999	1.65%
\$1,000,000+	1.50%

### Fixed Income Portfolios

#### Assets Under Management Annual Fee (%)

\$250,000 to \$499,999	0.95%
\$500,000 to \$999,999	0.85%
\$1,000,000+	0.75%

A minimum of \$25,000 of assets under management is required. This account size may be negotiable under certain circumstances.

Lantern Wealth Advisors will quote an exact percentage to each client based on both the nature and total dollar value of that account. Lantern Wealth Advisors may group certain related client accounts for the purposes of achieving the minimum account size and determining the annualized fee. Depending on account size and other factors, lower rates may apply and Lantern Wealth Advisors reserves the right to reduce fees. The agreed upon fees are specified in the client agreement. Client are not charged additional fees for the use of models, whether in-house or third-party provided.

Unless otherwise agreed, client accounts will be directly debited quarterly in advance at the beginning of each calendar quarter based upon the asset value (market value of the assets or the fair market value of the assets in the absence of market value), of the client's account at the end of the previous

quarter. The initial fee will be calculated on the value of the initial assets in the account and shall cover the initial quarter pro-rated, based on the number of remaining days in such quarter. Clients will never be charged more than \$1,200 six or more months in advance.

**The Lantern Select Plan:** The fee schedule for participation in this program will vary based on the fees assessed by the independent adviser, and will be agreed to in writing by the client, the independent adviser, and Lantern Wealth Advisors. Lantern Wealth Advisors will receive a portion of this fee, which also includes a clearing fee charged by the custodian. If a third-party program is used, the fee paid by the client will include fees payable to the program provider, Lantern Wealth Advisors, the custodian, and any independent manager(s) accessed through the program.

Please see Appendix 1 to this Brochure for specific information regarding fees, billing practices, minimum required investments and termination of advisory agreements.

**The Lantern Advisor Select Plan:** All managed account clients can elect to participate in the wrap fee program sponsored by Lantern Wealth Advisors, and in such case, clients will not pay brokerage commissions for securities and other fees for the execution of securities transactions, rather, they will pay a wrap fee which covers Lantern Wealth Advisor's fee as well as fees associated with the execution of securities transactions.

See Form ADV Part 2A - Appendix 1 for a description of the wrap fee program that we sponsor.

**Financial Planning:** Lantern Wealth Advisors charges a fixed fee of \$2,000 for preparation of an initial financial plan. An additional fee of \$1,000 will be charged each time the financial plan is reviewed and updated, if this service is selected by the client. Financial planning fees are negotiable at the discretion of the Firm, depending on the nature and complexity of each client's circumstances. All fees are agreed upon prior to entering into a contract with any client. Financial planning fees will be invoiced.

A retainer may be requested upon completion of Lantern Wealth Advisors' fact-finding session with the client; however, advance payment will never exceed \$1,200 for work that will not be completed within six months. The balance will be due upon completion of the plan.

The length of time it will take to provide a financial plan will depend on each client's personal situation. Typically, however, the financial plan will be presented to the client within 90 days of the contract date, provided that all information needed to prepare the financial plan has been promptly provided by the client. If either party chooses not to proceed after receipt of the retainer and before the financial planning process begins, 50% of the retainer fee will be refunded.

**Consulting:** Lantern Wealth Advisors consulting fees will be calculated based on an hourly charge of \$300 to \$500 per hour for specific consultation and administrative services, depending on the nature and complexity of the individual client's personal circumstances and consulting needs. All fees are agreed upon prior to entering into a contract with any client. The client will be invoiced quarterly in advance. A retainer may be requested upon completion of Lantern Wealth Advisors' fact-finding session with the client; however, advance payment will never exceed \$1,200 for work that will not be completed within six months.

If either party chooses not to proceed with the consulting services prior to the beginning of the on-going work, 50% of the retainer will be refunded.

Individuals of Lantern Wealth Advisors may also be registered representatives of Herold & Lantern Investments, Inc, its affiliated FINRA member broker dealer, as well as insurance agents or brokers with Lantern Insurance Brokerage, Inc. ("Lantern Insurance"), its affiliated insurance agency. Financial

Planning and Consulting recommendations may include products offered by these companies. If a Financial Planning or Consulting client executes recommended securities transactions through associated persons of Lantern Wealth Advisors in their separate capacities as registered representatives or insurance agents, these individuals will earn commissions which are separate and distinct from fees charged by Lantern Wealth Advisors for advisory services. This creates a conflict of interest as these representatives may be incented to recommend products based upon the compensation received, rather than on the client's needs. All investment adviser representatives of Lantern Wealth Advisors have a fiduciary duty to make recommendations that are in the best interest of the firm's clients.

In some instances in which clients pay both an advisory fee and commissions, depending on the size of the transaction, advisory fees may be discounted at Lantern Wealth Advisors' discretion. Commissions will not be credited towards future advisory fees.

Financial Planning and Consultation clients are under no obligation to implement plan recommendations or to purchase products through Herold & Lantern Investments, Inc. or Lantern Insurance.

**General Fee Information:** Clients may incur certain charges associated with their accounts, including, but not limited to, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, fees for the paper delivery of statements and confirmations, and other fees and taxes on brokerage accounts. With the exception of those participating in the wrap fee program, these clients may also incur charges associated with securities transactions, including custodial and brokerage charges. Such charges and fees are exclusive of, and in addition to, Lantern Wealth Advisors' fee, and Lantern Wealth Advisors shall not receive any portion of these fees and expenses.

Clients may also incur fees charged by third parties, such as the account custodian, for ancillary services such as returned checks, safekeeping of physical certificates, paper statement and confirmation fees, and asset or wire transfers. The current ancillary fee schedule applicable to client accounts is outlined below (the highest possible fee is shown, some custodians may charge lower fees for similar services). These fees are subject to change without notice; an updated schedule will be provided upon request and will also be available on our public website: [www.heroldlantern.com](http://www.heroldlantern.com).

#### Check Processing Requests:

- \$50 to place a stop on a check

- \$25 for a returned check

- \$10 for check reorder of Corestone accounts

#### Wire Transfers:

- \$25 for a wire transfer

#### Security Transfers:

- \$75 per security for physical transfer of securities

- \$75 per account for transfers to other firms

- \$25 per security for Direct Registration transfers

\$100 per security for rejected Direct Registration transfers

**Mutual Fund Fees and Expenses:** All fees paid to Lantern Wealth Advisors for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds 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 the services of Lantern Wealth Advisors. In that case, the client would not receive the services provided by Lantern Wealth Advisors 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 the fees charged by Lantern Wealth Advisors to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

Where acting as an investment adviser representative and the Advisory Client is investing in mutual funds, ETFs and/or money market funds through Lantern Wealth Advisors affiliate Herold & Lantern Investments, Inc., a service-level fee will be received by the affiliate company commensurate with the fees as disclosed in the prospectus or as explained herein. Herold & Lantern Investments, Inc. will receive compensation; however the Investment Advisor Representative does not share in any amounts paid to Herold & Lantern Investments, Inc.

Various share classes are offered by mutual funds and are available to Lantern Wealth Advisory clients. Lantern Wealth Advisors will evaluate the share classes, and will attempt to select the lowest cost share class for each investor. At times, the lowest cost share class may not be the most cost effective due to brokerage platform fees. If this is the case, Lantern Wealth Advisors will purchase the fund that is most cost effective. While Lantern Wealth Advisors seeks to avoid using share classes that charge 12b-1 fees, if such share class is the only means by which to satisfy the investment need, this share class may be purchased. Lantern Wealth Advisors and its investment advisory representatives are not directly compensated by these 12b-1 fees. However, if the mutual fund is purchased on the platform of our affiliate, Herold & Lantern Investments, Inc., the 12b-1 fee will be earned by the broker-dealer. The use of 12b-1 paying share classes versus non 12b-1 paying share classes may have a negative impact on performance and return.

Money market fund balances that are in brokerage accounts with our affiliate, Herold & Lantern Investments, Inc., a FINRA registered broker dealer, will pay 12b-1 fees or other distribution assistance to the broker dealer. Lantern Wealth Advisors and their investment advisor representatives do not receive compensation related to money market fund balances.

For additional information see "Compensation for the Sale of Securities or Other Investment Products" in Item 5 and Item 14 "Client Referrals and Other Compensation".

#### **Additional Information:**

Negotiability of Fees and Account Minimums: In certain circumstances, all fees and account minimums may be negotiable. In addition, certain family members and personal acquaintances of Lantern Wealth Advisors' affiliated persons may receive advisory services at a discounted rate which is not available to advisory clients generally.

Fee Calculation: The fee charged is calculated as described above and is not charged on the basis of a share of capital gains upon, or capital appreciation of, the funds or any portion of the funds of an advisory client.



**Termination:** A client agreement may be canceled at any time, by either party, for any reason upon receipt of 30 days written notice. Upon termination of any account, any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable. The client has the right to terminate an agreement without penalty within five business days after entering into the agreement.

Lower fees for comparable services may be available from other sources.

Refer to Item 12 for a description of the factors that Lantern Wealth Advisors considers in selecting or recommending broker-dealers for client transactions.

**Compensation for the Sale of Securities or Other Investment Products:** Lantern Wealth Advisors has an affiliation with Herold & Lantern Investments, Inc., a securities broker-dealer, and a member of the Financial Industry Regulatory Authority and the Securities Investor Protection Corporation. Herold & Lantern Investments, Inc. receives compensation in connection with the purchase and sale of securities or other investment products, including asset-based sales charges, service fees or 12b-1 fees, for the sale or holding, of mutual funds. Compensation earned by Herold & Lantern Investments, Inc. is separate and in addition to Lantern Wealth Advisors advisory fees. This practice presents a conflict of interest because persons providing investment advice to advisory clients on behalf of our firm who are have an incentive to recommend investment products based on the compensation received rather than solely based on your needs. Additionally, use of 12b-1 paying share classes versus non 12b-1 paying share classes may have a negative impact on share performance and return. Please refer to Item 12 Brokerage Practices for more information regarding execution of Client transactions and Lantern Wealth Advisors fiduciary duty to seek the best execution pricing available for Client transactions. Herold & Lantern Investments, Inc. may also be compensated in the form of distribution assistance or service fee revenue from mutual funds or exchange traded funds that are available on a "no transaction fee" program. Investments in certain "no transaction fee" exchange traded funds or mutual funds will not be subject to a commission. For additional information see "Mutual Fund Fees and Expenses" in Item 5 and Item 14 "Client Referrals and Other Compensation".

Most persons providing investment advice on behalf of our firm are registered representatives with Herold & Lantern Investments, Inc. In their capacity as registered representatives, these persons receive compensation in connection with the purchase and sale of securities or other investment products, including asset-based sales charges, service fees or 12b-1 fees, for the sale or holding, of mutual funds. Compensation earned by these persons in their capacities as registered representatives is separate and in addition to our advisory fees. This practice presents a conflict of interest because persons providing investment advice to advisory clients on behalf of our firm who are registered representatives have an incentive to recommend investment products based on the compensation received rather than solely based on your needs. Persons providing investment advice to advisory clients on behalf of our firm can select or recommend, and in many instances will select or recommend, mutual fund investments in share classes that pay 12b-1 fees when clients are eligible to purchase share classes of the same funds that do not pay such fees and are less expensive. This presents a conflict of interest. You are under no obligation, contractually or otherwise, to purchase securities products through any person affiliated with our firm who receives compensation described above.

Persons providing investment advice on behalf of our firm are licensed as independent insurance agents. These persons will earn commission-based compensation for selling insurance products, including insurance products they sell to you. Insurance commissions earned by these persons are separate and in addition to our advisory fees. This practice presents a conflict of interest because persons providing investment advice on behalf of our firm who are insurance agents have an incentive

to recommend insurance products to you for the purpose of generating commissions rather than solely based on your needs. You are under no obligation, contractually or otherwise, to purchase insurance products through any person affiliated with our firm.

## **Item 6 Performance-Based Fees and Side-By-Side Management**

Lantern Wealth Advisors does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client).

## **Item 7 Types of Clients**

Lantern Wealth Advisors currently provides services to individuals, high net worth individuals, trusts, estates, pension plans, and corporations and other business entities. A minimum of \$25,000 of assets under management is required for the Lighthouse Plan. The minimum account size for participation in the Lantern Select Plan is based upon each independent adviser's minimum account size, if any. The minimum account size for participation in Lantern Advisor Select wrap fee program varies based upon the program selected, and ranges from \$50,000 to \$100,000. Minimum account sizes are negotiable at the discretion of Lantern Wealth Advisors.

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

**Method of Analysis** - The security analysis method utilized by Lantern Wealth Advisors may include any or all of the following: charting, fundamental, technical and cyclical analysis. The risks associated with these methods of analysis are described below. Those clients investing in the Lantern Select Plan should refer to the third-party independent registered investment adviser's disclosure document for information regarding the methods of analysis, sources of information, and investment strategies used by that independent registered investment adviser in servicing client accounts.

- *Fundamental:* Fundamental analysis is a general assessment based upon various factors including sale price, asset value, market structure, and history. Lantern Wealth Advisors will analyze the financial condition, capabilities of management, earnings, new products and services, as well as the company's markets and position amongst its competitors in order to determine the recommendations made to clients. The primary risk in using fundamental analysis is that while the overall health and position of a company may be good, market conditions may negatively impact the security.
- *Cyclical:* Cyclical analysis is a time based assessment which incorporates past and present performance to determine future value. The primary risk of using cyclical analysis is that past performance cannot guarantee to future results.
- *Charting and Technical:* Charting consists of preparing a technical analysis using diagrams to illustrate various patterns or progressions in market or account movement. Similar to charting, technical analysis employs the use of statistical models and quantitative methodologies to evaluate performance and value over a specified period of time. Technical analysis involves the analysis of past market data rather than specific company data in determining the recommendations made to clients, and may involve the use of charts to identify market patterns and trends which may be based on investor sentiment rather than the fundamentals of the company. The primary risk in using technical analysis is that spotting historical trends may not help to predict such trends in the future. Even if the trend will eventually reoccur, there is no guarantee that Lantern Wealth Advisors will be able to accurately predict such a reoccurrence.

**Investment Strategies** - The investment strategies used to implement investment advice include: long term purchases, short term purchases, trading, short sales, margin transactions, option writing (including covered options, uncovered options, or spreading strategies). Investing in securities involves risk of loss that clients should be prepared to bear. The use of derivatives, including options, involves risks different from, or possibly greater than the risks associated with investing directly in securities. Prices of derivatives can be volatile and may move in unexpected ways, especially in unusual market conditions. Some derivatives are particularly sensitive to changes in interest rates. In addition, there may be imperfect or even negative correlation between the price of the derivatives contract and the price of the underlying securities. Other risks arise from the potential inability to terminate or sell derivative positions. Further, derivatives could result in loss if the counterparty to the transaction does not perform as promised.

## **Item 9 Disciplinary Information**

Registered investment advisors are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of Lantern Wealth Advisors LLC or the integrity of Lantern Wealth Advisors LLC management.

There are no required disclosures of legal or disciplinary events involving Lantern Wealth Advisors or any of its representatives.

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

Certain of Lantern Wealth Advisors' management persons are separately licensed as registered representatives of Herold & Lantern Investments, Inc. In addition, certain of Lantern Wealth Advisors' management persons are also insurance agents or brokers with one or more insurance agencies including Lantern Wealth Advisors' affiliated insurance agency, Lantern Insurance. This creates a conflict of interest as these individuals are incented to recommend the services of the affiliated broker-dealer and insurance agency over the services of nonaffiliated companies. Clients are under no obligation to place transactions through, or to purchase products from, Herold & Lantern Investments, Inc., Lantern Insurance, or any of their associated persons.

In their separate capacities as registered representatives and/or insurance agents, the individuals may effect securities transactions and/or purchase insurance and insurance-related investment products for advisory clients, for which they will receive separate and customary compensation. In addition, certain of these individuals may, from time to time, receive incentive awards for the recommendation/introduction of insurance products. While these individuals endeavor at all times to put the interest of the clients first as part of Lantern Wealth Advisors fiduciary duty, clients should be aware that the receipt of additional compensation creates a conflict of interest, as the firm's representatives have an incentive to recommend investment products based on the compensation received rather than on the client's needs. All investment advisory representatives of the Firm base their recommendations on the specific needs of the individual client, including the client's stated investment objective, risk tolerance, and investment history, as well as any restrictions on investing imposed by the client, without regard to expected compensation.

### **Arrangements with Affiliated Entities**

#### **Broker Dealers**

We are affiliated with Herold & Lantern Investments, Inc. This affiliate is a securities broker-dealer and member of the Financial Industry Regulatory Authority and the Securities Investor Protection Corporation.

Persons providing investment advice on behalf of our firm are also registered representatives with our affiliate broker dealer. In their capacity as registered representatives, these persons will receive commission-based compensation in connection with the purchase and sale of securities, including 12b-1 fees for the sale of investment company products. Compensation earned by these persons in their capacities as registered representatives is separate from our advisory fees. This practice presents a conflict of interest because persons providing investment advice on behalf of our firm who are registered representatives have an incentive to effect securities transactions for the purpose of generating commissions rather than solely based on your needs.

### **Registered Investment Adviser**

We are affiliated with Herold Advisors, Inc., a Registered Investment Adviser, through common control and ownership. Our advisory services are separate and distinct from the affiliate and their services.

### **Insurance Company**

We are affiliated with Lantern Insurance Brokerage, Inc. and Herold Insurance Agency, Inc. through common control and ownership. Persons providing investment advice on behalf of our firm may be licensed as insurance agents. These persons will earn commission-based compensation for selling insurance products, including insurance products they sell to you. Insurance commissions earned by these persons are separate from our advisory fees. See the *Fees and Compensation* section in this brochure for more information on the compensation received by insurance agents who are affiliated with our firm. This affiliated firm is otherwise regulated by the professional organizations to which it belongs and must comply with the rules of those organizations. These rules may prohibit paying or receiving referral fees to or from investment advisers that are not members of the same organization.

Referral arrangements with an affiliated entity present a conflict of interest for us because we may have a direct or indirect financial incentive to recommend an affiliated firm's services. While we believe that compensation charged by an affiliated firm is competitive, such compensation may be higher than fees charged by other firms providing the same or similar services. You are under no obligation to use the services of any firm we recommend, whether affiliated or otherwise, and may obtain comparable services and/or lower fees through other firms.

## **Item 11 Code of Ethics**

Lantern Wealth Advisors, LLC has adopted a Code of Ethics for all supervised persons of the firm describing its high standard of business conduct, and fiduciary duty to its clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition of rumor mongering, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All supervised persons at Lantern Wealth Advisors must acknowledge the terms of the Code of Ethics annually, or as amended.

Lantern Wealth Advisors anticipates that, in appropriate circumstances, consistent with clients' investment objectives, it will cause accounts over which Lantern Wealth Advisors has management authority to effect, and will recommend to investment advisory clients or prospective clients, the purchase or sale of securities in which Lantern Wealth Advisors and/or, its associated persons may have a position of interest. Lantern Wealth Advisors' employees and persons associated with Lantern Wealth Advisors are required to follow Lantern Wealth Advisors' Code of Ethics. Subject to satisfying this policy and applicable laws, officers, directors and employees of Lantern Wealth Advisors and its affiliates may trade for their own accounts in securities which are recommended to and/or purchased for Lantern Wealth Advisors' clients. The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of Lantern Wealth Advisors 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 employees to invest for their own accounts. Under the Code certain classes of securities, such as mutual funds, have been designated as exempt transactions, based upon a determination that these would not materially interfere with the best interest of Lantern Wealth Advisors' clients. In addition, the Code requires pre-clearance of transactions in IPOs and private placements. Nonetheless, because the Code of Ethics in some circumstances would permit employees to invest in the same securities as clients, there is a possibility that employees might benefit from market activity in a security held by a client. Employee trading is continually monitored under the Code of Ethics to reasonably prevent conflicts of interest between Lantern Wealth Advisors and its clients.

Certain affiliated accounts may trade in the same securities with client accounts on an aggregated basis when consistent with Lantern Wealth Advisors' obligation of best execution. In such circumstances, the affiliated and client accounts will share commission costs equally and receive securities at a total average price. Lantern Wealth Advisors will retain records of the trade order (specifying each participating account) and its allocation, which will be completed prior to the entry of the aggregated order. Completed orders will be allocated as specified in the initial trade order. Partially filled orders will be allocated on a pro rata basis. Any exceptions will be explained on the Order.

Lantern Wealth Advisors clients or prospective clients may request a copy of the firm's Code of Ethics by contacting Wendy Lanton.

## **Item 12 Brokerage Practices**

Lantern Wealth Advisors recommends accounts be held with either Pershing, Schwab or Interactive Brokers, and as discussed below, will recommend the execution services of Herold & Lantern Investments, Inc. (clearing through Pershing), Schwab, or Interactive Brokers. Lantern Wealth Advisors may receive benefits in the form of research or other products and services from either Interactive Brokers, Schwab or Herold & Lantern Investments, Inc., its broker-dealer affiliate. These benefits are available to Lantern Wealth Advisors for all of its client accounts, regardless of where client transactions are placed. Lantern Wealth Advisors does not use client brokerage commissions to obtain these benefits, as they may be made available to the investment adviser representatives in their capacity as registered representatives of the broker-dealer.

Lantern Wealth Advisors does not have any arrangements through which it receives client referrals in exchange for directing client transactions to a particular broker-dealer.

### **Execution of Client Transactions**

**Lighthouse Plan:** When using the Lighthouse Plan, Lantern Wealth Advisors does not have the discretionary authority to determine the broker/dealer to be used or the commission rates to be paid. Clients must direct Lantern Wealth Advisors as to the broker dealer to be used. Lantern Wealth Advisors will either recommend the brokerage services of its affiliated broker-dealer, Herold & Lantern Investments, Inc. which are cleared with Pershing, or recommend Schwab or Interactive Brokers. Transactions placed through Herold & Lantern Investments, Inc. are cleared through Pershing, LLC ("Pershing"), who also serves as custodian.

A conflict of interest exists when the adviser recommends that transactions be directed to its affiliated broker-dealer, as the affiliate will benefit from the business directed to it. Lantern Wealth Advisors has a fiduciary duty to act in the best interest of the firm's clients. As further discussed below, Lantern Wealth Advisors periodically evaluates the execution received from broker-dealers to ensure clients receive best execution.

**Lantern Select Plan:** Customers using the Lantern Select Plan should note that Lantern Wealth Advisors does not recommend broker dealers to Lantern Select Plan clients. Lantern Wealth Advisors recommends the services of other independent advisers, who may recommend or require the use of a particular broker dealer. Since Lantern Wealth Advisors does not directly recommend the services of any particular broker dealer, Lantern Wealth Advisors does not consider any factors, nor does it determine the reasonableness of any brokers' commissions. Clients are encouraged to evaluate the brokerage services of any particular broker recommended or required by an independent adviser.

Clients should refer to the disclosure document(s) of independent registered investment adviser(s) for information on the brokerage recommendations, practices, and policies of their respective selected registered investment adviser(s).

**Lantern Advisor Select Plan:** When using the Lantern Advisor Select Plan, Lantern Wealth Advisors will recommend the brokerage services of its affiliated broker-dealer, Herold & Lantern Investments, Inc.. Transactions placed through Herold & Lantern Investments, Inc. are cleared through Pershing, LLC ("Pershing"), who also serves as custodian.

A conflict of interest exists when the adviser recommends that transactions be directed to its affiliated broker-dealer, as the affiliate will benefit from the business directed to it. Lantern Wealth Advisors has a fiduciary duty to act in the best interest of the firm's clients. As further discussed below, Lantern Wealth Advisors periodically evaluates the execution received from broker-dealers to ensure clients receive best execution.

### ***Principal Transactions***

Further, certain orders placed for clients may be executed as riskless principal transactions with the affiliated broker-dealer. Herold & Lantern Investments, Inc., after having received an order from Lantern Wealth Advisors to buy (sell) a security, buys (sells) such security in the market at the same price. Herold & Lantern Investments, Inc. does not charge a markup/markdown, commissions, or other fees when executing these transactions.

### ***Best Execution***

The firm also maintains a fiduciary duty to seek the best execution pricing available for client transactions. While best execution is difficult to define and challenging to measure, there is some consensus that it does not solely mean the achievement of the best price on a given transaction. Rather, it appears to be a collective consideration of factors concerning the trade in question. Such factors include the security being traded, the price of the trade, the speed of the execution, apparent conditions in the market, and the specific needs of the client.

Lantern Wealth Advisors' primary objective when placing orders for the purchase and sale of securities for client accounts is to obtain the most favorable net results taking into account such factors as price, size of order, difficulty of execution, and broker skill. Based on these criteria, the firm may not necessarily pay the lowest commission or commission equivalent, as specific transactions can involve specialized services on the part of the broker.

Lantern Wealth Advisors evaluates no less than annually whether clients are receiving best execution to ensure the execution services provided by Herold & Lantern Investments, Inc., Interactive Brokers and Schwab remain competitive and are in the best interest of the firm's clients.

By directing transactions to a particular broker-dealer, Lantern Wealth Advisors may be unable to achieve favorable execution of client transactions, and this may cost clients more money.

**Research and Other Soft Dollar Benefits:** Lantern Wealth Advisors does not have any soft dollar arrangements.

**Economic Benefits:** As a registered investment adviser, Lantern Wealth Advisors has access to the institutional platform of its clients' custodian. As such, Lantern Wealth Advisors will also have access to research products and services from the account custodian and/or other brokerage firm. These products may include financial publications, information about particular companies and industries, research software, and other products or services that provide lawful and appropriate assistance to Lantern Wealth Advisors in the performance of its investment decision-making responsibilities. Such research products and services are provided to all investment advisers that utilize the institutional services platforms of these firms, and are not considered to be paid for with soft dollars. However, clients should be aware that the commissions charged by a particular broker for a particular transaction or set of transactions may be greater than the amounts another broker who did not provide research services or products might charge.

**Financial Planning and Consultation:** As associated persons of Lantern Wealth Advisors are also separately registered as representatives of Herold & Lantern Investments, Inc., they will generally recommend the use of Herold & Lantern Investments, Inc. and themselves as a registered representative to clients for the implementation of financial planning recommendations, provided that this recommendation is consistent with Lantern Wealth Advisors' fiduciary duty to the client. Any commissions or other compensation received from the implementation of financial planning recommendations is separate and distinct from Lantern Wealth Advisors' advisory fee. No financial planning or consulting client is obligated to use Herold & Lantern Investments, Inc. to implement any recommended transactions.

From time to time and if market conditions warrant, Lantern Wealth Advisors may recommend aggregating customer orders for purchases or sales of securities for various client accounts when acting on a discretionary basis. This practice would be based upon market conditions and the ability to receive best execution and would be implemented in compliance with the firm's written allocation policy.

## **Item 13 Review of Accounts**

**Lighthouse Plan Reviews:** While the underlying securities within the Lighthouse Plan accounts are continuously monitored, these accounts are reviewed periodically, and not less than annually, by Keith Lanton, Managing Member of Lantern Wealth Advisors, or another designated manager. Accounts are reviewed in the context of each client's stated investment objectives and guidelines. More frequent reviews may be triggered by material changes in variables such as the client's individual circumstances, or the market, political or economic environment.

**Lighthouse Plan Reports:** Clients receive reports no less than quarterly from the account custodian.

**Lantern Select Plan Reviews:** Clients should refer to the independent adviser's disclosure document for information regarding the nature and frequency of reviews provided by that independent adviser. Lantern Wealth Advisors may provide reviews as requested by the client.

**Lantern Select Plan Reports:** Clients should refer to the independent adviser's disclosure document for information regarding the nature and frequency of reports provided by that independent adviser. Lantern Wealth Advisors may provide these client accounts with reports as requested by the client. Clients receive reports no less than quarterly from the account custodian.

**Lantern Advisor Select Plan Reviews & Reports:** See Form ADV Part 2A - Appendix 1 for a description of the account review process and available reports. Clients receive reports no less than quarterly from the account custodian.

**Financial Planning and Consultation Reviews:** Client reports and services delivered are reviewed as contracted for at the inception of the advisory relationship.

**Financial Planning and Consultation Reports:** Financial Planning clients will receive a completed financial plan. Additional reports will not typically be provided unless otherwise contracted for. Consulting Services clients will not typically receive reports due to the nature of the service.

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

As disclosed under the *Fees and Compensation* section in this brochure, persons providing investment advice on behalf of our firm are licensed insurance agents, and are registered representatives with Herold & Lantern Investments, Inc., a securities broker-dealer, and a member of the Financial Industry Regulatory Authority and the Securities Investor Protection Corporation. For information on the conflicts of interest this presents, and how we address these conflicts, refer to the *Fees and Compensation* section.

Lantern Wealth Advisors and/or its investment adviser representatives may be entitled to receive incentive awards for the sale of insurance products and/or distribution fees for the placement of client funds into investment company products. Costs incurred by the clients in the purchase of such insurance or investment company products are not increased as a result of these incentive awards or additional compensation; however, receipt of this additional compensation may create a conflict of interest, as the investment adviser representative may be incented to recommend products based on the compensation received rather than on the needs of the client. All investment adviser representatives of the firm have a fiduciary duty to act in the best interest of the firm's clients based on the client's specific needs and objectives.

Lantern Wealth Advisors does not compensate others for client referrals.

### **Herold & Lantern Investments, Inc.**

Herold & Lantern Investments, Inc., an affiliated broker-dealer receives marketing assistance payments from some of the market sweep program offerings made available on our brokerage and advisory platform. The amount of payment is dependent upon the amount of aggregate dollars invested in a money market over a given month and can range from zero to .000417 of the monthly balance. Money market sweep programs that do not pay marketing assistance are also available to Herold & Lantern Investments, Inc. and Lantern Wealth Advisors brokerage and advisory platforms (respectively). Use of sweep offerings that pay marketing assistance can have a negative impact on the performance results of the money market fund. Amounts received from these marketing assistance programs are used to contain costs across Herold & Lantern Investments, Inc.'s product offerings, which Lantern Wealth Advisors may utilize. These arrangements present a conflict of interest when it comes to selecting or recommending a money market sweep option. For additional information see "Mutual Fund Fees and Expenses" and "Compensation for the Sale of Securities or Other Investment Products" in Item 5.



## **Item 15 Custody**

Lantern Wealth Advisors is deemed to have custody of client assets solely because it deducts advisory fees from client accounts. Other than these client-authorized fee deductions, the firm does not maintain or accept custody of client funds or securities.

Clients should receive at least quarterly statements from the broker dealer, bank or other qualified custodian that holds and maintains client's investment assets. Clients are encouraged to compare any reports provided by Lantern Wealth Advisors to those received from the qualified custodian and immediately report any unexplained differences to the firm and/or the qualified custodian, as appropriate.

## **Item 16 Investment Discretion**

Lantern Wealth Advisors, LLC usually receives discretionary authority from the client at the outset of an advisory relationship to select the identity and amount of securities to be bought or sold. In all cases, however, such discretion is exercised in a manner consistent with the stated investment objectives for the particular client account. When selecting securities and determining amounts, Lantern Wealth Advisors observes the investment policies, limitations and restrictions of the clients for which it advises. For registered investment companies, Lantern Wealth Advisors' authority to trade securities may also be limited by certain federal securities and tax laws that require diversification of investments and favor the holding of investments once made.

Investment guidelines and restrictions must be provided to Lantern Wealth Advisors in writing.

When providing services through the Lantern Advisor Select program, Lantern Wealth Advisors is also granted the discretion to determine the broker or dealer to be used to execute client securities transactions.

## **Item 17 Voting Client Securities**

Lantern Wealth Advisors does not vote proxies for advisory clients. Clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings, or other type events pertaining to the client's investment assets. 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.

Lantern Wealth Advisors may provide clients with consulting assistance regarding proxy issues upon request

## **Item 18 Financial Information**

Lantern Wealth Advisors does not require the prepayment of more than \$1,200 in fees per client six months or more in advance of providing services to clients. Further, Lantern Wealth Advisors has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.