

## **Item 1 - Cover Page**

Lifetime Wealth Management, LLC  
717 3<sup>rd</sup> Street  
Rochester, Minnesota 55902  
(507) 288-5587

March 2021

---

This brochure provides information about the qualifications and business practices of Lifetime Wealth Management, LLC. If you have any questions about the contents of this brochure, please contact us at (507) 288-5587. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Lifetime Wealth Management, LLC is also available on the Internet at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can view information on this website by searching for Lifetime Wealth Management, LLC's name or by using its CRD number: 147482.

\*Registration as an investment advisor does not imply a certain level of skill or training.

## **Item 2 – Material Changes**

Since the last annual update of our Disclosure Brochure dated February 2020, Lifetime Wealth Management, LLC had the following material changes:

Item 4 and 5 – We no longer provide Consultation Services.

Item 5 – We no longer offer an hourly fee option for Financial Planning Services.

We will ensure that you receive a summary of any material changes to this and subsequent disclosure brochures within 120 days after our firm's fiscal year ends. Our firm's fiscal year ends on December 31, so you will receive the summary of material changes no later than April 30 each year. At that time, we will also offer or provide a copy of the most current disclosure brochure. We may also provide other ongoing disclosure information about material changes as necessary.

### Item 3 – Table of Contents

Item 1 - Cover Page .....	1
Item 2 – Material Changes .....	2
Item 3 – Table of Contents .....	3
Item 4 –Advisory Business .....	4
Ownership .....	4
General Description of Primary Advisory Services .....	4
Tailor Advisory Services to Individual Needs of Clients .....	5
Wrap-Fee Program versus Portfolio Management Program .....	5
Client Assets Managed by Advisor .....	5
Item 5 – Fees and Compensation .....	5
Financial Planning Services .....	5
Asset Management Services .....	7
Additional Compensation .....	8
Comparable Services .....	8
Item 6 – Performance-Based Fees and Side-By-Side Management .....	9
Item 7 –Types of Clients .....	9
Minimum Investment Amounts Required .....	9
Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss .....	9
Methods of Analysis .....	9
Investment Strategies .....	10
Risk of Loss .....	10
Primarily Recommend One Type of Security .....	11
Item 9 –Disciplinary Information .....	11
Item 10 – Other Financial Industry Activities and Affiliations .....	11
Insurance Sales .....	12
Item 11 – Code of Ethics, Participation in Client Transactions and Personal Trading .....	12
Code of Ethics Summary .....	12
Participation in Client Transactions and Personal Trading .....	12
Item 12 – Brokerage Practices .....	13
Handling of Trade Errors .....	14
Block Trades .....	14
Item 13 – Review of Accounts .....	14
Item 14 – Client Referrals and Other Compensation .....	15
Client Referrals .....	15
Other Compensation .....	15
Item 15 – Custody .....	15
Item 16 – Investment Discretion .....	15
Item 17 – Voting Client Securities .....	16
Item 18 – Financial Information .....	16
Class Action Lawsuits .....	16
Customer Privacy Policy .....	17

## **Item 4 – Advisory Business**

### **Ownership**

Lifetime Wealth Management, LLC's ("Advisor" or "we") registration with the Securities and Exchange Commission ("SEC") as an investment advisor was approved in March 2018. Previously, we had been registered with the Minnesota Department of Commerce since January 2012 and registered with the SEC from June 2008 to January 2012. We are a limited liability company formed under the laws of the State of Minnesota, and Bradley M. Miller is the sole owner.

### **General Description of Primary Advisory Services**

We offer personalized investment advisory services including full and modular financial plans and asset management. The following are brief descriptions of our primary services. A detailed description of all services is provided in **Item 5, Fees and Compensation**, so that clients and prospective clients ("clients" or "you") can review all of our services and description of fees in a side-by-side manner.

#### ***Financial Planning***

We offer advisory services in the form of full and modular financial plans. Financial planning services do not involve the active management of client accounts. Instead, full planning services focus on a client's overall financial situation. Modular planning services focus on specific areas of client concern.

Financial planning can be described as helping individuals determine and set their long-term financial goals, through investments, tax planning, asset allocation, risk management, retirement planning and other areas. The role of a financial planner is to find ways to help clients understand their overall financial situation and help them set financial objectives.

#### ***Asset Management***

We offer a variety of investment management services that range from periodic monitoring and investment advice based on a buy-and-hold strategy to more advanced discretionary management services that include monitoring based on the individual needs of the client and implementing transactions on the client's behalf.

#### ***Limits Advice to Certain Types of Investments.***

We provide investment advice on the following types of investments:

- Exchange-listed securities
- Securities traded over-the-counter
- Foreign issues
- Warrants
- Corporate debt securities (other than commercial paper)
- Commercial paper
- Certificates of deposit
- Municipal securities
- Variable life insurance
- Variable annuities
- Mutual fund shares
- United States government securities
- Options contracts on securities

However, we reserve the right to offer advice on any investment product that may be suitable for each client's specific circumstances, needs, goals and objectives. (Please refer to **Item 8, Methods of Analysis, Investment Strategies and Risk of Loss** for more information.)

#### **Tailor Advisory Services to Individual Needs of Clients**

Our services are always provided based on your specific needs. You are given the ability to impose restrictions on your accounts, including specific investment selections and sectors. However, we will not enter into an investment advisor relationship with a client whose investment objectives may be considered incompatible with our investment philosophy or strategies or where the prospective client seeks to impose unduly restrictive investment guidelines.

#### **Wrap-Fee Program versus Portfolio Management Program**

In traditional management programs, advisory services are provided for a fee but transaction services are billed separately on a per-transaction basis. In wrap-fee programs, advisory services and transaction services are provided for one fee. Advisor does not act as a portfolio manager of or sponsor wrap fee programs.

#### **Client Assets Managed by Advisor**

The amount of client assets managed by Advisor totaled \$186,922,248 as of December<sup>31</sup>, 2020, with \$185,552,448 managed on a discretionary basis and \$1,369,800 managed on a non-discretionary basis.

### **Item 5 – Fees and Compensation**

In addition to the information provide in **Item 4, Advisory Business**, this section provides details regarding our services along with descriptions of each service's fees and compensation arrangements.

#### **Financial Planning Services**

##### ***Ongoing Comprehensive Planning Services***

We offer on-going financial planning services focusing on your individual needs and specific areas of concern. Full services can include, but are not limited to, the following areas:

- Financial position
- Protection planning
- Goal planning
- Education planning
- Tax planning
- Retirement planning
- Estate planning

Our investment advisor representatives ("IARs") meet with you to gather information and documentation needed to perform an analysis and review. They focus on the above-referenced areas as well as any other areas requested by you. In addition, the IARs assist you in determining your goals and objectives.

After completing the review and analysis, the IARs provide a Summary Letter identifying the key areas of initial concern and providing recommendations specifically relating to those areas. Our IARs meet with you three to four times each year. Prior to the annual meeting, an inventory is sent to you for completion in order for us to have current information. Our IARs review the updated information, along with a questionnaire discussed at the meeting, to help you determine your agenda for the following annual cycle.

At the conclusion of the meeting, we provide a letter to you summarizing the details discussed and the recommendations made during the meeting.

Because the financial planning services are based on the information provided by you, it is very important that the information provided to us by you be complete and accurate. We are not responsible for verifying any of the information supplied by you.

Fees for on-going comprehensive financial planning services are charged as an annual fixed fee that ranges from \$750-\$12,000 and is negotiable based on the complexity of your circumstances, the level, scope and complexity of the analysis service requested and our prior relationship with you. Our IARs provide the fee to you prior to any services being provided. Fees are billed quarterly in advance and you can elect to be billed directly or to have fees deducted from your account. If fees are billed directly, they are due upon your receiving a billing notice from us. If fees are deducted from an account, you are required to provide the account custodian with written authorization to have the fees deducted from the account and paid directly to us upon receiving our fee notice. If an agreement for services is executed mid-quarter, fees are prorated based on the number of days that services are provided during the first billing period.

### ***Modular Financial Planning Services***

We also offer modular financial planning services focusing on your individual needs and specific areas of concern. These selected areas of concern include the same areas as discussed in the comprehensive on-going planning services previously discussed.

Our IARs meet with you to gather information and documentation needed to perform an analysis and review, focusing on the areas you request. As with comprehensive on-going planning services, the IARs assist you in determining your goals and objectives. After completing the review and analysis, the IARs provide a Summary Letter identifying the key areas of concern and providing recommendations specifically relating to those areas.

Because the financial planning services are based on the information provided to us, it is very important that the information provided by you be complete and accurate. We are not responsible for verifying any of the information supplied by you.

Fees for modular financial planning services are charged a one-time fixed fee of \$500-\$5,000. Together, we decide the billing method and the fee is negotiable based on the complexity of your circumstances, the level, scope and complexity of the services requested and our prior relationship with you. Our IARs provide the fee to you prior to any services being provided. Fees are billed upon completion of the requested services and are due upon receipt of our billing invoice.

### ***Termination***

For ongoing comprehensive planning services, either of us can terminate services at any time by providing written notice to the other party. Termination is effective upon receiving the notice. If services are terminated within five business days of the client agreement being signed, services are terminated without penalty and there are no fees due or a full refund of any fees paid in advance is provided to you. If services are terminated after the initial five business day period and prior to the end of the quarter, fees are refunded on a prorated basis based on the number of days that services are provided prior to receiving the termination notice. We provide an invoice to you detailing the services provided, any fees earned, and any fees refunded.

Modular financial planning services terminate upon completion of the requested services. Either of us can terminate any service at any time by providing written notice to the other party. Termination is effective upon receiving the notice. If services are terminated within five business days of the agreement for services being signed, services are terminated without penalty and there are no fees due or a full refund of any fees paid in advance is provided to you. If services are terminated after the initial five-day

business period, you are billed for the number of hours expended on the requested services prior to receipt of the termination notice. Any fees due are payable upon receiving our detailed billing invoice.

### **Asset Management Services**

We offer a variety of asset management services that are based on your individual needs, goals and objectives. We provide you with advice regarding allocation among various asset classes, assistance with evaluation and selection of investments and adjustments and balancing portfolios maintained by your qualified custodian. These services can be provided on a discretionary or non-discretionary basis. (See **Item 16, Investment Discretion**, for additional discussion on discretionary and non-discretionary authority.)

You can select from the following levels of service:

- Level One: investment supervisory services include continuous monitoring and management of your assets incorporating a variety of investment options, including individual stocks
- Level Two: investment supervisory services include continuous monitoring and management of your assets incorporating a variety of investment options but does not include individual stocks
- Level Three: on-going review and monitoring, including recommendations of changes needed to your current asset structure; incorporates a variety of investment options (excluding individual stocks) with assistance in implementing recommendations; focuses more on a buy-and hold strategy than do Level One or Level Two

We do not maintain custody of client assets. We recommend that your assets be maintained in a brokerage account with Charles Schwab Institutional, a division of Charles Schwab & Co., Inc. ("Charles Schwab"), a registered broker/dealer and member SIPC. You are free to select any account custodian you wish. (See **Item 12, Brokerage Practices**, for additional discussion on our recommendation and use of Charles Schwab.)

Fees for all levels of service are charged as an annual percentage of assets under management or monitoring. The maximum annual fee charged does not exceed 2% and is negotiable based on the level of services provided, the amount of assets managed or monitored, and our prior relationship with you. Our IARs provide the exact percentage-based fee to you prior to any services being provided.

Fees are billed quarterly in arrears and calculated on the average daily balance of the asset maintained, including sweep positions, in the managed/monitored account(s). For clients who have authorized us to manage "held away" accounts (i.e. 401k plans, 403b plans, deferred comp plans, annuities, life insurance, etc), fees are billed on the quarter end total balance of the account without taking into account flows into or out of the account. The initial fee and the final fee is prorated based on the number of days services are provided during the first and last billing period.

At your option, fees can be billed directly to you or automatically deducted from an account designated by you and paid directly to us by the account custodian. If fees are billed directly, they are due upon receiving our billing notice. If fees are deducted from an account, you are required to provide the account custodian with written authorization to have the fees deducted from the account and paid directly to us. We send you a billing statement prior to fees being deducted from your account by the custodian. If fees are deducted from an account, you are required to maintain available funds in a sweep account from which the fees will be deducted. If at any time the sweep account does not have sufficient funds to pay our fees, we may place a sell order in your account to generate enough cash in the account to cover up to 1.25% of the annual fee. We determine the specific security and the amount of that security to be liquidated in order to cover the fees. We do not contact you prior to placing the liquidation transaction.

Charles Schwab generally does not charge separately for maintaining custody of client accounts; other qualified custodians selected by clients may charge a separate custody fee. However, account

custodians may charge brokerage commissions and/or transaction fees directly to the client. We do not receive any portion of the commission or fees from either the custodian or from you. In addition, you may incur certain charges imposed by third parties other than us in connection with investments made through your account, including, but not limited to, mutual fund sales loads, 12(b)-1 fees and surrender charges, variable annuity fees and surrender charges and IAR and qualified retirement plan fees. Our management fees are separate and distinct from the fees and expenses charged by investment company securities that may be recommended to you. A description of these fees and expenses are available in each security prospectus.

Either party can terminate services at any time by providing written notice to the other party. Termination is effective upon receiving the notice. If services are terminated within five business days of signing the agreement for services, services are terminated without penalty and no fees are due. If services are terminated after the initial five business day period, we charge a prorated fee based on the number of days that services were provided prior to receiving the termination notice.

You should be aware that management services billed as a percentage of assets managed could still lead to potential conflicts of interest between us. For example, conflicts could arise relating to financial decisions in life such as incurring or paying down debt; gifting to charities or individuals; purchasing a home, car or other non-investment assets; purchasing a lifetime immediate annuity; travel or other expenditures; investments in private equity programs (private real estate ventures, closely held businesses, etc.); and placing funds in non-managed cash reserve accounts. Our goal is that its recommendations are always made with your best interests in mind, disregarding any impact the decision has on us.

### **Additional Compensation**

You have sole discretion about whether or not to contract for our services. In addition, you have sole discretion about whether or not to implement any recommendations made by our IARs. If you do decide to implement recommendations, you are responsible for taking any actions or implementing any transactions required. You are free to select any broker/dealer and/or insurance agent to implement our recommendations.

You should be aware that our IARs may be independently licensed as insurance agents and sell insurance products to any client. They can earn commissions when selling insurance products in this separate capacity. This is a potential conflict of interest, since any commissions earned could be in addition to advisory fees earned in their capacity as an investment advisor representative.

From time to time, we may receive expense reimbursement for travel and/or marketing expenses from distributors of investment and/or insurance products. Travel expense reimbursements are typically a result of attendance at due diligence and/or investment training events hosted by product sponsors. Marketing expense reimbursements are typically the result of informal expense sharing arrangements in which product sponsors may underwrite costs incurred for marketing such as advertising, publishing and seminar expenses. Although receiving these travel and marketing expense reimbursements is not predicated upon specific sales quotas, the product sponsor reimbursements are typically made by those sponsors for whom sales have been made or it is anticipated sales will be made. We endeavor at all times to put your interests first as a part of our fiduciary duty. However, you should be aware that receiving additional compensation through nominal sales awards, expense reimbursements, etc. creates a conflict of interest that may impact the judgment of our IARs when making advisory recommendations.

### **Comparable Services**

We believe our fees for advisory services are reasonable with respect to the services provided and the fees charged by other investment advisors offering similar services. However, lower fees for comparable services may be available from other sources.



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

Performance-based fees are defined as fees based on a share of capital gains on or capital appreciation of the assets held in your account. We do not receive performance-based fees.

## **Item 7 – Types of Clients**

We provide investment advice to the following types of clients:

- Individuals (including high net worth individuals)
- Trusts, estates, or charitable organizations
- Corporations or business entities other than those listed above

All clients are required to execute an agreement for services in order to establish a client arrangement with us.

### **Minimum Investment Amounts Required**

We do not have any minimum requirements for opening or maintaining accounts.

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

### **Methods of Analysis**

We use fundamental and technical analysis when considering investment strategies and recommendations for clients. In simple terms, fundamental analysis involves analyzing the characteristics of a company to estimate its value while technical analysis studies past market data looking for price trends and movements.

#### ***Fundamental***

Fundamental analysis 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.

#### ***Technical***

This method of evaluating securities analyzes statistics generated by market activity, such as past prices and volume. Technical analysts do not attempt to measure a security's intrinsic value, but instead use charts and other tools to identify patterns that can suggest future activity. Technical analysts believe that the historical performance of stocks and markets are indications of future performance.

As a part of its technical analysis, we also use a momentum strategy. This is an end-of-the-month evaluation on each equity mutual fund held and ranking them based on their 3, 6 and 12 month performance to establish a momentum number. If the momentum number for that fund falls outside of the top 25% of funds within its asset class, the fund is sold and the number one fund in the asset class is purchased.

## ***Analysis Risk***

There are risks in both fundamental and technical analysis. Fundamental analysis takes a long-term approach to analyzing markets, often looking at data over a number of years. The data reviewed is released over years (e.g., quarterly financial statements). Technical analysis uses a shorter timeframe—often weeks or days. The price and volume data reviewed is released on a daily basis. Therefore, fundamental analysis could mean a gain is not realized until a security's market price rises to its "correct" value over the long run—perhaps several years.

As a general statement, technical analysis is used for a trade while fundamental analysis is used for an investment. It could also be said that traders buy assets they believe they can sell to someone else at a greater price while investors buy assets they believe will increase in value. The frequency of trading securities using technical analysis could have both a positive or negative impact and could also lead to increased brokerage and transaction costs, thus lowering performance. The less frequent trading practices of fundamental analysis could also have a positive or negative impact on a client's portfolio value, but likely has reduced brokerage and transaction costs

## **Investment Strategies**

The investment strategies used when implementing investment advice include the following:

- Long term purchases (investments held at least a year)
- Short term purchases (investments sold within a year)
- Trading (investments sold within 30 days)
- Option writing (including covered options, uncovered options or spreading strategies) (Note: options are contracts giving the purchaser the right to buy or sell a security, such as stocks, at a fixed price within a specific period of time)

We gather information from financial newspapers and magazines, research materials prepared by others, corporate ratings services and annual reports, prospectus and other filings with the Securities and Exchange Commission.

## **Risk of Loss**

Investing in securities involves a risk of loss that clients should be prepared to bear, including loss of original principal. However, clients should be aware that past performance of any security is not necessarily indicative of future results. Therefore, no current or prospective client should assume that future performance of any specific investment or investment strategy will be profitable. Investing in securities involves risk of loss. Therefore, clients should not assume that future performance of any specific investment or investment strategy will be profitable. We do not provide any representation or guarantee that client goals will be achieved. Further, depending on the different types of investments, there may be varying degrees of risk:

- Market Risk. Either the 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 referred to as systemic risk.
- Equity (Stock) Market Risk. Common stocks are susceptible to fluctuations and to volatile increases/decreases in value as their issuers' confidence in or perceptions of the market change. Investors holding common stock (or common stock equivalents) of any issuer are generally exposed to greater risk than if they hold preferred stock or debt obligations of the issuer.
- Company Risk. There is always a certain level of company or industry specific risk when investing in stock positions. This is referred to as unsystematic risk and can be reduced through appropriate diversification. There is the risk that a company may perform poorly or that

its value may be reduced based on factors specific to it or its industry (e.g., employee strike, unfavorable media attention).

- Options Risk. Options on securities may be subject to greater fluctuations in value than investing in the underlying securities. Purchasing and writing put or call options are highly specialized activities and involve greater than ordinary investment risk. Puts and calls are the right to sell or buy a specified amount of an underlying asset at a set price within a set time.
- Fixed Income Risk. Investing in bonds involves the risk that the issuer will default on the bond and be unable to make payments. In addition, individuals depending 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.
- ETF and Mutual Fund Risk. ETF and mutual fund investments bear additional expenses based on a pro-rata share of operating expenses, including potential duplication of management fees. The risk of owning an ETF or mutual fund generally reflects the risks of owning the underlying securities held by the ETF or mutual fund. Clients also incur brokerage costs when purchasing ETFs.
- Management Risk. Client investments also vary with the success and failure of our investment strategies, research, analysis and determination of portfolio securities. If our strategies do not produce the expected returns, the value of your investments will decrease.

### **Primarily Recommend One Type of Security**

We primarily recommend no-load mutual funds. Different mutual fund categories have different risk characteristics and clients should not compare different categories. For example, a bond fund and a stock fund that both have below average risk still have different risk/return potential (stock funds traditionally have higher risk/return potential). Risks are based on the investments held in the fund. For example, a bond fund faces interest rate risk and income risk and income is affected by the change in interest rates. A sector fund (investing in a single industry) is at risk that its price will decline due to industry developments. The following are some risks to consider when investing in mutual funds:

- Call Risk: A bond issuer may redeem high-yield bonds before maturity date due to falling interest rates.
- Default Risk: A bond issuer may fail to repay interest and principal.
- Income Risk: Dividends in a fixed income fund may decline due to falling interest rates.
- Geology Risk: Political events, natural disasters or financial problems may weaken a country or state's economy and cause investments to decline.
- Industry Risk: Stocks in a single industry may decline due to developments in that industry.
- Inflation Risk: Increases in the cost of living can reduce or eliminate a fund's actual returns when adjusted for inflation.
- Manager Risk: A manager may not execute the fund's investment strategy in a timely or effective manner.

### **Item 9 – Disciplinary Information**

We have no legal or disciplinary events that are material to a client's or prospective client's evaluation of our business or the integrity of our management. Therefore, this item is not applicable to our brochure.

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

We are not and do not have a related person that is:

- A broker/dealer, municipal securities dealer or government securities dealer or broker
- An investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or “hedge fund,” and offshore fund)
- A investment adviser or financial planner
- A futures commission merchant, commodity pool operator or commodity trading advisor
- A banking or thrift institution
- An accountant or accounting firm
- A lawyer or law firm
- A pension consultant
- A real estate broker or dealer
- A sponsor or syndicator of limited partnerships.

We are an independent registered investment registered advisor and only provide investment advisory services. We are not engaged in any other business activities and offer no other services except those described in this Disclosure Brochure. However, while we do not sell products or services other than investment advice, our IARs may sell other products or provide services outside of their role as investment advisor representatives.

### **Insurance Sales**

Some of our IARs are also independently licensed to sell insurance products through various insurance companies. When acting in this capacity, they may receive fees or commissions for selling these products. Clients are under no obligation to direct insurance transactions to insurance companies with which IARs may be licensed. Suitable insurance and investment products may be available from other companies.

## **Item 11 – Code of Ethics, Participation in Client Transactions and Personal Trading**

### **Code of Ethics Summary**

According to the *Investment Advisers Act of 1940*, an investment advisor is considered a fiduciary. As a fiduciary, it is an investment advisor’s responsibility to provide fair and full disclosure of all material facts. In addition, an investment advisor has a duty of utmost good faith to act solely in the best interest of each of its clients. We have a fiduciary duty to all clients. We have established a Code of Ethics which all associated persons must read. They must then execute an acknowledgment stating that they understand and agree to comply with our Code of Ethics. Our fiduciary duty to clients is considered the core underlying principle for our Code of Ethics and represents the expected basis for all associated persons’ dealings with clients. We have the responsibility to make sure that the interests of clients are placed ahead of our own investment interests. All associated persons will conduct business in an honest, ethical and fair manner. All associated persons will comply with all federal and state securities laws at all times. Full disclosure of all material facts and potential conflicts of interest is provided to clients prior to services being conducted.

All associated persons have a responsibility to avoid circumstances that might negatively affect or appear to affect their duty of complete loyalty to clients. This section is only intended to provide current clients and potential clients with a description of our Code of Ethics. If current clients or potential clients wish to review our Code of Ethics in its entirety, a copy may be requested from any of our associated persons and a copy will be provided promptly.

### **Participation in Client Transactions and Personal Trading**

Both we and our IARs may buy or sell securities or have an interest or position in a security for our personal accounts which may also be recommended to clients. As these situations may represent a potential conflict of interest, it is our policy that no associated persons will prefer his or her own interest to

that of the advisory client. No person employed by us may purchase or sell any security prior to a transaction or transactions being implemented for an advisory account. Associated persons will not buy or sell securities for their personal account(s) where their decision is derived, in whole or in part, by information obtained as a result of his/her employment unless the information is also available to the investing public upon reasonable inquiry.

## **Item 12 – Brokerage Practices**

If clients wish to implement our advice they are free to select any broker/dealer or investment advisor they wish. If we assist in implementing any recommendations, we have a duty to ensure that clients receive the best execution possible. Best execution does not necessarily mean the lowest price but includes the overall services received from a broker/dealer.

Clients should understand that not all investment advisors require the use of a particular broker/dealer. While we attempt to seek best execution for client accounts, we may be unable to achieve the most favorable execution of transactions if clients direct the use of a specific custodian. There may be other platforms that are less expensive for clients and may provide faster execution capabilities.

If clients contract with us for management services through which we have trading authorization or are responsible for implementing transactions in the client's account(s), we recommend they use Charles Schwab. However, clients can select any broker/dealer or custodian they wish. Charles Schwab provides us with access to its institutional trading and custody services, which are typically not available to Charles Schwab retail investors. These services are generally available to independent investment advisors on an unsolicited basis, at no charge to the advisors so long as (1) at least \$10 million of the advisor's clients' assets are maintained in accounts at Charles Schwab (2) and is not otherwise contingent upon our committing to Charles Schwab any specific amount of business (assets in custody or trading). Charles Schwab's services include brokerage, 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.

Charles Schwab also makes available to us other products and services that benefit us but may not benefit our clients' accounts. Some of these other products and services assist us in managing and administering client accounts. These include software and other technology that:

- Provide access to client account data (such as trade confirmation and account statements)
- Facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts)
- Provide research, pricing information and other market data
- Facilitate payment of our fees from clients' accounts
- Assist with back-office functions, recordkeeping and client reporting.

Many of these services generally may be used to service all or a substantial number of our accounts, including accounts not maintained at Charles Schwab. Charles Schwab also makes available other services intended to help us manage and further develop our business enterprise. These services may include:

- Consulting, publications and conferences on practice management
- Information technology
- Business succession
- Regulatory compliance
- Marketing

In addition, Charles Schwab may make available, arrange and/or pay for these types of services rendered to us by independent third party providing these services to us. As a fiduciary, we endeavor to act in clients' best interests. Our requirement that clients maintain their assets in accounts at Charles Schwab

may be based in part on the benefit to us of the availability of some of the foregoing products and services and not solely on the nature, cost or quality of custody and brokerage services provided by Charles Schwab. This may create a potential conflict of interest.

### **Handling of Trade Errors**

We have implemented procedures designed to prevent trade errors; however, trade errors in client accounts cannot always be avoided. Consistent with our fiduciary duty, it is our policy to correct trade errors in a manner that is in the best interest of the client. In cases where the client causes the trade error, the client is 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 all situations where the client does not cause the trade error, the client is made whole and we absorb any loss resulting from the trade error if we caused the error. If the error is caused by the broker/dealer, the broker/dealer is responsible for covering all trade error costs. If an investment gain results from the correcting trade, the gain remains in the client's account unless the same error involved other client account(s) that should also receive the gains. It is not permissible for all clients to retain the gain. We may also confer with clients to determine if they should forego the gain (e.g., due to tax reasons). We never benefit or profit from trade errors.

### **Block Trading**

Transactions implemented by us for client accounts are generally effected independently, unless we decide to purchase or sell the same securities for several clients at approximately the same time. This process is referred to as aggregating orders, batch trading or block trading and is used by us when we believe such action may prove advantageous to clients. When we aggregate client orders, the allocation of securities among client accounts is done on a fair and equitable basis. Typically, the process of aggregating client orders is done in order to achieve better execution, to negotiate more favorable commission rates or to allocate orders among clients on a more equitable basis in order to avoid differences in prices and transaction fees or other transaction costs that might be obtained when orders are placed independently. Under this procedure, transactions are averaged as to price and allocated among clients in proportion to the purchase and sale orders placed for each client account on any given day. When we determine to aggregate client orders for the purchase or sale of securities, including securities in which our associated persons may invest, we do so in accordance with the parameters set forth in the SEC No-Action Letter, *SMC Capital, Inc.* Neither we nor our IARs receive any additional compensation or remuneration as a result of aggregating or blocking trades.

## **Item 13 – Review of Accounts**

If you contract for comprehensive ongoing financial planning services, we request you meet with our IARs three to four times per year on a predetermined schedule. At these meetings, we review various aspects of your financial plan. We provide you with a Summary Letter of the areas discussed at these meetings.

Modular financial planning services and consultation services terminate upon completion of the project and do not receive any reviews or reports. However, we recommend that you have your financial situation reviewed and updated at least yearly. If you wish to undertake this review and update, a new client agreement is required and additional fees may be charged.

For asset management accounts, reviews and reports vary depending on the level of service contracted for. If you contract for ongoing monitoring services where we also assist with implementing transactions, but do not provide discretionary asset management services, we review the account at least quarterly and meet with you two to four times per year. At these meetings, our IARs discuss any recommended changes to your current portfolio. At these meetings, we also prepare and present to you performance report of the monitored assets.

For ongoing supervisory accounts (asset management), we review the account at least monthly and meet with you every three to four months. We prepare a performance report for the managed portfolio and provide it to you at the scheduled meetings.

In addition to the reports prepared and provided by us, you receive statements at least quarterly from the account custodian(s) maintaining your accounts.

Currently, our sole member conducts all account reviews. Although the calendar is the main triggering factor, account reviews may also be conducted due to your request, a change in your circumstances or unusual market activity or economic conditions. Absent specific instructions from you, accounts are reviewed to be sure portfolio holdings are accurate, investment products are still suitable and account performance continues to work toward your goals and objectives.

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

##### **Client Referrals**

We do not directly or indirectly compensate anyone for referring clients to us.

##### **Other Compensation**

Please see **Item 5, Fees and Compensation, Item 10, Other Financial Industry Activities and Affiliations** and **Item 12, Brokerage Practices**, for additional information about other compensation and non-economic benefits.

#### **Item 15 – Custody**

Custody, as it applies to investment advisors, has been defined as having access or control over client funds and/or securities, but does **not** include the ability to execute transactions in client accounts. Custody is not limited to physically holding client funds and securities. If an investment advisor has the ability to access or control client funds or securities, the investment advisor is deemed to have custody for purposes of the *Investment Advisers Act of 1940* and must ensure proper procedures are implemented. Please note that regulators have deemed the authorization to trade in client accounts to not be custody. However, we are deemed to have custody of client funds and securities whenever we are given the authority to have fees deducted directly from client accounts. Our procedures do **not** result in our maintaining custody of client funds and securities.

For accounts where we are deemed to have custody, we have established procedures to ensure all client funds and securities are held at a qualified custodian in a separate account for each client under that client's name. Clients or an independent representative of the client will direct, in writing, the creation of all accounts and therefore are aware of the qualified custodian's name, address and the manner in which the funds or securities are maintained. Finally, account statements are delivered directly from the qualified custodian to each client, or the client's independent representative, at least quarterly. Clients should carefully review those statements and are urged to compare the statements against reports received from us. When clients have questions about their account statements, they should contact us or the qualified custodian preparing the statement.

#### **Item 16 – Investment Discretion**

When contracting with us for investment planning services, you provide the account custodian with written notice that we have trading authorization on your accounts. In addition, we may provide asset management services on a discretionary basis. This means we make all decisions to buy, sell or hold

securities, cash or other investments in the managed account in our sole discretion without consulting with you before implementing any transactions. You must provide us with written authorization to exercise this discretionary authority.

When discretionary authority is granted, it is limited. We do not have access to your funds and/or securities with the exception of having advisory fees deducted from your account and paid to us by the account custodian. Any fee deduction is done pursuant to your prior written authorization provided to the account custodian. You have the ability to place reasonable restrictions on the types of investments that may be purchased in an account. You may also place reasonable limitations on the discretionary power granted to us so long as the limitations are specifically set forth or included as an attachment to the client agreement.

If management services are provided on a non-discretionary basis, we always contact you before implementing any transactions in an account. You must accept or reject our investment recommendations, including (1) the security being recommended, (2) the number of shares or units and (3) whether to buy or sell. Once these factors are agreed upon, we are responsible for making decisions regarding the timing of the purchase or sale and the price at which it is bought or sold. You should know that if you are not able to be reached or are slow to respond to our request, it can have an adverse impact on the timing of implementing trades and we may not achieve the optimal trading price.

#### **Item 17–Voting Client Securities**

We do not vote proxies or accept proxy materials on your behalf. All proxy materials are sent directly to you from the product sponsor, custodian or transfer agent. You should read through the information provided with the proxy-voting documents and make a determination based on the information provided. However, upon your request, our IARs may provide limited clarifications of the issues presented in the proxy-voting materials based on his or her understanding of issues presented in the materials. However, you have the ultimate responsibility for making all proxy-voting decisions.

#### **Item 18 – Financial Information**

This item is not applicable to our brochure. We do not require or solicit prepayment of more than \$1200 in fees per client, six months or more in advance. Therefore, we are not required to include a balance sheet for its most recent fiscal year. We are not subject to a financial condition that is reasonably likely to impair our ability to meet contractual commitments to clients. Finally, we have not been the subject of a bankruptcy petition at any time.

#### **Class Action Lawsuits**

You retain the right under applicable securities laws to initiate individually a lawsuit or join a class-action lawsuit against the issuer of a security that was held, purchased or sold by or for you. We do not initiate such a legal proceeding on your behalf and do not provide legal advice to you regarding potential causes of action against such a security issuer and whether you should join a class-action lawsuit. We recommend that you seek legal counsel prior to making a decision regarding whether to participate in such a class-action lawsuit. Moreover, our services do not include monitoring or informing you of any potential or actual class-action lawsuits against the issuers of the securities that were held, purchased or sold by or for you.



## Customer Privacy Policy

In November of 1999, Congress enacted the *Gramm-Leach-Bliley Act* (GLBA). The GLBA requires certain financial institutions, such as investment advisor firms, to protect the privacy of customer information. In situations where a financial institution does disclose customer information to non-affiliated third parties, other than permitted or required by law, customers must be given the opportunity to opt out or prevent such disclosure. Advisor does not share or disclose customer information to non-affiliated third parties except as permitted or required by law.

Advisor is committed to safeguarding the confidential information of its clients. Advisor holds all personal information provided by clients in the strictest confidence and it is the objective of Advisor to protect the privacy of all clients. Except as permitted or required by law, Advisor does not share confidential information about clients with non-affiliated parties. In the event that there were to be a change in this policy, Advisor will provide clients with written notice and clients will be provided an opportunity to direct Advisor as to whether such disclosure is permissible.

To conduct regular business, Advisor may collect personal information from sources such as:

- Information reported by the client on applications or other forms the client provides to Advisor
- Information about the client's transactions implemented by others
- Information developed as part of financial analyses

To provide related services for client accounts, it is necessary for Advisor to provide access to customer information within the firm and to non-affiliated companies with whom Advisor has entered into agreements. To provide the utmost service, Advisor may disclose the information below regarding customers and former customers, as necessary, to companies to perform certain services on the Advisor's behalf.

- Information Advisor receives from the client on applications (name, social security number, address, assets, etc.)
- Information about the client's transactions with others (account information, payment history, parties to transactions, etc.)
- Information about a client's financial products and services transaction with Advisor

Since Advisor shares non-public information solely to service its client, Advisor does not disclose any non-public personal information about Advisor's customers or former customers to anyone, except as permitted by law. However, Advisor may also provide customer information outside of the firm as required by law, such as to government entities, consumer reporting agencies or other third parties in response to subpoenas.