



**Form ADV Part 2A Appendix 1**

**Item 1**

**Wrap Fee Program Brochure Cover Page  
Legacy Managed Portfolio III**

LWM Advisory Services, LLC

1250 S. Pine Island Road, Suite 350  
Plantation, FL 33324

[www.lwmfl.com](http://www.lwmfl.com)

Phone: (954) 474-7100

Fax: (954) 474-7399

March 23, 2021

**This wrap fee program brochure provides information about the qualifications and business practices of LWM Advisory Services, LLC. If you have any questions about the contents of this brochure, please contact us. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. Registration does not imply a certain level of skill or training.**

**Additional information about LWM Advisory Services, LLC also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Registration does not imply a certain level of skill or training.**

## **Item 2            Material Changes**

LWM Advisory Services, LLC has made no material changes to its ADV Part 2A Appendix 1 (“Wrap Brochure”) for the Legacy Managed Portfolio III since its annual amendment dated March 2, 2020.

Currently, LWM Advisory Services, LLC’s Legacy Managed Portfolio III Wrap Brochure may be requested by contacting Tony DuBose at (954) 474-7100 or [cs@lwmfl.com](mailto:cs@lwmfl.com).

Additional information about LWM Advisory Services, LLC is also available via the SEC’s website [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC’s website provides information about any persons affiliated with LWM Advisory Services, LLC who are registered, or are required to be registered, as investment advisor representatives of LWM Advisory Services, LLC.

**Item 3            Table of Contents**

|        |   |   |
|--------|---|---|
| Item 2 | Material Changes .....                                  | 1 |
| Item 3 | Table of Contents .....                                 | 2 |
| Item 4 | Services, Fees and Compensation.....                    | 3 |
| Item 5 | Account Requirements and Types of Clients .....         | 6 |
| Item 6 | Portfolio Manager Selection and Evaluation .....        | 6 |
| Item 7 | Client Information Provided to Portfolio Managers ..... | 8 |
| Item 8 | Client Contact with Portfolio Managers.....             | 8 |
| Item 9 | Additional Information.....                             | 8 |

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

LWM Advisory Services, LLC (the “Firm,” “Advisor” or “LWMAS”) is a limited liability corporation formed under Florida law and is registered as an investment advisor with the Securities and Exchange Commission (“SEC”) pursuant to the Investment Advisers Act of 1940.<sup>1</sup> The Firm was established in June 2014 by Tony DuBose, the Firm’s Managing Principal. The Advisor is wholly owned by Legacy Wealth Management, Inc. Tony DuBose is Legacy Wealth Management, Inc.’s Managing Principal and indirect owner.

Advisory services are tailored to clients’ specific situations by following a disciplined consultative process. The Advisor analyzes and assesses clients’ current situations and determines recommendations on how to proceed in investing to meet their goals. A client’s Investment Policy Statement may impose restrictions on investing in certain securities or groups of securities, or a client may impose such restrictions by indicating any restrictions in the Investment Advisory Agreement.

Advisory services include portfolio management, financial planning, and consulting services. This Wrap Brochure provides information about the Advisor and its advisory services under its Legacy Managed Portfolio III program. Other investment advisory services offered by the Advisor are described in detail in the Advisor’s ADV Part 2A Brochure.

### Services

The Advisor provides clients with access to the investment advisory services of third-party professional portfolio management firms for the individual management of client accounts. As part of this process, the Advisor assists clients in identifying an appropriate unaffiliated third-party money manager (“Separate Account Manager”). The Advisor provides initial due diligence on Separate Account Managers and ongoing reviews of their management of clients’ accounts.

In order to assist a client in the selection of a Separate Account Manager, the Advisor gathers information from the client about their financial situation, investment objectives, and reasonable restrictions they can impose on the management of the account, which are often very limited. It is important to note that the Advisor does not offer advice on any specific securities or other investments in connection with this service. Investment advice and trading of securities is only offered by or through the Separate Account Managers to clients.

The Advisor periodically reviews Separate Account Managers’ reports provided to the client, but no less often than on an annual basis. The Advisor’s IARs may contact a client from time to time, as agreed to with the client, in order to review their financial situation and objectives; communicate information to Separate Account Managers as warranted; and, assist the client in understanding and evaluating the services provided by the Separate Account Manager. The client will be expected to notify us of any changes in his/her financial situation, investment objectives, or account restrictions that could affect their account. The client may also directly contact the Separate Account Manager managing the account or sponsoring the program.

---

<sup>1</sup> Registration does not imply a certain level of skill or training.

Pershing Advisor Solutions, LLC (“Pershing”) acts as the custodian for clients’ accounts and provides brokerage and execution services as the broker-dealer on account transactions, and performs administrative services, such as quarterly performance reporting to clients.

### Fees and Compensation

The client pays the Advisor a single wrap fee (“Advisory Fee”) for advisory and brokerage and trade execution services. The client pays the Separate Account Manager separately (“SAM Fee”).

The Advisory Fee is based on the value of assets managed, calculated as a percentage of assets under management. This fee is compensation for advisory services and portfolio management fees rendered by the Advisor as well as charges for execution and transaction services provided by Pershing. The Advisory Fee is negotiable between the client and the Advisor and is set out in the Investment Advisory Agreement. The SAM Fee is compensation for advisory services and portfolio management fees rendered by the Separate Account Manager.

There is a minimum investment of \$250,000, although the Advisor may accept smaller accounts at its discretion. The Advisor and SMA combined fee is no more than 2.00% annually for their services. The amount of the Advisory Fee will be set out in the Investment Advisory Agreement executed by the client at the time the relationship is established. The amount of the SAM Fee will be set out in the Separate Account Manager agreement executed by the client at the time the relationship is established.

The Advisory Fee is negotiated on a client-by-client basis depending on the size, complexity and nature of the portfolio managed and will be set forth in the Investment Advisory Agreement. Because Advisory Fees are negotiated, not all clients will pay the same fees. A client may pay a higher or lower Advisory Fee depending on considerations such as the size of the client’s account, the amount of time the client has maintained an account with the Advisor, and/or the combined market value of related portfolios. While the Advisor believes that its Advisory Fees are competitive, clients may find lower or higher fees for comparable services from other sources.

Although the client does not directly pay charges for execution and transactions, clients should be aware that from the Advisory Fee paid to the Advisor, the Advisor pays the client’s custodian broker-dealer for the client’s custodian broker-dealer’s related charges associated with the client’s account and Separate Account Manager for advisory services provided. The Advisor retains the remaining portion as compensation for its advisory services and portfolio management. These transaction charges paid by the Advisor to the client’s custodian broker-dealer vary based on the type of transaction. SAM fees to Separate Account Managers vary by the Separate Account Manager chosen.

The Advisor instructs the client’s custodian broker-dealer to deduct the Advisory Fee quarterly in advance from the client’s brokerage account, unless other arrangements are set forth in the Investment Advisory Agreement. If the Investment Advisory Agreement is terminated before the end of the quarterly period, the Advisor will refund any pre-paid quarterly Advisory Fee on a prorated basis, based on the number of days remaining in the quarter after the termination date. However, if the account is closed within the first six months by the client or as a result of withdrawals that bring the account value below the required minimum, the Advisor reserves the right to retain the pre-paid quarterly Advisory Fee for the current quarter in order to cover the administrative costs of establishing the account (for example, the costs related to transferring

positions in and out of the account, data entry in opening the account, reconciliation of positions in order to issue quarterly performance reports, and re-registration of positions).

A client has the right to terminate the Advisory Agreement for investment advisory services without penalty within five (5) business days after entering into the Advisory Agreement. Thereafter, the Advisory Agreement will terminate upon the Advisor's receipt of the client's written notice. The Advisor may terminate providing investment advisory services upon written notice of termination to the client or upon the occurrence of certain events as described in the Advisory Agreement.

After the termination date, the Advisor has no responsibility to provide ongoing investment advisory services to the client.

Separate written disclosures provided to the client include a copy of the Separate Account Manager's Form ADV Part 2 and all relevant Brochures detailing the exact fees the Separate Account Manager is paid and a copy of the Separate Account Manager's privacy policy. The Separate Account Managers the Advisor recommends will not directly charge a client a higher fee than they would have charged without the Advisor introducing the client to them.

Termination provisions are also set out in the Separate Account Manager's Disclosure Brochure.

#### *Fees Charged by Third Parties*

There are other fees and charges that are imposed by parties other than the Advisor and Separate Account Manager that apply to investments in Legacy Managed Portfolio III accounts.

If a client's assets are invested in mutual funds, exchange-traded products, or other pooled investment products, the client should be aware that there will be two layers of fees and expenses for those assets. The client will pay an investment management fee to the fund manager and other expenses as a shareholder of the fund. In the case of mutual funds that are fund-of-funds, there could be an additional layer of fees, including performance fees that may vary depending on the performance of the fund. The client will also pay the Advisor the Advisory Fee and Separate Account Manager the SMA fee with respect to those assets. Most of the mutual funds available in the program may be purchased directly. Therefore, a client could generally avoid the second layer of fees by not using the advisory services of the client's custodian broker-dealer and the Advisor and by making their own decisions regarding the investment.

If a client transfers a previously purchased mutual fund into a Legacy Managed Portfolio III account, and there is an applicable contingent deferred sales charge on the fund, the client will pay that charge when the mutual fund is sold. If a mutual fund has a frequent trading policy, the policy can limit a client's transactions in shares of the fund (e.g., for rebalancing, liquidations, deposits or tax harvesting).

Although the client's custodian broker-dealer may make available no-load and load-waived mutual funds to Legacy Managed Portfolio III accounts, the client's custodian broker-dealer receives asset-based sales charges or service fees (e.g., 12b-1 fees) from certain mutual funds. The client's custodian broker-dealer retains these fees and they are not shared with the Advisor.

### *Important Things to Consider About Fees on a Legacy Managed Portfolio III Account*

The Advisory Fee is an ongoing wrap fee for investment advisory services, which includes the cost and fees associated with the execution of transactions and other administrative and custodial services. The Advisory Fee may cost the client more than purchasing the services separately, for example, paying an advisory fee plus commissions for each transaction in the account.

Factors that bear upon the cost of the Legacy Managed Portfolio III account in relation to the cost of the same services purchased separately include the:

- type and size of the account;
- historical and/or expected size or number of trades for the account; and
- number and range of supplementary advisory and client-related services provided to the client.

The Advisor receives compensation as a result of the client's participation in the program, which may be more than what the client would pay to another investment advisory firm.

The Advisor may make amendments to the fee schedule, including negotiated fees, at any time with at least 30 days written notice to the client.

#### **Item 5 Account Requirements and Types of Clients**

There is a minimum investment of \$250,000, although the Advisor may accept smaller accounts at its discretion.

The Legacy Managed Portfolio III account is available for individuals; pensions, Taft Hartley plans, and profit sharing plans including plans subject to Employee Retirement Income Security Act of 1974 ("ERISA"); for-profit and non-profit corporations and other business entities; trusts; estates; and charitable organizations.

#### **Item 6 Portfolio Manager Selection and Evaluation**

The Advisor provides the client investment advice and selects Separate Account Managers for investment management in the Legacy Managed Portfolio III account.

The Advisor offers other types of advisory programs, including portfolio management, financial planning, and consulting advisory services. The Advisor offers portfolio management advisory services through its Legacy Managed Portfolio I and II programs, which offer the investment advice and management to the client. However, these programs are managed by the Advisor, rather than a Separate Account Manager and under the Legacy Managed Portfolio I program, the client pays transaction charges directly to the broker-dealer custodian rather than the Advisor. The Advisor also offers separately managed portfolios that LPL Financial makes available to the Advisor where the client pays transaction charges directly to LPL. Other investment advisory services offered by the Advisor are described in detail in the Advisor's ADV Part 2A Brochure.

The Advisor has an incentive to recommend that a client use it, rather than another portfolio manager because it will retain the Advisory Fee, therefore, it may receive higher compensation than if it recommended a non-affiliated portfolio manager. The Advisor manages this conflict by providing investment advisory services that are in its clients' best interests.

### Investment Discretion

The Advisor provides advisory services on a discretionary basis for the selection of third party portfolio managers in the Legacy Managed Portfolio III program. The client authorizes the Advisor to have discretion through the Investment Advisory Agreement.

### Methods of Analysis and Investment Strategies

The advisor utilizes internal and third party independent research, economic conferences, due diligence conference calls and meetings, and the LWMAS Investment Committee consensus to recommend Separate Account Managers to this program. Factors the Advisor may consider are investment style vs mandate, manager tenure, parent firm history, performance relative to a relative benchmark, and prevailing foreseeable risks and/or conflicts.

Clients are advised and should understand that:

- Investing in securities involves risk of loss that clients should be prepared to bear;
- Asset allocation does not ensure a profit or protect against a loss;
- Past performance is not a guarantee of future results;
- Market conditions, interest rates, and other investment related risks may cause losses in their portfolio;
- Risk parameters established for their portfolio are guidelines only – the selected risk parameters may be exceeded and index comparisons may outperform their portfolio;
- Their portfolio's value is subject to a variety of factors, such as liquidity and volatility of the securities markets;
- There may be a higher level of risk with leveraged and inverse ETPs because to accomplish their objectives, they may pursue a range of investment strategies through the use of swaps, futures contracts, and other derivative instruments;
- Investing in securities with foreign currency may cause losses due to fluctuation in currency exchange rates. Investing in foreign currency may also pose risks due to factors within the foreign country, including but not limited to; political instability, changes in inflation, changes in interest rate, currency price, and liquidity constraints; and
- Custodians the Advisor recommends provide clients the opportunity to invest in asset-backed loans. Asset-backed loans are loans secured by the client's brokerage account. There are certain risks associated with asset-backed loans such as market fluctuation causing the value of the client's brokerage account to decline requiring the client to sell securities in order to maintain equity requirements and possible adverse tax consequences as a result of selling securities.

The Advisor's advisory services include portfolio management, third party money management selection, financial planning, consulting, and separately managed account advisory services. The Advisor's ADV Part 2A Brochure provides information about the Advisor and its advisory services.

The following types of investments may be used in the Legacy Managed Portfolio III program: equity securities, warrants, options, debt securities, REITs, mutual funds, closed end funds, ETFs, ETNs, unit investment trusts, private placements, limited partnerships, structured products, alternative investments, CDs, MLPs, annuities and life insurance contracts.



### Performance-Based Fees

The Advisor does not accept performance-based fees, which are fees based on a share of capital gains or appreciation of the assets of a client.

### Side-By-Side Management

Side-by-side management refers to the practice of managing accounts that are charged performance-based fees while at the same time managing accounts that are not charged performance-based fees.

The Advisor does not participate in side-by-side management.

### Voting Client Securities

The Advisor does not vote proxies on behalf of client securities. A Separate Account Manager may vote proxies on behalf of a client as set forth in their ADV Part 2A.

## **Item 7 Client Information Provided to Portfolio Managers**

The Advisor obtains the client's financial information, risk tolerance and investment objectives to determine the Separate Account Managers utilized to manage the client's Legacy Managed Portfolio III program account. The Advisor will contact the client periodically to review the client's Legacy Managed Portfolio III program account and determine whether there have been any changes to the client's situation.

## **Item 8 Client Contact with Portfolio Managers**

No restrictions are placed on a client's ability to contact and consult with the Advisor regarding the Legacy Managed Portfolio III program.

## **Item 9 Additional Information**

### Disciplinary Information

Registered investment advisors are required to disclose specific information related to certain legal or regulatory events that may be material to choosing an advisor. The Advisor and its Covered Persons have not been the subject of any material legal or disciplinary proceedings.

### Other Financial Industry Activities and Affiliations

Investment advisor representatives ("IAR") of the Advisor are Dually Registered Persons with LPL Financial LLC ("LPL"). LPL is a broker-dealer that is independently owned and operated and is not affiliated with the Advisor. Please refer below for a discussion of the benefits the Advisor may receive from LPL and the conflicts of interest associated with receipt of such benefits.

For non-advisory accounts held at LPL, a LWM Advisory Services, LLC IAR receives commissions on securities transactions as a registered representative because of their affiliation with LPL. Notwithstanding the IARs' affiliation with LPL, the Advisor is solely responsible for the investment advice rendered. Advisory services are provided separately and independently of the brokerage services the IARs offer through LPL unless

otherwise disclosed. The potential for the receipt of commissions or advisory fees may give an IAR an incentive to recommend an investment or investment services based on the compensation received, rather than on the client's needs. The Advisor addresses these conflicts by disclosing this potential conflict to clients to assure that their interests are considered and IARs must recommend securities products that are suitable for the client. Further, IARs do not earn commissions on the sale of securities or investment products recommended or purchased in advisory accounts. Clients may direct any questions regarding the compensation their IAR receives when recommending a product to their IAR. Clients are under no obligation to purchase investment products through their IAR.

Certain IARs are insurance licensed in one or more states and may recommend the purchase of insurance products through an affiliated company of LPL or other insurance companies and agencies. Such IARs receive commissions for the sale of such insurance products. The ability to receive commissions from the sale of insurance products presents a conflict of interest, in that it gives an incentive to recommend a particular insurance product over a different insurance product or a different investment, based on the compensation received, rather than on a client's needs. The Advisor addresses these conflicts by disclosing this potential conflict to clients to assure that their interests are considered.

As discussed previously, certain Covered Persons of the Advisor are registered representatives of LPL. As a result of this relationship, LPL has access to certain confidential information (e.g., financial information, investment objectives, transactions and holdings) about a client of the Advisor, even if the client does not establish any account through LPL. If you would like a copy of the LPL privacy policy, please contact your IAR or Tony DuBose at (954) 474-7100 or cs@lwmfl.com.

Legacy Wealth Management, d.b.a. Legacy Retirement Plan Advisors and Fiduciary Retirement Plan Advisors, is a retirement plan consulting firm that provides plan sponsor due diligence support, participant education and investment fiduciary services. Account services are billed separately according to an engagement letter agreed upon by the client and are not offered through the Advisor.

The Advisor is affiliated with LWM, LLC and Legacy Wealth, LLC, doing-business-as names for Legacy Wealth Management, Inc., the Advisor's sole member. Both entities are wholly owned by Legacy Wealth Management, Inc. and are managed by Tony DuBose.

LWMAS receives compensation for referring clients to other investment advisors. The potential for the receipt of referral compensation gives the Advisor an incentive to refer a client based on the compensation received, rather than on the client's needs. The Advisor addresses these conflicts by delivering a disclosure statement to clients disclosing its compensation for this potential conflict to clients to assure that their interests are considered. Clients are under no obligation to engage an investment advisor that they are referred to by the Advisor. Prior to referring or selecting investment advisors for clients, LWMAS assures that they are properly licensed or registered as investment advisors.

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

LWM Advisory Services, LLC has adopted a Code of Ethics ("Code") pursuant to industry standards. The Code is predicated upon serving the best interest of our clients. All Covered Persons must at all times reflect the professional standards expected of those engaged in the investment advisory business and shall act within the spirit and the letter of the federal, state, and local laws and regulations pertaining to investment advisors and

the general conduct of business. These standards require all personnel to be judicious, accurate, objective, and reasonable in dealing with both clients and other parties so that their personal integrity is unquestionable.

The Code of Ethics is certified annually with Covered Persons of the Firm. For a copy of the Code of Ethics, a written request should be sent to 1250 S. Pine Island Road, Ste. 350, Plantation, FL 33324, Attention: Tony DuBose.

On occasion, the Advisor may buy or sell securities that it recommends to clients or may recommend securities transactions in which the Advisor or its Covered Persons has some financial interest. This practice would create a conflict of interest if the transactions were structured to trade on the market causing an impact on recommendations made to the Advisor's clients. The Managing Principal reviews Covered Persons' personal transactions quarterly. The Advisor's Code of Ethics requires pre-approval of personal transactions in some cases. The Advisor believes that it has adopted sufficient controls so that personal transactions are consistent with advice given to clients.

#### Review of Accounts

The client's custodian broker-dealer will deliver account statements to clients at least quarterly. Account statements include a summary of account performance. Portfolio performance summaries provide historical information regarding a client's investments and should not be relied upon as predictive of future performance.

The value of securities held in a client's portfolio will be valued by the custodian, broker-dealer, or other investment vendor. Some investments, such as alternative investments or private placements, values are based upon the value provided by the investment's manager, which may be monthly, quarterly, but not less than annually; often, these values are estimates made by the alternative investment's manager and may not be the liquidation value.

The Managing Principal reviews client account activity no less than quarterly. The level of review is determined by the complexity of the portfolio at the discretion of the Advisor's Managing Principal. Other factors that may trigger review are changes in economic or market conditions, and individual client situations.

#### Client Referrals and Other Compensation

The Advisor maintains referral arrangements with one or more third party investment advisors to act as their solicitor for investment management services. In these instances, the third-party investment advisor will pay the Advisor compensation in connection with the arrangement. The Advisor discloses all compensation with respect to the foregoing to each referred client through a disclosure statement disclosing the terms of the specific arrangement.

The Advisor pays referral fees to third parties ("Solicitors") to offer the Advisor's advisory services or programs. Any arrangement is conducted pursuant to Rule 206(4)-3 of the Investment Advisers Act of 1940. In such event, the Advisor compensates the Solicitor directly if a client enters a relationship with the Advisor. This compensation is made up of a portion of the advisory fee the Advisor charges the client, which may be up to 35% of the investment advisory fee the Advisor receives. A Solicitor will provide the client with a statement disclosing the terms of the Solicitor's arrangement with the Advisor.

The Advisor and/or its Dually Registered Persons are incented to join and remain affiliated with LPL Financial and to recommend that clients establish accounts with LPL Financial through the provision of Transition Assistance (discussed above and in the IAR's ADV Part 2B Brochure Supplement).

The Advisor receives research and other web-based services from product sponsors. These product sponsors do not charge the Advisor a subscription fee for their services, however their services may include recommendations for investment products they offer or manage. The Advisor may attend user conferences sponsored by the product sponsors for which they do not charge the Advisor. Because these product sponsors earn revenue from investments in their respective investment products, they do not charge the Advisor fees for these services. These discounts create a conflict of interest for the Advisor.

IARs may receive from LPL Financial upfront transition payments in order to assist them with transitioning their business onto the LPL Financial custodial platform. These funds may be used, but not necessarily limited to, offsetting things like ACAT fees, technology set-up fees, marketing and mailing costs, stationary and licensure transfer fees. This presents a conflict of interest in that the IAR has a financial incentive to recommend that you maintain your account with LPL Financial. However, to the extent an IAR recommends you use LPL Financial for such services, it is because the IAR believes it is in your best interest to do so based on the quality and pricing of the execution, benefits of an integrated platform for brokerage and advisory accounts, and other services provided by LPL Financial. Please see detailed discussion of the potential conflicts of interest in your IAR's ADV Part 2B Brochure Supplement.

The Advisor endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by the Advisor or its related persons in and of itself creates a potential conflict of interest.

#### Research & Other Soft Dollar Benefits

Clients establish brokerage accounts with Pershing Advisor Solutions, LLC ("Pershing") a FINRA-registered broker-dealer, member SIPC, to maintain custody of clients' assets and to effect trades for their accounts. Pershing is not affiliated with the Advisor. Pershing provides the Advisor with access to its institutional trading and operations services. These services are generally available, without cost, to financial advisory firms who maintain a minimum threshold of client assets with Pershing. The trading fees Pershing charges to clients, which may change from time to time, are set forth in the client's investment advisory agreement. Pershing offers to independent investment advisors services that include custody of securities, trade execution, clearance and settlement of transactions.

There is no direct link between the Advisor's recommendation of Pershing and the investment advice it gives to its clients, although the Advisor receives economic benefits through its participation in the program. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving the Advisor participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client accounts); the ability to have advisory fees deducted directly from client accounts; and access to an electronic communications network for client order entry and account information. Some of the products and services made available by Pershing may benefit the Advisor but may not benefit its client accounts. These products or services may assist Advisor in managing and administering client accounts, including accounts not maintained

at Pershing. Other services made available by Pershing are intended to help the Advisor manage and further develop its business enterprise. The benefits received by the Advisor or its personnel do not depend on the amount of brokerage transactions directed to Pershing, however the Advisor is subject to maintain a minimum of assets under management with Pershing in order to avoid paying a platform fee to utilize its services. As part of its fiduciary duties to clients, the Advisor endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by Advisor or its related persons in and of itself creates a potential conflict of interest and may indirectly influence the Advisor's choice of Pershing for custody and brokerage services.

For the Advisor's accounts held at Pershing, Pershing is compensated through commissions, trails, or other transaction-based fees for trades that are executed through Pershing or that settle into Pershing accounts. For IRA accounts, Pershing generally charges account maintenance fees. Pershing charges the Advisor an asset-based administration fee for administrative services provided by Pershing. Such administration fees are not directly borne by clients but may be considered when the Advisor negotiates its advisory fee with clients.

Pershing also makes available to the Advisor other products and services that benefit the Advisor but may not directly benefit its clients' accounts. Many of these products and services may be used to service all or some substantial number of clients' accounts, including accounts not maintained at Pershing.

Services provided by Pershing to the Advisor include research (including mutual fund research, third-party research, and LPL's proprietary research), brokerage, custody, and access to mutual funds and other investments that are available only to institutional investors or would require a significantly higher minimum initial investment. In addition, Pershing makes available software and other technologies that provide access to client account data (such as trade confirmations and account statements), facilitate trade execution, provide research, pricing information, quotation services, and other market data, assist with contact management, facilitate payment of fees to the firm from client accounts, assist with performance reporting, facilitate trade allocation, and assist with back-office support, record-keeping, and client reporting. Pershing also provides access to practice management consulting support, best execution assistance, consolidated statements assistance, marketing and educational materials, technological and information technology support, and LPL corporate discounts. Many of these services may be used to service all or a substantial number of the Advisor's accounts, including accounts not maintained at Pershing.

Pershing provides the Advisor with other services intended to help the Advisor manage and further develop its business. Some of these services assist the Advisor to better monitor and service program accounts maintained at Pershing, however, many of these services benefit only the Advisor, for example, services that assist the Advisor in growing its business. These support services and/or products may be provided without cost, at a discount, and/or at a negotiated rate, and include practice management-related publications; consulting services; attendance at conferences and seminars, meetings, and other educational and/or social events; marketing support; and other products and services used by the Advisor in furtherance of the operation and development of its investment advisory business. Pershing provides other benefits such as educational events or occasional business entertainment of the Advisor's personnel.

In evaluating whether to recommend that clients custody their assets at Pershing, the Advisor may take into account the availability of some of the foregoing products, services, and other arrangements as part of the

total mix of factors it considers and not solely the nature, cost, or quality of custody and brokerage services provided by the client's broker-dealer, which may create a potential conflict of interest.

The Advisor addresses this conflict by conducting quarterly reviews of a sampling of execution quality and annual reviews of commission rates, trade error rates, quality of client reporting, block trading, reputation, and financial strength of the broker-dealer. The quarterly and annual reviews include a comparison to other industry participants offering the same or similar services.

### Custody

The Advisor has custody of clients' funds to the extent that it has the ability to deduct fees from clients' accounts. The custodian will send quarterly account statements to clients. Neither the Advisor nor its associated persons will accept delivery of the client's securities or funds in the name of the Advisor or its associated person.

The Advisor is deemed to have custody when clients authorize us via standing letters of instruction to direct funds to third-parties from their custodial accounts. In connection with standing letters of instruction a client must provide signed written instruction to the custodian to direct transfers to a third party, which the client may instruct the custodian to terminate or change at any time. The Advisor has no authority or ability to designate or change the identity of the third party, the address, or any other information about the third party contained in the client's instruction. The custodian will verify the instruction with an initial notice, provide the client with a transfer of funds notice promptly after each transfer, and an annual notice reconfirming the instruction. The Advisor and its affiliates may not accept funds in connection with standing letters of instruction, nor may funds be delivered to locations where the Advisor or its affiliates conduct business.

Executing broker-dealers, custodians, or other investment vendors provide account statements and confirmations. The Advisor urges clients to compare statements received from custodians with any reports the Advisor may provide. If there are any differences, please contact the Advisor immediately for resolution.

### Financial Information

The Advisor has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to its clients nor has it been the subject of a bankruptcy proceeding.