

# **Lake Hills Wealth Management, LLC**

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This Brochure provides information about the qualifications and business practices of Lake Hills Wealth Management, LLC (“Lake Hills Wealth Management”). If you have any questions about the contents of this Brochure, please contact us at (512) 580-4740 or via email [atsupport@lakehillswm.com](mailto:atsupport@lakehillswm.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

Lake Hills Wealth Management is a registered investment adviser. Registration of an investment adviser does not imply any level of skill or training.

Additional information about Lake Hills Wealth Management is also available via the SEC’s website [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by using a unique identifying number, known as a CRD number. The CRD number for Lake Hills Wealth Management is CRD#: 286175. The SEC’s website also provides information about any persons affiliated with Lake Hills Wealth Management who are registered, or are required to be registered, as investment adviser representatives of Lake Hills Wealth Management.

## Item 2 – Material Changes

Since our last annual updating amendment, filed on March 23, 2020, we have the following material changes to disclose:

- Our firm transitioned from state to SEC registration in Q2 2021. This brochure has been updated accordingly.

In the future, this section of the Brochure will discuss only the specific material changes that were made to the Brochure and will provide you with a summary of all material changes that have occurred since the last filing of this Brochure. This section will also identify the date of our last annual Brochure update.

We will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business' fiscal year end which is December 31st. We will provide other ongoing disclosure information about material changes as they occur. We will also provide you with information on how to obtain the complete brochure. Currently, our Brochure may be requested at any time, without charge, by contacting Jack Marino at (512) 580-4740.

## **Item 3 – Table of Contents**

<b>Item 1 – Cover Page</b>	<b>1</b>
<b>Item 2 – Material Changes</b>	<b>2</b>
<b>Item 3 – Table of Contents</b>	<b>2</b>
<b>Item 4 – Advisory Business Introduction</b>	<b>6</b>
Our Advisory Business	6
Services	6
Asset Management	6
Financial Planning/Consulting	8
Qualified Plan Services	9
Assets Under Management	9
<b>Item 5 – Fees and Compensation</b>	<b>9</b>
Asset Management Fee Schedule	10
Financial Planning/Consulting Fees	10
Qualified Plan Fee Schedule	11
Third Party Fees	11
<b>Item 6 – Performance Based Fee and Side by Side Management</b>	<b>12</b>
<b>Item 7 – Types of Client(s)</b>	<b>12</b>
<b>Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss</b>	<b>12</b>
Methods of Analysis	12
Fundamental Analysis	12
Modern Portfolio Theory (MPT)	12
Technical Analysis	13
Cyclical Analysis	13
Investment Strategies	13
Risk of Loss	13
Alternative Investment Risk	14
Bond Fund Risk	14

Fundamental Analysis Risk	14
Modern Portfolio Theory (MPT) Risk	15
Cyclical Analysis Risk	15
Exchange Traded Fund (“ETF”) Risk	15
Mutual Funds Risk	15
Stock Fund Risk	16
Technical Analysis risk	16
Overall Risks	16
<b>Item 9 – Disciplinary Information</b>	<b>16</b>
<b>Item 10 – Other Financial Industry Activities and Affiliations</b>	<b>16</b>
<b>Item 11 – Code of Ethics, Participation or Interest in Client Accounts and Personal Trading</b>	<b>17</b>
General Information	17
Participation or Interest in Client Accounts	17
Personal Trading	18
Privacy Statement	18
Conflicts of Interest	18
<b>Item 12 – Brokerage Practices</b>	<b>19</b>
Factors Used to Select Custodians	19
Soft Dollars	19
Best Execution	19
Directed Brokerage	19
Trading	19
<b>Item 13 – Review of Accounts</b>	<b>20</b>
Reviews	20
Reports	20
<b>Item 14 – Client Referrals and Other Compensation</b>	<b>20</b>
<b>Item 15 – Custody</b>	<b>20</b>
<b>Item 16 – Investment Discretion</b>	<b>21</b>
<b>Item 17 – Voting Client Securities</b>	<b>21</b>



## **Item 4 – Advisory Business Introduction**

### **Our Advisory Business**

Lake Hills Wealth Management (“Lake Hills Wealth Management”, “us”, “we”, “our”) is a registered investment adviser (“Adviser”) which offers investment advice regarding securities and other financial services to clients.

We provide investment advice through investment adviser representatives (“IARs”) associated with us. These individuals are appropriately licensed, qualified, and authorized to provide advisory services on our behalf. In addition, all IARs are required to have a college degree, professional designation, or equivalent professional experience.

Lake Hills Wealth Management was founded in 2016 by Jack Marino and Jason Clevlen, who both serve as Managing Members. We provide management services to individuals, high net worth individuals, trusts, estates, corporate pension and profit-sharing plans, charitable organizations, foundations, endowments, corporations, small businesses and churches. We have a minimum account opening balance requirement of \$200,000, which may be negotiable depending upon certain circumstances, solely within the Adviser’s discretion.

We are committed to the precept that by placing the client’s interests first, we will add value to the asset management and financial planning processes and earn the client’s trust and respect. We value long term relationships with our clients whom we regard as strategic partners in our business.

### **Services**

We provide various asset management and financial planning services. Our focus is on helping you develop and execute plans that are designed to build and preserve your wealth.

We do not participate in wrap fee programs.

### **Asset Management**

Asset management is the professional management of securities (stocks, bonds and other securities) and assets (e.g., real estate) in order to meet your specified investment goals. With an Asset Management Account, you engage us to assist you in developing a custom-tailored portfolio designed to meet your unique investment objectives. The investments in the portfolio account may include mutual funds, stocks, bonds, equity options, futures, etc.

We will meet with you to discuss your financial circumstances, investment goals and objectives, and to determine your risk tolerance. We will ask you to provide statements summarizing current investments, income and other earnings, recent tax returns, retirement plan information, other assets and liabilities, wills and trusts, insurance policies, and other pertinent information.

Based on the information you share with us, we will analyze your situation and recommend an appropriate asset allocation or investment strategy. Our recommendations and ongoing management are based upon your investment goals and objectives, risk tolerance, and the investment portfolio you have selected. We will monitor the account, trade as necessary, and communicate regularly with you. Your circumstances shall be monitored at least annually at a minimum. These reviews will be conducted

in person, by telephone conference, and/or via a written inquiry/questionnaire. We will work with you on an ongoing basis to evaluate your asset allocation as well as rebalance your portfolio to keep it in line with your goals as necessary. We will be reasonably available to help you with questions about your account.

We will:

- Review your present financial situation
- Monitor and track assets under management
- Provide portfolio statements, periodic rate of return reports, asset allocation statements, and rebalancing statements as needed
- Advise on asset selection
- Determine market divisions through asset allocation models
- Provide research and information on performance and fund management changes
- Build a risk management profile for you
- Assist you in setting and monitoring goals and objectives
- Provide personal consultations as necessary upon your request or as needed.

You are obligated to notify us promptly when your financial situation, goals, objectives, or needs change.

You shall have the ability to impose reasonable restrictions on the management of your account, including the ability to instruct us not to purchase certain mutual funds, stocks or other securities. These restrictions may be a specific company security, industry sector, asset class, or any other restriction you request so long as it can be reasonably implemented by us.

Under certain conditions, securities from outside accounts may be transferred into your advisory account; however, we may recommend that you sell any security if we believe that it is not suitable for the current recommended investment strategy. You are responsible for any taxable events in these instances. Certain assumptions may be made with respect to interest and inflation rates and the use of past trends and performance of the market and economy. Past performance is not indicative of future results.

If you decide to implement our recommendations, we will help you open a custodial account(s). The funds in your account will generally be held in a separate account, in your name, at an independent custodian, and not with us. We require that you use TD Ameritrade, Inc. ("TD Ameritrade") as your custodian.

You will enter into a separate custodial agreement with the custodian which authorizes the custodian to take instructions from us regarding all investment decisions for your account. We will select the securities bought and sold and the amount to be bought and sold, within the parameters of the objectives and risk tolerance of your account. You will be notified of any purchases or sales through trade confirmations and statements that are provided by the custodian. These statements list the total value of the account, itemize all transaction activity, and list the types, amounts, and total value of securities held. You will at all times maintain full and complete ownership rights to all assets held in your

account, including the right to withdraw securities or cash, proxy voting and receiving transaction confirmations.

We manage assets on a discretionary basis, which means you have given us the authority to determine the following with/without your consent:

- Securities to be bought or sold for your account
- Amount of securities to be bought or sold for your account

Trading may be required to meet initial allocation targets, after substantial cash deposits that require investment allocation, and/or after a request for a withdrawal that requires liquidation of a position. Additionally, your account may be rebalanced or reallocated periodically in order to reestablish the targeted percentages of your initial asset allocation. This rebalancing or reallocation will occur on the schedule we have determined or when needed. You will be responsible for any and all tax consequences resulting from any rebalancing or reallocation of the account. We are not tax professionals and do not give tax advice. However, we will work with your tax professionals to assist you with tax planning.

We are available during normal business hours either by telephone, fax, email, or in person by appointment to answer your questions.

#### Financial Planning/Consulting

We provide services such as comprehensive financial planning, estate planning, business planning and educational planning. Fee based financial planning is a comprehensive relationship which incorporates many different aspects of your financial status into an overall plan that meets your goals and objectives. The financial planning relationship consists of face-to-face meetings and ad hoc meetings with you and/or your other advisors (attorneys, accountants, etc.) as necessary.

In performing financial planning services, we typically examine and analyze your overall financial situation, which may include issues such as taxes, insurance needs, overall debt, credit, business planning, retirement savings and reviewing your current investment program. Our services may focus on all or only one of these areas depending upon the scope of our engagement with you.

It is essential that you provide the information and documentation we request regarding your income, investments, taxes, insurance, estate plan, etc. We will discuss your investment objectives, needs and goals, but you are obligated to inform us of any changes. We do not verify any information obtained from you, your attorney, accountant or other professionals.

If you engage us to perform these services, you will receive a written agreement detailing the services, fees, terms and conditions of the relationship. You will also receive this Brochure. You are under no obligation to implement recommendations through us. You may implement your financial plan through any financial organization of your choice.

We obtain information from a wide variety of publicly available sources. We do not have any inside private information about any investments that are recommended. All recommendations developed by us are based upon our professional judgment. We cannot guarantee the results of any of our recommendations. Choosing which advice to follow is your decision.



## **Qualified Plan Services**

Adviser additionally provides qualified plan services as requested by the qualified plan's authorized person, which can include consulting, investment, and plan participant services as more fully described below. Adviser represents that it shall carry out its responsibilities with prudence and care in accordance with all applicable provisions of ERISA.

### **Plan Consulting**

- Consultation pertaining to plan design
- Consultation pertaining to the evaluation and selection of service providers
- Consultation pertaining to legislative and regulatory matters, including notices from the Department of Labor and Internal Revenue Service

### **Plan Investment**

- Review and suggest plan asset allocation models
- Review the qualified plan's investment policy statement
- Review investment performance:
  - o Requests for proposal
  - o Compare Benchmarks
  - o Qualified Default Investment Allocation (QDIA)
  - o Compare peer groups
- Monitoring of investments for correlation with stated plan and investment objectives

### **Plan Participant Services**

- Plan participant enrollment meetings
- Plan participant investment education meetings
- Plan participant inquiries

## **Assets Under Management**

As of December 31, 2020, we have \$117,500,000 in assets under management. We manage all these assets on a discretionary basis for 590 accounts.

## **Item 5 – Fees and Compensation**

We provide asset management and financial planning services for a fee as more fully described below.

## Asset Management Fee Schedule

We have a minimum annual fee requirement of \$3,000 per year (up to a maximum of 3% of your assets under our management), which may be negotiable depending upon certain circumstances, solely within the Adviser's discretion. The fee charged is based upon the amount of money you invest. Multiple accounts of immediately-related family members, at the same mailing address, may be considered one consolidated account for billing purposes. Fees are generally charged quarterly in advance. Payments are due and will be assessed on the first day of each quarter, based on the average daily balance of the prior quarter and will be calculated based on the following blended fee schedule as follows:

Annual Percentage (Paid Quarterly)	Portfolio Size (AUM)
1.00%	For the first amount up to \$1,000,000
0.80%	For the next amount from \$1,000,000 to \$2,999,999
0.60%	For the next amount from \$3,000,000 to 4,999,999
0.45%	For the next amount from \$5,000,000 to \$9,999,999
0.35%	For the next amount from \$10,000,000 to \$24,999,999
0.25%	For any amount \$25,000,000 and above

The fees shown above are annual fees and may be negotiable based upon certain circumstances. No increase in the annual fee shall be effective without prior written notification to you. We believe our advisory fee is reasonable considering the fees charged by other investment advisers offering similar services/programs. In the event that the Client's account is funded after the start of the quarter, the Client shall be charged a prorated asset management fee, which shall be based on the actual number of days the Client's account has been funded.

The fees we charge can be deducted directly from your account at the custodian. We will instruct the custodian to deduct the fees from your account at the beginning of each quarter. This fee will show up as a deduction on your following month account statement from the custodian.

## Financial Planning/Consulting Fees

We charge a fixed fee for our financial planning services based on the estimated time to deliver such financial planning services at an hourly rate of \$250.00 per hour, subject to a minimum annual fee of \$5,000. The fee we charge may be negotiable depending upon the nature and complexity of the client's circumstances. For so long as the client has also engaged us to provide asset management services and maintains assets under our management of not less than \$500,000, the minimum annual fee of \$5,000 shall be deemed to be satisfied. Please note that a client receiving both asset management services and financial planning services may be charged up to a maximum of 3% of the managed account(s)' value, even if the client maintains less than \$500,000 under our management. The fee will be assessed monthly or quarterly, in advance, unless otherwise negotiated (but in no instance we will charge more than \$500, more than six months in advance of the delivery of such service). The fee we charge for financial planning and the fee billing frequency agreed upon between you and the Adviser will be detailed in the

Financial Planning Agreement, and such fee may be deducted from the client's managed account(s) at the client's election. Any prepaid fees that have not been earned at the time the agreement is terminated will be refunded to you.

If the plan is implemented through us, we will typically receive compensation should we provide the advisory services recommended in the financial plan. This compensation would be in addition to the financial planning fee you pay. The fees and expenses you pay for the purchase of this service may be more or less than the expenses you would pay should you decide to implement our recommendations through another investment advisory firm or broker-dealer and are typically determined by the broker-dealer or investment company offering the service. Therefore, a conflict of interest exists between our interests and your interests since we retain the ability to recommend services that pay us compensation. We have an incentive to recommend particular services based upon the potential compensation rather than your needs. This potential conflict is addressed in our Code of Ethics.

All recommendations developed by us are based upon our professional judgment. We cannot guarantee the results of any of our recommendations.

## **Qualified Plan Fee Schedule**

**Fees to Adviser.** In consideration of the services rendered by Adviser, the Plan Sponsor shall pay fees to Adviser based on the following fee arrangements as indicated below:

Annual fee of **0.50 %** of plan assets

Advisory fees will be charged quarterly in advance. The initial fee will be calculated from the date of this agreement or when the account is funded, to the end of the quarter. Subsequent fees will be based upon the total asset value of client's account at the end of the previous quarter. Such fees shall become due and payable the following business day. A statement of assets being advised on may be requested.

## **Third Party Fees**

Our fees do not include brokerage commissions, transaction fees, and other related costs and expenses. You will typically incur certain charges imposed by custodians and other third parties. These include fees charged by managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds, money market funds and exchange-traded funds (ETFs) also charge internal management fees, which are disclosed in the fund's prospectus. These fees may include, but are not limited to, a management fee, upfront sales charges, and other fund expenses. Certain strategies offered by us may involve investment in mutual funds and/or ETFs. Load and no load mutual funds may pay annual distribution charges, sometimes referred to as "12(b)(1) fees". These 12(b)(1) fees come from fund assets, and thus indirectly from clients' assets. We do not receive any compensation from these fees. All of these fees are in addition to the management fee you pay us. You should review all fees charged to fully understand the total amount of fees you will pay. Services similar to those offered by us may be available elsewhere for more or less than the amounts we charge. Our brokerage practices are discussed in more detail under Item 12 – Brokerage Practices.

## **Termination & Refunds**

Either party may terminate the relationship with a thirty (30) day written notice. Upon termination of any account, any prepaid fees that are in excess of the services performed will be promptly refunded to you. Any fees that are due, but have not been paid, will be billed to you and are due immediately.

## **Item 6 – Performance Based Fee and Side by Side Management**

We do not charge any performance-based fees. These are fees based on a share of capital gains on or capital appreciation of the assets of a client.

## **Item 7 – Types of Client(s)**

We provide portfolio management services to individuals, high net worth individuals, trusts, estates, corporate pension and profit-sharing plans, charitable organizations, foundations, endowments, corporations, small businesses, and churches.

We have a minimum account opening balance requirement of \$200,000, which may be negotiable depending upon certain circumstances, solely within the Adviser's discretion.

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

### **Methods of Analysis**

We use Fundamental Analysis, Modern Portfolio Theory, Technical Analysis and Cyclical Analysis as part of our overall investment management discipline; the implementation of these analyses as part of our investment advisory services to you may include any, all or a combination of the following:

#### **Fundamental Analysis**

Fundamental analysis is a technique that attempts to determine a security's value by focusing on the underlying factors that affect a company's actual business and its future prospects. Fundamental analysis is about using real data to evaluate a security's value. It refers to the analysis of the economic well-being of a financial entity as opposed to only its price movements.

The end goal of performing fundamental analysis is to produce a value that we can compare with the security's current price, with the aim of figuring out what sort of position to take with that security (underpriced = buy, overpriced = sell or short).

#### **Modern Portfolio Theory (MPT)**

We use Modern Portfolio Theory to help select the funds we use in your account.

Modern portfolio theory tries to understand the market as a whole, rather than looking for what makes each investment opportunity unique. Investments are described statistically, in terms of their expected long-term return rate and their expected short-term volatility. The volatility is equated with "risk," measuring how much worse than average an investment's bad years are likely to be. The end goal is to

identify your acceptable level of risk tolerance, and then to find a portfolio with the maximum expected return for that level of risk.

### **Technical Analysis**

Technical Analysis is a technique that attempts to determine a security's value by developing models and trading rules based upon price and volume transformation. Technical analysis assumes that a market's price reflects all relevant information, so the analysis focuses on the history of a security's trading behavior rather than external drivers such as economic, fundamental and news events. The practice of technical analysis incorporates the importance of understanding how market participants perceive and act upon relevant information rather than focusing on the information itself. Ultimately, technical analysts develop trading models and rules by evaluating factors such as market trends, market participant behaviors, supply and demand and pricing patterns and correlations.

As with other types of analysis, the predictive nature of technical analysis can vary greatly; models and rules are often modified and updated as new patterns and behaviors develop. Past performance is not an indicator of future return.

### **Cyclical Analysis**

While we do not attempt to time the market, we may use cyclical analysis in conjunction with other strategies to help determine if shifts are required in your investment strategies depending upon long and short-term trends in financial markets and the performance of the overall national and global economy.

### **Investment Strategies**

In order to perform these analyses, we use many resources, such as:

- Morningstar
- Financial newspapers and magazines (e.g. Wall Street Journal, Forbes, etc.)
- Annual reports, prospectuses, filings
- Company press releases and websites

The investment strategies we use to implement any investment advice given to you include, but are not limited to:

- Long term purchases -securities held at least a year

### **Risk of Loss**

We cannot guarantee our analysis methods will yield a return. In fact, a loss of principal is always a risk. Investing in securities involves a risk of loss that you should be prepared to bear. You need to understand that investment decisions made for your account by us are subject to various market, currency, economic, political and business risks. The investment decisions we make for you will not always be profitable nor can we guarantee any level of performance.

A list of all risks associated with the strategies, products and methodology we offer is provided below:

### ***Alternative Investment Risk***

Investing in alternative investments is speculative, not suitable for all clients, and intended for experienced and sophisticated investors who are willing to bear the high economic risks of the investment, which can include:

- Loss of all or a substantial portion of the investment due to leveraging, short-selling or other speculative investment practices
- Lack of liquidity in that there may be no secondary market for the fund and none expected to develop
- Volatility of returns
- Absence of information regarding valuations and pricing
- Delays in tax reporting
- Less regulation and higher fees than mutual funds.

### ***Bond Fund Risk***

Bond funds generally have higher risks than money market funds, largely because they typically pursue strategies aimed at producing higher yields of the risks associated with bond funds include:

- Call Risk - The possibility that falling interest rates will cause a bond issuer to redeem—or call—its high-yielding bond before the bond's maturity date.
- Credit Risk — the possibility that companies or other issuers whose bonds are owned by the fund may fail to pay their debts (including the debt owed to holders of their bonds). Credit risk is less of a factor for bond funds that invest in insured bonds or U.S. Treasury bonds. By contrast, those that invest in the bonds of companies with poor credit ratings generally will be subject to higher risk.
- Interest Rate Risk — the risk that the market value of the bonds will go down when interest rates go up. Because of this, you can lose money in any bond fund, including those that invest only in insured bonds or Treasury bonds.
- Prepayment Risk — the chance that a bond will be paid off early. For example, if interest rates fall, a bond issuer may decide to pay off (or "retire") its debt and issue new bonds that pay a lower rate. When this happens, the fund may not be able to reinvest the proceeds in an investment with as high a return or yield.

### ***Fundamental Analysis Risk***

Fundamental analysis, when used in isolation, has a number of risks:

- There are an infinite number of factors that can affect the earnings of a company, and its stock price, over time. These can include economic, political and social factors, in addition to the various company statistics.
- The data used may be out of date.
- It is difficult to give appropriate weightings to the factors.
- It assumes that the analyst is competent.

- It ignores the influence of random events such as oil spills, product defects being exposed, and acts of God and so on.

### ***Modern Portfolio Theory (MPT) Risk***

Modern Portfolio Theory tries to understand the market as a whole and measure market risk in an attempt to reduce the inherent risks of investing in the market. However, with every financial investment strategy there is a risk of a loss of principal. Not every investment decision will be profitable, and there can be no guarantee of any level of performance.

### ***Cyclical Analysis Risk***

Looking at market cycles in conjunction with other investment strategies can be useful when making investment decisions. However, market cycles are not always predictable. Each financial investment strategy has benefits and risks. Not every investment decision will be profitable, and there can be no guarantee of any level of performance.

### ***Exchange Traded Fund ("ETF") Risk***

Most ETFs are passively managed investment companies whose shares are purchased and sold on a securities exchange. An ETF represents a portfolio of securities designed to track a particular market segment or index. ETFs are subject to the following risks that do not apply to conventional funds:

- The market price of the ETF's shares may trade at a premium or a discount to their net asset value;
- An active trading market for an ETF's shares may not develop or be maintained; and
- There is no assurance that the requirements of the exchange necessary to maintain the listing of an ETF will continue to be met or remain unchanged

### ***Mutual Funds Risk***

The following is a list of some general risks associated with investing in mutual funds.

- **Country Risk** - The possibility that political events (a war, national elections), financial problems (rising inflation, government default), or natural disasters (an earthquake, a poor harvest) will weaken a country's economy and cause investments in that country to decline.
- **Currency Risk** -The possibility that returns could be reduced for Americans investing in foreign securities because of a rise in the value of the U.S. dollar against foreign currencies. Also called exchange-rate risk.
- **Income Risk** - The possibility that a fixed-income fund's dividends will decline as a result of falling overall interest rates.
- **Industry Risk** - The possibility that a group of stocks in a single industry will decline in price due to developments in that industry.
- **Inflation Risk** - The possibility that increases in the cost of living will reduce or eliminate a fund's real inflation-adjusted returns.
- **Manager Risk** -The possibility that an actively managed mutual fund's investment adviser will fail to execute the fund's investment strategy effectively resulting in the failure of stated objectives.

- **Market Risk** -The possibility that stock fund or bond fund prices overall will decline over short or even extended periods. Stock and bond markets tend to move in cycles, with periods when prices rise and other periods when prices fall.
- **Principal Risk** -The possibility that an investment will go down in value, or "lose money," from the original or invested amount.

### ***Stock Fund Risk***

Overall "market risk" poses the greatest potential danger for investors in stocks funds. Stock prices can fluctuate for a broad range of reasons, such as the overall strength of the economy or demand for particular products or services.

### ***Technical Analysis risk***

- Technical analysis is derived from the study of market participant behavior and its efficacy is a matter of controversy.
- Methods vary greatly and can be highly subjective; different technical analysts can sometimes make contradictory predictions from the same data.
- Models and rules can incur sufficiently high transaction costs.

### ***Overall Risks***

Clients need to remember that past performance is no guarantee of future results. All investments carry some level of risk. You may lose some or all of the money you invest, including your principal, because the securities held go up and down in value. Dividend or interest payments may also fluctuate, or stop completely, as market conditions change.

Before you invest, be sure to read a fund's prospectus and shareholder reports to learn about its investment strategy and the potential risks. Funds with higher rates of return may take risks that are beyond your comfort level and are inconsistent with your financial goals.

While past performance does not necessarily predict future returns, it can tell you how volatile (or stable) a fund has been over a period of time. Generally, the more volatile a fund, the higher the investment risk. If you'll need your money to meet a financial goal in the near-term, you probably can't afford the risk of investing in a fund with a volatile history because you will not have enough time to ride out any declines in the stock market.

## **Item 9 – Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of us or the integrity of our management. We do not have any legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management.

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

Neither Adviser nor any of its management persons are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer. Neither Adviser nor any



of its management persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

However, Adviser is under common control with Profits to Wealth, LLC (“PTW”), a professional development organization that provides group coaching and training sessions to professionals looking to further excel in their respective businesses. Clients of PTW pay a membership fee to PTW in consideration of such mastermind sessions. To the extent that an advisory client of Adviser is also a client of PTW, this presents a conflict of interest since such individual will pay both advisory fees to Adviser and membership fees to PTW. Adviser addresses this conflict of interest by fully disclosing it in this brochure, by transparently reflecting the separate membership fee in PTW’s membership agreement, by reminding advisory clients that they are in no way obligated to become members of PTW, and by reminding PTW clients that they are in no way obligated to become advisory clients of Adviser.

## **Item 11 – Code of Ethics, Participation or Interest in Client Accounts and Personal Trading**

### **General Information**

We have adopted a Code of Ethics for all supervised persons of the firm describing its high standards of business conduct, and fiduciary duty to you, our client. 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, the reporting of certain gifts and business entertainment items, and personal securities trading procedures. All of our supervised persons must acknowledge the terms of the Code of Ethics annually, or as amended.

### **Participation or Interest in Client Accounts**

Our Compliance policies and procedures prohibit anyone associated with Lake Hills Wealth Management from having an interest in a client account or participating in the profits of a client’s account without the approval of the CCO.

The following acts are prohibited:

- Employing any device, scheme or artifice to defraud
- Making any untrue statement of a material fact
- Omitting to state a material fact necessary in order to make a statement, in light of the circumstances under which it is made, not misleading
- Engaging in any fraudulent or deceitful act, practice or course of business
- Engaging in any manipulative practices

Clients and prospective clients may request a copy of the firm's Code of Ethics by contacting the CCO.

## Personal Trading

We may recommend securities to you that we will purchase for our own accounts. We may trade securities in our account that we have recommended to you as long as we place our orders after your orders. This policy is meant to prevent us from benefiting as a result of transactions placed on behalf of advisory accounts.

Certain affiliated accounts may trade in the same securities with your accounts on an aggregated basis when consistent with our obligation of best execution. When trades are aggregated, all parties will share the costs in proportion to their investment. We will retain records of the trade order (specifying each participating account) and its allocation. 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.

Lake Hills Wealth Management has a personal securities transaction policy in place to monitor the personal securities transactions and securities holdings of "Access Persons". The policy requires that an Access Person of the firm provide the Chief Compliance Officer or his/her designee with a written report of their current securities holdings within ten (10) days after becoming an Access Person. Additionally, each Access Person must provide the Chief Compliance Officer or his/her designee with a written report of the Access Person's current securities holdings at least once each twelve (12) month period thereafter on a date the Adviser selects; provided, however that at any time that the Adviser has only one Access Person, he or she shall not be required to submit any securities report described above.

We have established the following restrictions in order to ensure our fiduciary responsibilities regarding insider trading are met:

- No securities for our personal portfolio(s) shall be bought or sold where this decision is substantially derived, in whole or in part, from the role of IARs of Lake Hills Wealth Management, unless the information is also available to the investing public on reasonable inquiry. In no case, shall we put our own interests ahead of yours.

## Privacy Statement

We are committed to safeguarding your confidential information and hold all personal information provided to us in the strictest confidence. These records include all personal information that we collect from you or receive from other firms in connection with any of the financial services they provide. We also require other firms with whom we deal with to restrict the use of your information. Our Privacy Policy is available upon request.

## Conflicts of Interest

Lake Hills Wealth Management's IARs may employ the same strategy for their personal investment accounts as it does for its clients. However, IARs may not place their orders in a way to benefit from the purchase or sale of a security.

We act in a fiduciary capacity. If a conflict of interest arises between us and you, we shall make every effort to resolve the conflict in your favor. Conflicts of interest may also arise in the allocation of investment opportunities among the accounts that we advise. We will seek to allocate investment

opportunities according to what we believe is appropriate for each account. We strive to do what is equitable and in the best interests of all the accounts we advise.

## **Item 12 – Brokerage Practices**

### **Factors Used to Select Custodians**

In recommending a custodian/broker-dealer, we look for a company that offers relatively low transaction fees, access to desired securities, trading platforms, and support services. We typically recommend clients use TD Ameritrade as the qualified custodian for their accounts when utilizing our asset management services. Certain qualified plan accounts are also maintained under the custody of TIAA-CREF Individual & Institutional Services, LLC.

### **Soft Dollars**

We do not receive any soft dollars from broker-dealers, custodians or third-party money managers.

### **Best Execution**

We have an obligation to seek best execution for you. In seeking best execution, the determinative factor is not the lowest possible commission cost but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including the value of research provided, execution capability, commission rates, reputation and responsiveness. Therefore, we will seek competitive commission rates, but we may not obtain the lowest possible commission rates for account transactions.

We do not receive research and other soft dollar benefits in connection with client securities transactions, which are known as "soft dollar benefits". However, TD Ameritrade provides certain products and services that are intended to directly benefit us, clients, or both. Such products and services include (a) an online platform through which we can monitor and review client accounts, (b) access to proprietary technology that allows for order entry, (c) duplicate statements for client accounts and confirmations for client transactions, (d) invitations to TD Ameritrade's educational conferences, at times at a discount, (e) practice management consulting, and (f) occasional business meals and entertainment. The receipt of these products and services creates a conflict of interest to the extent it incentivizes us to recommend TD Ameritrade instead of a comparable custodial broker-dealer. We address this conflict of interest by fully disclosing the receipt of these products and services in this Brochure, by evaluating TD Ameritrade based on the value and quality of the services it provides to our clients, and by always acting in the best interests of our clients as a fiduciary.

### **Directed Brokerage**

We do not permit directed brokerage. We require you to use TD Ameritrade as the custodial broker-dealer if you wish to receive our asset management services.

### **Trading**

Transactions for each client account generally will be effected independently, unless we decide to purchase or sell the same securities for several clients at approximately the same time. We may (but are not obligated to) combine or "batch" such orders to obtain best execution, to negotiate more favorable

commission rates or to allocate equitably among our clients' differences in prices and commission or other transaction costs. Under this procedure, transactions will be price-averaged and allocated among our clients in proportion to the purchase and sale orders placed for each client account on any given day.

## **Item 13 – Review of Accounts**

### **Reviews**

Reviews are conducted at least annually or as agreed to by us. Reviews will be conducted by our Chief Compliance Officer and Managing Member. You may request more frequent reviews and may set thresholds for triggering events that would cause a review to take place. Generally, we will monitor for changes and shifts in the economy, changes to the management and structure of a mutual fund or company in which client assets are invested, and market shifts and corrections.

### **Reports**

You will be provided with account statements reflecting the transactions occurring in the account on at least a quarterly basis. These statements will be written or electronic depending upon what you selected when you opened the account. You will be provided with trade confirmations for all securities digitally via email or paper via mail for every transaction executed in the account. You are obligated to notify us of any discrepancies in the account(s) or any concerns you have about the account(s).

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

Nobody other than clients provides an economic benefit to us for providing investment advice or other advisory services to clients. However, as described above in Item 12, the custodial broker-dealer(s) recommended for client accounts provides certain products and services that are intended to directly benefit us, clients, or both.

Neither our firm nor a related person of our firm directly or indirectly compensates a person who is not our supervised person for client referrals.

## **Item 15 – Custody**

We do not have physical custody of any accounts or assets. However, we may be deemed to have custody of your account(s) if we have the ability to deduct your advisory fees from the custodian. We use TD Ameritrade as the custodian and/or broker-dealer for all your accounts. You should receive at least quarterly statements from the broker-dealer or custodian that holds and maintains your investment assets. We urge you to carefully review such statements and compare this official custodial record to the account statements that we may provide to you. Our statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities. If you notice any discrepancies, please contact Lake Hills Wealth Management.

We do not debit the client fees directly from your advisory account. We send information to your custodian to debit your fees and to pay them to us. You will authorize the custodian to pay us directly at the onset of the relationship.

## **Item 16 – Investment Discretion**

We usually receive discretionary authority from you at the beginning of an advisory relationship to select the identity and amount of securities to be bought or sold. This information is described in the Advisory Agreement you sign with us. In all cases, however, this discretion is exercised in a manner consistent with your stated investment objectives for your account.

When selecting securities and determining amounts, we observe the investment policies, limitations and restrictions you have set. For registered investment companies, our 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.

Prior to assuming discretionary authority, clients must execute the Advisory Agreement. Execution of the Advisory Agreement grants us the authority to determine, without obtaining specific client consent, both the amount and the type of securities to be bought and sold to help achieve the client account objectives.

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

As a matter of firm policy and practice, we do not have any authority to and do not vote proxies on behalf of advisory clients. You retain the responsibility for receiving and voting proxies for any and all securities maintained in your portfolios. We may provide advice to you regarding your voting of proxies. The custodian will forward you copies of all proxies and shareholder communications relating to your account assets.

## **Item 18 – Financial Information**

We are required to provide you with certain financial information or disclosures about our financial condition. We have no financial commitment that would impair our ability to meet any contractual and fiduciary commitments to you, our client. We have not been the subject of any bankruptcy proceedings. In no event shall we charge advisory fees that are both in excess of five hundred dollars and more than six months in advance of advisory services rendered.