



## Firm Brochure: Form ADV Part 2A

# LifePro Asset Management, LLC

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*This brochure provides information about the qualifications and business practices of LifePro Asset Management, LLC. If you have any questions about the contents of this brochure, please contact us at **(888) 543-3776** or by email at: [info@lifeproam.com](mailto:info@lifeproam.com). The information in this brochure has not been approved or verified by the Securities and Exchange Commission or by any state securities authority.*

*LifePro Asset Management, LLC is registered as an investment adviser with the Securities Exchange Commission; however, such registration does not imply a certain level of skill or training and no inference to the contrary should be made.*

*Additional information about LifePro Asset Management, LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by our unique identifying number, known as a CRD number, 285252.*

## Item 2: Material Changes

Pursuant to state and federal regulations, LPAM will ensure that clients receive a summary of any material changes to this Brochure within 120 days of the close of LPAM's fiscal year-end. Additionally, as LPAM experiences material changes in the future, we will send you a summary of our "Material Changes" under a separate cover. For more information about the firm, please contact us at (888) 543-3776.

LifePro Asset Management, LLC (hereinafter "LPAM") has updated our ADV Part 2A Disclosure Brochure to reflect the following change(s):

Portions of this brochure have been amended since the last annual amendment of March 27, 2023, as follows:

- **Item 4:** We have added a description of our Risk Based Models.
- **Item 5:** We have modified our fee schedule to include the Risk Based Models. We added language about margin.
- **Item 10:** We added language noting that certain employees are also registered representatives of a broker-dealer and employees of other registered investment advisers. We added language about our new firm affiliates.
- **Item 12:** We removed references to TD Ameritrade due to its merger with Charles Schwab. We added disclosure regarding directed brokerage arrangements.

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## Item 4: Advisory Business

### *Description of Firm and Principal Owners*

LifePro Asset Management, LLC (hereinafter “LPAM” or the “Firm”) is a Limited Liability Company organized in the state of California. The firm was formed in 2016. The principal owner is LifePro Financial Services, Inc. (“LifePro Financial”). On September 1, 2022, a controlling block of LifePro Financial’s interests were acquired by Simplicity Financial Marketing Holdings, Inc. (“Simplicity FMH”). Please see our Form ADV Part 1A for additional information concerning the firm’s ownership.

### *Types of Advisory Services Offered*

LPAM conducts its investment advisory business through a network of independent Investment Adviser Representatives (“IARs”) who operate offices located throughout the United States. While we oversee your advice and asset management, we do not dictate the products, platforms, or services your IAR recommends to you within the scope of available options LPAM makes available to your IAR. Most IARs will operate under their own business name(s) or Doing Business As (DBA) name(s). The purpose of using a name other than LPAM is for your IAR to create a brand that is specific to the IAR and/or branch but separate from LPAM. IARs also offer and provide other services through their business name(s) or DBA name(s), however all investment advisory services conducted by IARs must be through LPAM.

As a fiduciary, we shall exercise our best efforts to act in good faith and in the best interests of the client. Additionally, we provide written disclosure herein disclosing conflicts of interest, which will or reasonably may compromise our impartiality or independence.

LPAM has four service lines for investment advisory services: our ***Portfolio Management Services***, ***LPAM Tactical Strategies***, ***LPAM Risk Based Models*** and ***Financial Planning Services***.

#### **Portfolio Management Services**

LPAM offers ongoing Portfolio Management Services on a discretionary basis in accordance with the individual goals, objectives, time horizon, and risk tolerance of the client. Typically, LPAM creates investment guidelines for the client, which outlines the client’s current situation (income, tax levels, and risk tolerance levels) and then constructs a plan to aid in the selection of a portfolio that matches each client's specific situation. However, certain IARs – especially those working with Legacy Clients

(as defined below), will follow procedures for onboarding clients that differ from those stated above. Portfolio management services generally include, but are not limited to, the following:

- Investment strategy
- Personal investment policy
- Risk tolerance
- Asset allocation
- Regular portfolio monitoring
- Asset selection

LPAM's *Portfolio Management Services* are tailored to the specific needs of each client. These services are provided to the client by a dedicated LPAM IAR who ascertains, in consultation with the client, the client's financial situation, risk tolerance, and investment objectives as well as other pertinent information. Typically, LPAM will incorporate a client's total financial experience, from earned income, investments, health care and other liabilities to social security, qualified plans, life insurance and fixed annuities. These services will allow advisors to gain a holistic understanding of their client's: 1) Financial needs, 2) Current and projected health care costs, 3) Social Security benefits, 4) Risk tolerance profile of the client, 5) Client's financial fears or concerns, and 6) Scenario analysis and planning portal. LPAM's IARs will at times recommend Independent Managers where appropriate and as described below. Clients may impose restrictions in investing in certain securities or types of securities in accordance with their values or beliefs. However, if the restrictions prevent LPAM from properly servicing the client account, or if the restrictions would require LPAM to deviate from its standard suite of services, LPAM reserves the right to end the relationship.

LPAM seeks to provide that investment decisions are made in accordance with the fiduciary duties owed to its accounts and without consideration of LPAM's economic, investment or other financial interests. To meet its fiduciary obligations, LPAM attempts to avoid, among other things, investment or trading practices that systematically advantage or disadvantage certain client portfolios, and accordingly, LPAM's policy is to seek fair and equitable allocation of investment opportunities/transactions among its clients to avoid favoring one client over another over time. It is LPAM's policy to allocate investment opportunities and transactions it identifies as being appropriate and prudent, including initial public offerings ("IPOs") and other investment opportunities that might have a limited supply, among its clients on a fair and equitable basis over time.

### **Independent Managers**

To address a client's designated investment objectives, IARs of LPAM will at times recommend that the client allocate a portion or all of his or her investment assets to one or more unaffiliated independent registered investment advisers ("Independent Manager(s)"). Factors that are considered before recommending an Independent Manager include but are not limited to: the client's investment objectives, the Independent Manager's management style, investment team, performance history, reputation, financial strength, pricing, and investment process. LPAM has discretion to

choose Independent Managers to manage all or a portion of the client's assets. The Independent Manager shall have day-to-day responsibility for the discretionary management of the allocated assets, and LPAM will continue to render investment advisory services regarding the assets placed with the Independent Manager, including the ongoing monitoring and review of account performance and compliance with the client's investment objectives. Clients typically will incur a separate fee from the Independent Manager for those services in addition to the fees assessed by LPAM.

### **LPAM Tactical Strategies**

LPAM currently offers model portfolio strategies that are collectively referred to herein at times as the "LPAM Tactical Strategies". LPAM strives to offer an assortment of model portfolios capable of meeting various risk tolerances and investment objectives, and LPAM retains complete discretion over which model portfolios are available at any given time. LPAM makes the LPAM Tactical Strategies available to clients, as well as independent advisory firms, on a discretionary basis. LPAM's Tactical Strategy accounts are implemented via the custody platform at Charles Schwab & Co., Inc. ("Schwab"), federally registered with the Securities Exchange Commission and FINRA-registered broker-dealer and members of SIPC.

Typically, LPAM's Tactical Strategies are not tailored to the individual needs of clients, and as such, several clients will be invested in the same or similar model portfolios at any given time. Typically, client managed account assets are invested and managed in one or more LPAM Tactical Strategies that appear to be most suitable to the client based on the client's needs and objectives, investment time horizon, risk tolerance and any other pertinent factors. However, LPAM may, at times, and in its sole discretion, customize the LPAM Tactical Strategies, for example to help ensure suitability and/or to incorporate client restrictions.

LPAM uses proprietary analytical tools and commercially available optimization software applications in developing the LPAM Tactical Strategies.

### **LPAM Risk Based Models**

LPAM currently offers a series of risk and time-based investment models that are designed to adjust exposure to stocks and bonds based on a client's desired risk level, return objective and time horizons. The underlying investments include low-cost ETF products. These model portfolio strategies are collectively referred to herein at times as the "LPAM Risk Based Models". LPAM offers investment models that range from aggressive to very conservative and are diversified across a series of low-cost equity, commodity, real estate, and fixed income ETFs. Risk Based Models are implemented via the custody platform at Charles Schwab & Co., Inc. ("Schwab"), federally

registered with the Securities Exchange Commission and FINRA-registered broker-dealer and members of SIPC.

Typically, LPAM's Risk Based Models are not tailored to the individual needs of clients, and as such, several clients will be invested in the same or similar model portfolios at any given time. Typically, client managed account assets are invested and managed in one or more LPAM Risk Based Models that appear to be most suitable to the client based on the client's needs and objectives, investment time horizon, risk tolerance and any other pertinent factors. However, LPAM may, at times, and in its sole discretion, customize the LPAM Risk Based Models, for example to help ensure suitability and/or to incorporate client restrictions.

LPAM uses proprietary analytical tools and commercially available optimization software applications in developing the LPAM Risk Based Models.

### **Financial Planning**

LPAM's Financial Planning Services are provided to clients regarding the management of their financial resources and are based upon an analysis of individual client needs. The services range from comprehensive financial planning to more focused consultations, depending on the needs of each client. LPAM first collects pertinent information about the client's financial circumstances and objectives. LPAM then reviews and analyzes the information provided and generates a financial plan containing recommendations designed with time horizon focused asset allocation with the intention of achieving the clients' stated financial goals and objectives. Financial plans and financial planning may include but are not limited to investment planning; life insurance; tax concerns; retirement planning; college planning; and debt/credit planning.

Financial plans are based on the client's financial situation at the time the plan is presented and are based on the information disclosed by the client to LPAM. Clients are advised that certain assumptions are made with respect to interest and inflation rates, use of past trends and performance of the market and economy. Past performance is in no way an indication of future performance. LPAM cannot offer any guarantees or promises that the client's financial goals and objectives will be met.

In offering financial planning, a conflict exists between the interests of the investment adviser and the interests of the client. The client is under no obligation to act upon the investment adviser's recommendation, and, if the client elects to act on any of the recommendations, the client is under no obligation to effect the transaction through LPAM or any of its investment adviser representatives.

Additionally, as part of the firm's Financial Planning Services, if deemed to be in the best interest of the client, LPAM or our representatives, will from time-to-time recommend clients invest in certain

insurance products such as fixed annuities. Such products are managed by independent managers for which LPAM has no control over the selected manager. LPAM recommends clients review any financial product prior to purchase. Clients should be aware that these services pay a commission or other compensation to such representatives and creates a conflict of interest because such representatives have an incentive to make recommendations based on the compensation received rather than on a client's needs. Please note that clients are not obligated to implement any recommendation made by LPAM as part of its Financial Planning Services, and should clients choose to implement such recommendations, any subsequent transaction may be placed at any broker-dealer or insurance agency of client's choosing. Please see additional disclosures related to insurance activity under Item 10: Other Financial Industry Activities and Affiliations.

### **Services Limited to Specific Types of Investments**

LPAM generally limits its investment advice to mutual funds, fixed income securities, real estate funds (including REITs), equities, ETFs, bonds, non-U.S. securities, and options. LPAM may use other securities as well to help diversify a portfolio when applicable. Additionally, LPAM will recommend as part of its Financial Planning Services additional products such as fixed annuities if such products are deemed to be in the best interest of the client. Fixed business is not included in the asset management fee calculation.

### **Wrap Fee Programs**

A wrap fee program is an investment program where the investor pays one stated fee that includes management fees, transaction costs, fund expenses, and other administrative fees. LPAM does not offer any wrap fee programs at this time.

## ***Advisory Agreements***

### **Information Received by Individual Clients**

At the onset of the client relationship, LPAM gathers information on each client's investment objectives, risk tolerance, time horizons and financial goals. LPAM does not assume responsibility for the accuracy of the information provided by the client and is not obligated to verify any information received from the client or from any of the client's other professionals (e.g., attorney, accountant, etc.). Under all circumstances, clients are responsible for promptly notifying LPAM in writing of any material changes to the client's objectives, risk tolerance, time horizon, and financial goals. In the event that a client notifies LPAM of any changes, LPAM will review such changes and implement any necessary revisions to the client's portfolio.



### **Client Agreements and Disclosures**

Each client is required to enter into a written agreement with LPAM setting forth the terms and conditions under which the Firm shall render its services (the "Agreement"). In accordance with applicable laws and regulations, LPAM will provide its Form CRS, disclosure brochure (ADV Part 2A), brochure supplement (ADV Part 2B) and most recent Privacy Notice to each Client prior to or contemporaneously with the execution of the Agreement. The Agreement between LPAM and the client will continue in effect until terminated by either party pursuant to the terms of the Agreement. Neither LPAM nor the Client may assign the Agreement without the prior consent of the other party. Transactions that do not result in a change of actual control or management of LPAM shall not be considered an assignment.

### ***Assets Under Management***

As of December 31, 2023, LPAM actively manages \$311,330,551 of clients' assets, all on a discretionary basis. Additionally, LPAM advises on \$13,448,128 of assets managed by third parties.

## **Item 5: Fees and Compensation**

The fees for our service are set forth immediately below. In computing the market value of any investment account, the securities in the account listed on a national securities exchange or otherwise subject to current last sale reporting shall be valued at the amount reported on the statement that client receives from the custodian. Such securities which are not traded nor subject to last sale reporting shall be valued at the latest available bid price reflected by quotations furnished to LPAM by such sources as it may deem appropriate and reasonable. Any other security shall be valued in such manner as shall be determined in good faith by LPAM and client to reflect its fair market value. Cash and cash equivalents are also included in determining the market value of any investment account.

### ***Portfolio Management Fees***

LPAM's annual fee for Portfolio Management Services is billed in arrears on a tiered schedule based upon a percentage (%) of the market value of the assets under our management as follows:

<b><u>Total Assets Under Management</u></b>	<b><u>Annual Fees</u></b>
\$0 - \$1,999,999	1.00% - 1.40%
\$2,000,000 - \$4,999,999	20bps Discount
\$5,000,000 and Above	20bps Discount

The initial portfolio management fees are set by the IAR managing the account and can range from 1.00% to 1.40% on the first \$1,999,999 of assets under management. The management fee range will depend on multiple factors including, but not limited to, the IAR providing services, geographic location, portfolio services being provided, size of the client account, needs of the client, use of financial software, expectation of future work, and ongoing financial planning. After the first \$1,999,999, the portfolio management fee will be discounted by 20 basis points for each breakpoint reached. The final fee schedule is included as part of the client's Agreement. LPAM uses an average of the daily balance in the client's account throughout the billing period, after taking into account deposits and withdrawals, for purposes of determining the market value of the assets upon which the advisory fee is based.

**Please note** that certain "legacy clients" of the Firm will have a fee schedule and/or billing practices that differ from those disclosed herein. Legacy clients are those clients that had a pre-existing arrangement with an IAR before that IAR became registered with LPAM. In those instances, the specific fees and billing practices will be as described in the respective legacy client's agreement.

LPAM will not be compensated on the basis of a share of capital gains upon or capital appreciation of the clients, assets under management. Further, assets under management do not include products that may be recommended or sold to Client by advisory representatives of LPAM, including insurance and/or annuity products.

Fees are negotiable under certain circumstances at the sole discretion of LPAM. Additionally, at the sole discretion of LPAM, portfolio management fees are normally waived for employees and employee's family and friends. Clients may terminate the agreement without penalty within five business days of signing the Agreement. Fees may be higher for this service but lower fees for comparable services may be available from other sources.

### ***LPAM Tactical Investment Strategies***

LPAM's annual fee for LPAM Tactical Strategies Services is collected in arrears on a tiered schedule, based upon a percentage (%) of the market value of the assets under our management as follows:

<b><u>Total Assets Under Management</u></b>	<b><u>Annual Fees</u></b>
\$0 - \$1,999,999	1.00%
\$2,000,000 - \$4,999,999	0.80%
\$5,000,000 and Above	0.60%

LPAM uses an average of the daily balance in the client's account throughout the billing period, after taking into account deposits and withdrawals, for purposes of determining the market value of the assets upon which the advisory fee is based.

LifePro's Portfolio Management Services platform is separate and distinct from the LPAM Tactical Strategy Services platform. As such, LPAM's annual fees for LPAM Tactical Strategies **are separate from and in addition to** the Portfolio Management Services fees. Since each IAR affiliated with LPAM has discretion to either self-manage, select from a variety of Independent Managers, or utilize the Firm's Tactical Strategy Services platform for managing their client's assets, a conflict of interest exists in that the Firm has a financial incentive to recommend IARs utilize its Tactical Strategy Services instead of the IAR self-managing the assets, or using an Independent Manager. The Firm attempts to address this conflict of interest by disclosing it to clients through the Firm's Brochure, client Agreement, and/or verbally prior to or at the time of a client entering into an Agreement with LPAM. Additionally, LPAM has made it clear that affiliated IARs receive no preferential treatment and/or additional compensation for selecting LPAM's Tactical Strategy Services over any other third-party Independent Manager. Clients should carefully review their Agreement with LPAM for a description of all applicable fees.

These fees are generally not negotiable. In certain circumstances we may reduce or lower the fee. The final fee schedule is included as part of the client's Investment Advisory Contract. Fees may be higher for this service but lower fees for comparable services may be available from other sources.

### ***LPAM Risk Based Models***

LPAM's annual fee for LPAM Risk Based Models is 0.50%, collected in arrears, based upon a percentage (%) of the market value of the assets under our management.

LPAM uses an average of the daily balance in the client's account throughout the billing period, after taking into account deposits and withdrawals, for purposes of determining the market value of the assets upon which the advisory fee is based.

LifePro's Portfolio Management Services platform is separate and distinct from the LPAM Risk Based Models platform. As such, LPAM's annual fees for LPAM Risk Based Models **are separate from and in addition to** the Portfolio Management Services fees. Since each IAR affiliated with LPAM has discretion to either self-manage, select from a variety of Independent Managers, or utilize the Firm's Risk Based Models platform for managing their client's assets, a conflict of interest exists in that the Firm has a financial incentive to recommend IARs utilize its Risk Based Models instead of the IAR self-managing the assets, or using an Independent Manager. The Firm attempts to address this conflict of interest by disclosing it to clients through the Firm's Brochure, client Agreement, and/or

verbally prior to or at the time of a client entering into an Agreement with LPAM. Additionally, LPAM has made it clear that affiliated IARs receive no preferential treatment and/or additional compensation for selecting LPAM's Risk Based Models over any other third-party Independent Manager. Clients should carefully review their Agreement with LPAM for a description of all applicable fees.

These fees are generally not negotiable. In certain circumstances we may reduce or lower the fee. The final fee schedule is included as part of the client's Investment Advisory Contract. Fees may be higher for this service but lower fees for comparable services may be available from other sources.

*Payment of Fees Relating to Portfolio Management, LPAM Tactical Strategy Services and LPAM Risk Based Models*

Asset-based fees are withdrawn directly from the client's accounts with client's written authorization on a monthly or quarterly basis. Fees are paid in arrears. Should a client open an account during the month, LPAM's fees will be prorated based on the number of days the account was open during the month. In the event LPAM's services are terminated mid-month, any earned, unpaid fees will be immediately due. The number of days the account was managed during the month until termination is used to determine the amount of the management fee owed, if any, upon termination.

LPAM's affiliated IARs operate on an independent basis and their affiliation is contingent on our ability to properly supervise the advisory operations of the independent advisor and ensure that the advisor and their advisory operation are following the compliance, due diligence, and fiduciaries standards that we require from advisors affiliating with LPAM.

For avoidance of doubt, LPAM's fee schedule for Portfolio Management Services and LPAM Tactical Strategy Services is applied as a "blended-tier" as opposed to a "straight-tier." This means that specified rates are applied to assets within each of the rate brackets, with calculated fees in each bracket added together to make up the total fee charged. For example, if a client receiving Portfolio Management Services has \$3,000,000 under management with the Firm, the account would be assessed a fee of 1.20% on the first \$1,999,999, and 1.0% on the remaining \$1,000,001 when calculating the total amount of fees due.

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

The negotiated fixed rate for creating client financial plans is between \$2,500 and \$5,000. Fees typically range based upon the complexity of assets, number of areas analyzed, depth of analysis required, or other unique reasons agreed to by the parties. These fees may be negotiated at the

discretion of the investment adviser representative and are generally based on the level of complexity involved with the planning.

Most clients choose to pay the financial planning fees directly via check or credit card. Clients typically pay an initial deposit of 50% of the total fee upon signing of the contract, however this may be negotiated. An invoice for services is issued on completion of the written analysis, which is payable upon receipt. Upon completion, LPAM will deliver the plan to the client. In all instances the financial plan will be completed within six (6) months of engagement. Under no circumstances do we require or solicit payment of fees in excess of \$1,200 more than six months in advance of services rendered.

In the case of early termination prior to completion of the plan, LPAM will deliver that portion of the plan which has been prepared. Clients may terminate the agreement without penalty, for full refund of LPAM's fees including fees paid in advance, within five business days of signing the Financial Planning Agreement. Thereafter, clients may terminate the Financial Planning Agreement upon thirty (30) days written notice. Lower fees for comparable services may be available from other sources.

## ***General Information***

### **Termination of the Advisory Relationship**

A client agreement may be canceled at any time, by either party, for any reason upon receipt of 30 days written notice. As disclosed above, Financial Planning fees are paid in advance of services provided. Upon termination of any account, any prepaid, unearned fees will be promptly refunded and no more than 30 days. When applicable, in calculating a client's reimbursement of fees, we will pro rate the reimbursement according to the number of days remaining in the billing period.

### **Third-Party and Fund Fees**

Clients are responsible for the payment of all third-party fees (i.e. custodian fees, brokerage fees, mutual fund fees, transaction fees, etc.). Client assets invested in funds (such as mutual funds and ETFs) will be subject to certain fees and expenses imposed directly by the funds to their shareholders, which shall be described in each fund's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee. If the sponsor also imposes sales charges, a client could pay initial or deferred sales or surrender charges.

### **Independent Manager Fees**

Client account assets invested with Independent Managers will have that fee assessed directly by the Independent Manager in accordance with their respective billing terms. **Please read the Independent Manager's disclosures and account applications completely.** Independent Manager fees are detailed in their respective Form ADV Disclosure Brochure and are not determined by LPAM. Fees paid to Independent Managers are in lieu of any LPAM Tactical Investment Strategy or Risk Based Model Fees. At times, certain Independent Managers will also debit LPAM's Portfolio Management Fees. 2.4% is the maximum amount charged regardless of whether the account is internally managed or outsourced to an Independent Manager. LPAM does receive fees by certain Third-Party Managers, either in the form of our advisory fee or in the form of a solicitation fee. In such instances the client is only charged one fee, either the advisory fee or solicitation fee.

The fees charged by Independent Managers are separate and distinct from the fees charged by LPAM. Accordingly, the client should review the fees charged by any investment adviser, funds and/or third-party providers in which the client's assets are invested, together with the fees charged by LPAM, to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

### **Margin Fees**

Margin accounts may be utilized for certain clients where it meets their investment objectives and goals. Margin accounts are billed on the gross total asset value in the account. Margin loan balances do not reduce the billable account value. The total net value of your account is the gross value of your assets (including any accrued income) less your margin loan balance. The total gross value of your assets, and therefore the billable account value, will exceed the total net value of your account if you have a margin loan balance. By calculating our fee based on gross total asset value, we have a conflict of interest if we recommend purchases on margin because such purchases can increase our compensation. We seek to address conflicts such as this through disclosure and our suitability process.

### **Outside Compensation**

Neither LPAM nor its representatives receive outside compensation for the sale of securities.

LPAM or our supervised persons will from time-to-time recommend clients invest in certain insurance products such as fixed annuities, if deemed to be in the best interest of the client. LPAM recommends clients review any financial product prior to purchase. Clients should be aware that these services pay a commission or other compensation to such representatives and creates a conflict

of interest because such representatives have an incentive to make recommendations based on the compensation received rather than on a client's needs. Please note that clients are not obligated to implement any recommendation made by LPAM as part of its Financial Planning Services, and should clients choose to implement such recommendations, any subsequent transaction may be placed at any broker-dealer or insurance agency of client's choosing. Please see additional disclosures related to insurance activity under Item 10: Other Financial Industry Activities and Affiliations.

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

LPAM does not accept performance-based fees (*i.e.*, fees calculated based on a share of capital gains upon or capital appreciation of the funds or any portion of the funds of an advisory Client) or other fees based on a share of capital gains on or capital appreciation of the assets of a client.

## Item 7: Types of Clients

LPAM generally provides advisory services to the following types of clients:

- Individuals
- High-Net-Worth Individuals
- Charitable Organizations

Our firm's account minimum is \$40,000 for any of LPAM's services. However, LPAM reserves the right to negotiate this minimum and accept or decline a potential client for any reason in its sole discretion. There may be times when certain restrictions are placed by a client, which prevents LPAM from accepting or continuing to manage the account.

## Item 8: Methods of Analysis, Investment Strategies, & Risk of Loss

### *Methods of Analysis*

LPAM uses a variety of analytical information to assist with its security analysis. LPAM's methods of analysis include Charting Analysis, Cyclical Analysis, Fundamental Analysis, Modern Portfolio Theory, Quantitative Analysis, and Technical Analysis.

**Charting Analysis** involves the use of patterns in performance charts. LPAM uses this technique to search for patterns used to help predict favorable conditions for buying and/or selling a security. The

risk involved in using this method is that only past performance data is considered without using other methods to crosscheck data. Using charting analysis without other methods of analysis would be making the assumption that past performance will be indicative of future performance. This may not be the case.

**Cyclical Analysis** involves the analysis of business cycles to find favorable conditions for buying and/or selling a security. Thus, the analysis assumes that the markets react in cyclical patterns which, once identified, can be leveraged to provide performance. The risks with this strategy are two-fold: 1) the markets do not always repeat cyclical patterns; and 2) if too many investors begin to implement this strategy, then it changes the very cycles these investors are trying to exploit.

**Fundamental Analysis** involves the analysis of financial statements, the general financial health of companies, and/or the analysis of management or competitive advantages and concentrates on factors that determine a company's value and expected future earnings. This strategy would normally encourage equity purchases in stocks that are undervalued or priced below their perceived value. The risk assumed is that the market will fail to reach expectations of perceived value.

**Modern Portfolio Theory** is a theory of investment that attempts to maximize portfolio expected return for a given amount of portfolio risk, or equivalently minimize risk for a given level of expected return, each by carefully choosing the proportions of various asset. The theory assumes that investors are risk adverse, meaning that given two portfolios that offer the same expected return, investors will prefer the less risky one. Thus, an investor will take on increased risk only if compensated by higher expected returns. Conversely, an investor who wants higher expected returns must accept more risk. The exact trade-off will be the same for all investors, but different investors will evaluate the trade-off differently based on individual risk aversion characteristics. The implication is that a rational investor will not invest in a portfolio if a second portfolio exists with a more favorable risk-expected return profile – i.e., if for that level of risk an alternative portfolio exists which has better expected returns.

**Quantitative Analysis** deals with measurable factors as distinguished from qualitative considerations such as the character of management or the state of employee morale, such as the value of assets, the cost of capital, historical projections of sales, and so on. Investment strategies using quantitative models may perform differently than expected as a result of, among other things, the factors used in the models, the weight placed on each factor, changes from the factors' historical trends, and technical issues in the construction and implementation of the models.

**Technical Analysis** involves the analysis of past market data; primarily price and volume which attempts to predict a future stock price or direction based on market trends. The assumption is that the market follows discernible patterns and if these patterns can be identified then a prediction can



be made. The risk is that markets do not always follow patterns and relying solely on this method may not take into account new patterns that emerge over time.

### ***Investment Strategies***

**Long term trading** is designed to capture market rates of both return and risk. Due to its nature, the long-term investment strategy can expose clients to various types of risk that will typically surface at various intervals during the time the client owns the investments. These risks include but are not limited to inflation (purchasing power) risk, interest rate risk, economic risk, market risk, and political/regulatory risk.

**Selection of other Advisers:** Although LPAM will seek to select only money managers who will invest clients' assets with the highest level of integrity, LPAMs selection process cannot ensure that money managers will perform as desired and LPAM will have no control over the day-to-day operations of any of its selected money managers. LPAM would not necessarily be aware of certain activities at the underlying money manager level, including without limitation a money manager's engaging in unreported risks, investment "style drift" or even regulatory breaches or fraud.

### ***Risks of Specific Securities Utilized***

Securities investments are not guaranteed, and you may lose money on your investments. We ask that you work with us to help us understand your tolerance for risk. Clients should understand that investing in any securities, including mutual funds, involves a risk of loss of both income and principal.

Clients should be aware that there is a material risk of loss using any investment strategy. The investment types listed below are not guaranteed or insured by the FDIC or any other government agency.

**Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

**Market Risk:** Either the stock market as a whole, or the value of an individual company, goes down resulting in a decrease in the value of client investments. This is also referred to as systemic risk.

**Management Risk:** Client's investment varies with the success and failure of our investment strategies, research, analysis, and determination of portfolio securities. If our investment strategies do not produce the expected returns, the value of the investment will decrease.

**Mutual Funds:** Investing in mutual funds carries the risk of capital loss and thus you may lose money investing in mutual funds. All mutual funds have costs, that lower investment returns. The funds can be of bond “fixed income” nature or stock “equity” nature.

**Equity** investment generally refers to buying shares of stocks in return for receiving a future payment of dividends and/or capital gains if the value of the stock increases. The value of equity securities may fluctuate in response to specific situations for each company, industry conditions and the general economic environments.

**Fixed income** investments generally pay a return on a fixed schedule, though the amount of the payments can vary. This type of investment can include corporate and government debt securities, leveraged loans, high yield, and investment grade debt and structured products, such as mortgage and other asset-backed securities, although individual bonds may be the best-known type of fixed income security. In general, the fixed income market is volatile and fixed income securities carry interest rate risk. (As interest rates rise, bond prices usually fall, and vice versa. This effect is usually more pronounced for longer-term securities.) Fixed income securities also carry inflation risk, liquidity risk, call risk, and credit and default risks for both issuers and counterparties. The risk of default on treasury inflation protected/inflation linked bonds is dependent upon the U.S. Treasury defaulting (extremely unlikely); however, they carry a potential risk of losing share price value, albeit rather minimal. Risks of investing in foreign fixed income securities also include the general risk of non-U.S. investing described below.

**Exchange Traded Funds (ETFs):** An ETF is an investment fund traded on stock exchanges, similar to stocks. Investing in ETFs carries the risk of capital loss (sometimes up to a 100% loss in the case of a stock holding claiming bankruptcy). Areas of concern include the lack of transparency in products and increasing complexity, conflicts of interest and the possibility of inadequate regulatory compliance. Precious Metal ETFs (e.g., Gold, Silver, or Palladium Bullion backed “electronic shares” not physical metal) specifically may be negatively impacted by several unique factors, among them (1) large sales by the official sector which own a significant portion of aggregate world holdings in gold and other precious metals, (2) a significant increase in hedging activities by producers of gold or other precious metals, (3) a significant change in the attitude of speculators and investors.

**Leveraged and Inverse ETF Risk**– A leveraged ETF generally seeks to deliver multiples of the daily performance of the index or benchmark that it tracks.<sup>[1]</sup> An inverse ETF generally seeks to deliver

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<sup>[1]</sup> For example: A 2X fund will have a multiplier of two times (2x) the Index. A single day movement in the Index approaching 50% at any point in the day could result in the total loss of a shareholder's investment if that movement is contrary to the investment objective of the leveraged ETF, even if the Index subsequently moves in an opposite direction, eliminating all or a portion of the earlier movement. This would be the case with any such single day movements in the Index, even if the Index maintains a level greater than zero at all times.

the opposite of the daily performance of the index or benchmark that it tracks. Inverse ETFs often are marketed as a way for investors to profit from, or at least hedge their exposure to, downward-moving markets. Some ETFs are both inverse and leveraged, meaning that they seek a return that is a multiple of the inverse performance of the underlying index. To accomplish their objectives, leveraged and inverse ETFs use a range of investment strategies, including swaps, futures contracts, and other derivative instruments. Leveraged, inverse, and leveraged inverse ETFs are more volatile and riskier than traditional ETFs due to their exposure to leverage and derivatives, particularly total return swaps and futures. At times, the Firm will recommend leveraged and/or inversed ETFs, which may amplify gains and losses.

**Risks Associated with Holding Leveraged and/or Inverse ETFs for an Extended Period of Time**

– Most leveraged ETFs are typically designed to achieve their desired exposure on a daily (in a few cases, monthly) basis, and reset their leverage daily. A "single day" is measured from the time the leveraged ETF calculates its net asset value ("NAV") to the time of the leveraged ETF's next NAV calculation. The return of the leveraged ETF for periods longer than a single day will be the result of each day's returns compounded over the period. Due to the effect of this mathematical compounding, their performance over longer periods of time can differ significantly from the performance (or inverse performance) of their underlying index or benchmark during the same period of time. For periods longer than a single day, the leveraged ETF will lose money when the level of the Index is flat, and it is possible that the leveraged ETF will lose money even if the level of the Index rises. Longer holding periods, higher index volatility and greater leverage all exacerbate the impact of compounding on an investor's returns. During periods of higher Index volatility, the volatility of the Index may affect the leveraged ETF's return as much as or more than the return of the Index itself. Therefore, holding leveraged, inverse, and leveraged inverse ETFs for longer periods of time increases their risk due to the effects of compounding and the inherent difficulty in market timing. Leveraged ETFs are riskier than similarly benchmarked ETFs that do not use leverage. Non-traditional ETFs are volatile and not suitable for all investors. Positions in non-traditional ETFs should be monitored closely due to their volatile nature and inability to track the underlying index over an extended period of time.

**Real estate funds** (including REITs) face several kinds of risk that are inherent in the real estate sector, which historically has experienced significant fluctuations and cycles in performance. Revenues and cash flows may be adversely affected by: changes in local real estate market conditions due to changes in national or local economic conditions or changes in local property market characteristics; competition from other properties offering the same or similar services; changes in interest rates and in the state of the debt and equity credit markets; the ongoing need for capital improvements; changes in real estate tax rates and other operating expenses; adverse changes in governmental rules and fiscal policies; adverse changes in zoning laws; the impact of present or future environmental legislation and compliance with environmental laws.

**Annuities** are a retirement product for those who may have the ability to pay a premium now and want to guarantee they receive certain monthly payments or a return on investment later in the future. Annuities are contracts issued by a life insurance company designed to meet requirement or other long-term goals. An annuity is not a life insurance policy. LPAM will at time recommend to clients fixed annuities. There exist certain risks with obtaining fixed annuities similar to the risks described for “fixed income” products above. This product is part of your financial planning service recommendations but are not included in your asset management fee calculation. Annuity guarantees rely on the financial strength and claims-paying ability of the issuing insurance company. Annuities are insurance products that may be subject to fees, surrender charges and holding periods which vary by carrier.

**Non-U.S. securities** present certain risks such as currency fluctuation, political and economic change, social unrest, changes in government regulation, differences in accounting and the lesser degree of accurate public information available.

**Options Risk:** For certain clients, LPAM employs the use of options for hedging purposes. For example, we may buy put options if a client owns a stock in order to help reduce market risk of a large loss in the position. While options do carry certain risks, LPAM does not invest client assets in options other than for such hedging purposes. The following risks are associated with these types of transactions:

- *Options:* An option is a contract to buy or sell a specific financial product officially known as the option's underlying instrument or underlying interest. For equity options, the underlying instrument is a stock, ETF, or similar product. The contract itself is very precise. It establishes a specific price, called the strike price, at which the contract may be exercised, or acted on. It also has an expiration date. When an option expires, it no longer has value and no longer exists. Options come in two varieties, calls, and puts, and you can buy or sell either type. Call contracts will expire worthless if the underlying security closes below the strike price on expiration. Put contracts will expire worthless if the underlying security closes above the strike price on expiration. Selling a covered call may limit the upside if the underlying security closes above the strike price on expiration. Special tax rules may apply, depending on the outcome.
- *Option buying:* This is a basic options strategy where investors buy a call or put option with the hope that the price of the underlying stock will move far enough to cover the premium paid for the option.
- *Option writing:* Investors can sell options in order to obtain additional income from premiums paid by the option buyer. Option writing is often associated with the investment strategy known as covered call writing. Covered calls limit the upside of a stock holding.

- *Uncovered Options and Spreading Strategies:* Uncovered options trading can be riskier than writing covered call options. The potential loss is theoretically unlimited. An option spread involves combining two different option strikes as part of a limited risk strategy.

## Item 9: Disciplinary Information

Neither the firm nor the management persons have been involved in a legal or disciplinary event nor any administrative proceedings to report. Certain investment adviser representatives have disciplinary disclosures, please see their respective Form ADV 2B Brochure Supplement for further details.

## Item 10: Other Financial Industry Activities and Affiliations

Neither LPAM nor its representatives are registered as or have pending applications to become either a Futures Commission Merchant, Commodity Pool Operator, or Commodity Trading Advisor or an associated person of the foregoing entities.

Additionally, neither LPAM nor its representatives have any relationship or arrangements with any of the following: municipal securities dealer, government securities dealer or broker; an investment company or other pooled investment vehicle (*e.g.* mutual fund, private fund, etc.); 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; or a sponsor or syndicator of limited partnerships.

LPAM has an employee who is also an employee of an unaffiliated registered investment adviser. This presents a conflict of interest for the employee and LPAM with how the employee's time is spent and how LPAM can supervise the employee's activities. LPAM has established processes to monitor the employee's other business activities and the individual's obligation and compliance with LPAM's policies and procedures.

LPAM is not registered and does not intend to register as a broker-dealer. However, certain supervised persons of LPAM are registered representatives of an affiliated, registered broker-dealer. LPAM does not recommend, nor utilize the services of these broker-dealer affiliates for its clients.

### Selection of Other Advisers or Managers

LPAM has discretion to choose third-party investment advisers to manage all or a portion of the client's assets. Clients will pay LPAM its portfolio management fee in addition to the fee for the

advisers to which it directs those clients. This relationship will be memorialized in each contract between LPAM and each third-party advisor. The fees will not exceed any limit imposed by any regulatory agency. LPAM will always act in the best interests of the client, including when determining which third-party investment adviser to recommend to clients. LPAM will ensure that all recommended advisers are licensed, or notice filed in the states in which LPAM is recommending them to clients.

### Recommending Rollovers

When leaving an employer, Clients typically have four options regarding their existing retirement plan: (1) leave the assets in the former employer's plan, if permitted, (2) roll over the assets to the new employer's plan, if one is available and rollovers are permitted, (3) roll over the assets to an Individual Retirement Account ("IRA"), or (4) take a full withdrawal in cash, which would result in ordinary income tax and a penalty tax if the person is under age 59 1/2. At times, as part of its services, the Firm recommends that Clients roll over their 401(k), other qualified plan assets, or individual retirement plans, to an IRA. This rollover recommendation presents a conflict of interest in that the Firm will receive compensation (or may increase current compensation) when investment advice is provided following the Client's decision to roll over plan assets. Clients who have assets in retirement accounts elsewhere could potentially pay a larger fee if rolled into an IRA or Roth IRA with LPAM as the adviser. LPAM will only recommend rollovers if it's in the best interest of the Client. Instances, where it may be in the best interest of the Client, are to simplify their account management (reduce the number of retirement accounts), have professional management of their account, limited investment options at current retirement plan, and/or high administrative fees. Prior to making a decision, each Client should carefully review the information regarding rollover options and are under no obligation to rollover retirement plan assets to an account managed by LPAM.

### Insurance Activity

Certain affiliates of LPAM are insurance agencies that markets/wholesales life insurance and fixed annuities to third-party insurance agents in exchange for a marketing and/or override commission/fee from the issuer of such insurance/fixed annuity products.

Additionally, certain representatives of LPAM serve in a separate capacity as licensed insurance agents with the insurance agencies, and from time to time, will offer LPAM clients advice or products from those activities. Typically, such recommendations are made as part of a client's broader financial plan. Clients should be aware that these services pay a commission or other compensation to such representatives and creates a conflict of interest because such representatives have an incentive to make recommendations based on the compensation received rather than on a client's needs. As part of LPAM's fiduciary duty to clients, LPAM and its representatives strive to, at all times,

put the interests of the clients first. Consequently, recommendations are only made to the extent that they are reasonably believed to be in the best interest of the client. Additionally, the conflicts surrounding the outside business activities and additional compensation are disclosed to clients at the time of entering into an advisory or financial planning agreement, mainly through the delivery of this Brochure and Brochure Supplements. Clients are in no way required to act upon such recommendations made by LPAM or any of its representatives and as such, the client is under no obligation to effect the transactions through insurance agencies, or through any representative of LPAM.

**CONFLICT OF INTEREST DISCLOSURE:** LPAM endeavors at all times to put the interest of its clients first as part of our fiduciary duty as a registered investment adviser, as such we have taken the following steps to address this conflict:

- we ensure disclosure to clients includes the existence of all material conflicts of interest and additional advice that they are not obligated to purchase recommended investment products from our employees or affiliated companies;
- we collect, maintain and document accurate, complete, and relevant client background information, including the client's financial goals, objectives, and risk tolerance;
- our firm's management conducts regular reviews of each client account to verify that all recommendations made to a client are suitable to the client's needs and circumstances;
- we require that our employees seek prior approval of any outside employment activity so that we may ensure that any conflicts of interests in such activities are properly addressed;
- we periodically monitor these outside employment activities to verify that any conflicts of interest continue to be properly addressed by our firm; and
- we educate our employees regarding the responsibilities of a fiduciary, including the need for having a reasonable and independent basis for the investment advice provided to clients.

### *Firm Affiliates*

Due to common ownership, LPAM is affiliated with: (i) Simplicity Wealth LLC, a registered investment adviser with the SEC, (ii) Leaders Group, Inc., a broker-dealer registered with FINRA, (iii) TLG Advisors, Inc., a registered investment adviser with the SEC, (iv) CoreCap Advisors, LLC, a registered investment adviser with the SEC, (v) CoreCap Investments, LLC, a broker-dealer registered with FINRA, and (vi) various insurance marketing organizations as these are all wholly-owned by Simplicity FMH.

The Firm's CEO, Heather Ulz, the Firm's President, Benjamin Nevejans, the Firm's Chief Financial Officer and Treasurer, Mitchell Leidner, and board members Sean Wickersham, Bruce Donaldson, and Erin McCann also serve as officers or board members for the affiliates of the Firm. In such capacities these individuals are not engaged in or otherwise involved in any sales activities directly involving clients.

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

LPAM has a written Code of Ethics that covers the following areas: Prohibited Purchases and Sales, Insider Trading, Personal Securities Transactions, Exempted Transactions, Prohibited Activities, Conflicts of Interest, Gifts and Entertainment, Confidentiality, Service on a Board of Directors, Compliance Procedures, Compliance with Laws and Regulations, Procedures and Reporting, Certification of Compliance, Reporting Violations, Compliance Officer Duties, Training and Education, Recordkeeping, Annual Review, and Sanctions. LPAM's Code of Ethics is available free upon request to any client or prospective client. Please see the cover page for our contact information.

LPAM does not recommend that clients buy or sell any security in which a related person to LPAM or LPAM has a material financial interest.

From time to time, representatives of LPAM may buy or sell securities for themselves that they also recommend to clients. This may provide an opportunity for representatives of LPAM to buy or sell the same securities before or after recommending the same securities to clients resulting in representatives profiting off the recommendations they provide to clients. Such transactions may create a conflict of interest. LPAM will never engage in trading that operates to the client's disadvantage if representatives of LPAM buy or sell securities at or around the same time as clients. Additionally, LPAM will review transactions that could be construed as conflicts of interest and will seek to never engage in trading that operates to the client's disadvantage when similar securities are being bought or sold.

We have established the following policies and procedures for implementing our firm's Code of Ethics, to ensure our firm complies with its regulatory obligations and provides our clients and potential clients with full and fair disclosure of such conflicts of interest:

- No principal or employee of our firm may buy or sell securities for their personal portfolio(s) where their decision is a result of information received as a result of his or her employment unless the information is also available to the investing public.
- Our firm requires prior approval for certain securities.



- We require delivery and acknowledgment of the Code of Ethics by each supervised person of our firm.
- Any individual who violates any of the above restrictions may be subject to sanctions, which may include termination.

## Item 12: Brokerage Practices

### *Factors Used to Select Custodians and/or Broker/Dealers*

Under the terms of LPAM's Agreement, LPAM has the authority to determine securities to be bought or sold, the amount of the securities to be bought or sold, the broker to be used and the commission rates to be paid. LPAM however typically recommend custodians/broker-dealers based on LPAM's duty to seek "best execution," which is the obligation to seek execution of securities transactions for a client on the most favorable terms for the client under the circumstances. Clients will not necessarily pay the lowest commission or commission equivalent, and LPAM may also consider the market expertise and research access provided by the broker-dealer/custodian, including but not limited to access to written research, oral communication with analysts, admittance to research conferences and other resources provided by the brokers that may aid in LPAM research efforts. LPAM will never charge a premium or commission on transactions, beyond the actual cost imposed by the broker-dealer/custodian.

If utilizing one or more of LPAM's Tactical Strategies or Risk Based Models, LPAM will require clients to use Schwab. The clients will not be allowed to direct brokerage to other broker-dealers/custodians. LPAM is independently owned and operated and not affiliated with Schwab. Schwab will hold our clients' assets in a brokerage account and buy and sell securities when LPAM instructs them to.

For clients who direct us to use a particular broker-dealer/custodian, portfolio transaction costs are typically agreed upon between the client and the broker-dealer/custodian and it is our practice not to get involved in these negotiations. In this situation, clients should be aware that transactions may limit the advantages of aggregating trades and that transaction costs may be higher than other clients. In this event, all transactions may be executed with the brokerage firm and as such may limit our ability to receive best execution and as such we will not seek other or better execution services or prices.

### *Research and Other Soft-Dollar Benefits*

While LPAM has no formal soft dollars, program in which soft dollars are used to pay for third party services, LPAM may receive research, products, or other services from custodians and broker-dealers

in connection with client securities transactions (“soft dollar benefits”). LPAM may enter into soft-dollar arrangements consistent with (and not outside of) the safe harbor contained in Section 28(e) of the Securities Exchange Act of 1934, as amended. There can be no assurance that any particular client will benefit from soft dollar research, whether or not the client’s transactions paid for it, and LPAM does not seek to allocate benefits to client accounts proportionate to any soft dollar credits generated by the accounts. LPAM benefits by not having to produce or pay for the research, products, or services, and LPAM will have an incentive to recommend a broker-dealer based on receiving research or services. Clients should be aware that LPAM’s acceptance of soft dollar benefits may result in higher commissions charged to the client.

### ***Brokerage for Client Referrals***

LPAM receives no referrals from a broker-dealer or third party in exchange for using that broker-dealer or third party.

### ***Aggregating (Block) Trading for Multiple Client Accounts***

If LPAM buys or sells the same securities on behalf of more than one client, then it may (but would be under no obligation to) aggregate or bunch such securities in a single transaction for multiple clients in order to seek more favorable prices, lower brokerage commissions, or more efficient execution. In such case, LPAM would place an aggregate order with the broker on behalf of all such clients in order to ensure fairness for all clients; provided, however, that trades would be reviewed periodically to ensure that accounts are not systematically disadvantaged by this policy. LPAM would determine the appropriate number of shares and select the appropriate brokers consistent with its duty to seek best execution, except for those accounts with specific brokerage direction (if any).

### ***Benefits Provided by Charles Schwab & Co., Inc.***

#### **Custody and Brokerage Costs**

Schwab generally does not charge LPAM client accounts separately for custody services but is compensated by charging clients commissions or other fees on trades that it executes or that settle into your Schwab account. Schwab's commission rates applicable to LPAM client accounts were negotiated based on our commitment to maintain LPAM client assets in accounts at Schwab. This commitment benefits you because the overall commission rates you pay are lower than they would be if LPAM had not made the commitment. In order to minimize trading costs, LPAM will use Schwab to execute trades for your account if LPAM believes it is in your best interest to do so.

### Products and Services Available to Us from Schwab

Schwab Advisor Services is Schwab's business serving independent investment advisory firms like LPAM. They provide LPAM and our clients with access to its institutional brokerage – trading, custody, reporting and related services – many of which are not typically available to Schwab retail customers. Schwab also makes available various support services. Some of those services help us manage or administer our clients' accounts while others help us manage and grow our business. Schwab's support services generally are available on an unsolicited basis (i.e., LPAM does not have to request them) and at no charge to us as long as we keep a percentage of our clients' assets in accounts at Schwab. Below is a detailed description of Schwab's support services:

The availability of these services from Schwab benefits us because LPAM does not have to produce or purchase them. LPAM does not have to pay for Schwab's services so long as we keep a percentage of client assets in accounts at Schwab. This creates incentive to recommend clients maintain their account with Schwab based on our interest in receiving Schwab's services that benefit our business rather than based on your interest in receiving the best value in custody services and the most favorable execution of your transactions. This is a potential conflict of interest.

LPAM believes, however, that our selection of Schwab as custodian/broker is in the best interests of our clients. It is primarily supported by the scope, quality, and price of Schwab's services (based on the factors discussed above) and not Schwab's services that benefit only us.

## **Item 13: Review of Accounts**

### **Periodic Reviews**

Client accounts are monitored on an ongoing basis, which includes detailed periodic reviews. The frequency of reviews is at the discretion of the IAR, but accounts are typically reviewed not less than annually. Accounts are reviewed for performance, consistency with the investment strategy and client objectives, and other account parameters in order to determine if any adjustments need to be made. Reviews are performed by the IAR performing services for the respective client.

### **Other Reviews and Triggering Events**

In addition to periodic reviews mentioned above, reviews may be triggered by material market, economic or political events, or by changes in client's financial situations (such as retirement, termination of employment, physical move, or inheritance). Clients are encouraged to notify the Firm and its IARs of any changes in their personal financial situation that might affect their investment needs, objectives, or time horizon.

### **Regular Reports**

Written account statements are generated no less than quarterly and are sent directly from the account custodian. These statements list the account positions, activity in the account over the covered period, and other related information, including any fees deducted from the account. Clients are also sent confirmations following each brokerage account transaction unless confirmations have been waived. Clients are urged to carefully review all account statements. In addition, clients typically receive other supporting reports from mutual funds, trust companies, broker-dealers or insurance companies based on their involvement with the account and their applicable internal reporting requirements.

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

### ***Client Referrals and Other Economic Benefits***

As described under Item 12 above, we receive an economic benefit from Charles Schwab in the form of the support products and services it makes available to us and other independent investment advisors that have their clients maintain accounts with these institutions. These products and services, how they benefit us, and the related conflicts of interest are described above (see Item 12 – Brokerage Practices). The availability to us of these products and services is not based on us giving particular investment advice, such as buying particular securities for our clients.

LPAM may receive “non-cash benefits” from time to time by LifePro Financial. LifePro Financial may offer LPAM the ability to attend industry-related conferences or other benefits based on activities as an Insurance Agent.

### ***Other Compensation***

LPAM, via written arrangement, retains third parties to act as solicitors for LPAM’s investment management services. All compensation with respect to the foregoing will be fully disclosed to each client to the extent required by applicable law. LPAM will ensure each solicitor is properly registered in all appropriate jurisdictions.

## **Item 15: Custody**

Pursuant to the Investment Advisers Act of 1940, the Firm is deemed to have limited custody of client funds because we have the authority and ability to debit our fees directly from the accounts of those clients receiving our services. Additionally, certain clients have, and could in the future, sign a Standing Letter of Authorization (“SLOA”) that gives us the authority to transfer funds to a third-

party as directed by the client in the SLOA. This is also deemed to give us custody. Custody is defined as any legal or actual ability by the firm to withdraw client funds or securities. Firms with deemed custody must take the following steps:

- Ensure clients' managed assets are maintained by a qualified custodian;
- Have a reasonable belief, after due inquiry, that the qualified custodian will deliver an account statement directly to the client at least quarterly;
- Confirm that account statements from the custodian contain all transactions that took place in the client's account during the period covered and reflect the deduction of advisory fees; and
- Obtain a surprise audit by an independent accountant on the clients' accounts for which the advisory firm is deemed to have custody.

However, the rules governing the direct debit of client fees and SLOAs exempts us from the surprise audit rules if certain conditions (in addition to steps 1 through 3 above) are met. LPAM has procedures in place to meet these conditions.

The qualified custodian maintains actual physical custody of client assets. Client account statements from custodians will be sent directly to each client to the email or postal mailing address that is provided to the qualified custodian selected by the client. Clients are encouraged to compare information provided in reports or statements received by LPAM with the account statements received from their custodian for accuracy. In addition, clients should understand that it is their responsibility, not the custodian's, to ensure that the fee calculation is correct.

If client funds or securities are inadvertently received by LPAM, they will be returned to the sender immediately, or as soon as practical.

We encourage our clients to raise any questions with us about the custody, safety or security of their assets. The custodians we do business with will send you independent account statements listing your account balance(s), transaction history and any fee debits or other fees taken out of your account.

## Item 16: Investment Discretion

LPAM provides discretionary investment advisory services to clients. The Investment Advisory Contract established with each client sets forth the discretionary authority for trading. LPAM manages the client's account and makes investment decisions without consultation with the client as to when the securities are to be bought or sold for the account, the total amount of the securities to

be bought/sold, what securities to buy or sell, or the price per share. In some instances, LPAM's discretionary authority in making these determinations may be limited by conditions imposed by a client in investment guidelines or objectives, or client instructions otherwise provided to LPAM.

Clients with discretionary accounts will execute a limited power of attorney to evidence discretionary authority. LPAM will also have discretionary authority to determine the broker dealer to be used for a purchase or sale of securities for a client's account.

## **Item 17: Voting Client Securities (Proxy Voting)**

LPAM will not ask for, nor accept voting authority for client securities. Clients will receive proxies directly from the issuer of the security or the custodian. Clients should direct all proxy questions to the issuer of the security and/or the custodian. Further, LPAM typically does not advise or act for clients with respect to any legal matters, including bankruptcies and class actions, for the securities held in clients' accounts.

## **Item 18: Financial Information**

LPAM neither requires nor solicits prepayment of more than \$1,200 in fees per client, six months or more in advance, and therefore is not required to include a balance sheet with this brochure.

Neither LPAM, nor its management has any financial condition that is likely to reasonably impair LPAM's ability to meet contractual commitments to clients.

LPAM has never been the subject of a bankruptcy petition.