



## FORM ADV PART 2A – FIRM BROCHURE

### Item 1 – Cover Page

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Date of Brochure: November 15, 2022

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This brochure provides information about the qualifications and investment advisory business practices of Level Four Advisory Services, LLC. If you have any questions about the contents of this brochure, please contact us at 866-834-1040. 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.

Additional information about our investment advisory business is also available on the Internet at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can view our information on this website by searching for "Level Four Advisory Services, LLC." You can also search using the Firm's CRD number. The CRD number for the Firm is **134086**.

Registration as an investment adviser does not imply a certain level of skill or training.

## Item 2 – Material Changes

Since filing the firm's most recent amendment to this brochure dated August 1, 2022, we have made the following changes:

Item 10 – Other Financial Industry Activities and Affiliations. This section has been updated to delete a firm affiliation for an affiliate that has filed/will be filing to withdraw its registration as a broker dealer/investment adviser.

Item 12 – Brokerage Practices. This section has been updated to reflect the firm's new custodial arrangement with Charles Schwab and Co., Inc. ("Schwab")

Item 14 – Client Referrals and Other Compensation. This section has been updated to reflect the firm's new custodial arrangement with Schwab.

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

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## **Item 4 – Advisory Business**

### **Introduction**

Level Four Advisory Services, LLC, (referred to as “LFAS”, the “Firm”, “us” and “we” in this Disclosure Brochure), is an investment adviser registered with the United States Securities and Exchange Commission (“SEC”) and is a Limited Liability Company formed under the laws of the State of Texas.

- The Firm has been registered as an investment adviser since July 2005.
- The Firm is owned and controlled by Level Four Group. Level Four Group is a holding company and the 100% owner of LFAS. Level Four Group is owned and operated by Carr, Riggs & Ingram Capital, LLC, a Delaware limited liability company. Carr, Riggs & Ingram Capital, LLC is 100% owned by Carr, Riggs & Ingram, L.L.C., an Alabama limited liability company. No individuals own more than 25% of Carr, Riggs & Ingram, LLC.
- We provide fee-only investment advisory services through LFAS. The nature and extent of the specific services provided to clients, including you, will always depend on each client’s financial status, objectives and needs, time horizons, concerns, expectations and risk tolerance.
- LFAS Advisory Representatives and LFAS branch offices may use marketing names or other names that are held out to the public. Such names are known as “doing business as” names. These “doing business as” names are marketing names approved for LFAS Advisory Representatives conducting business in their capacity as a Registered Representative of Level Four Financial, LLC. The Advisory Representative must disclose on advertising and client correspondence that securities are offered through Level Four Financial, LLC and advisory services are offered through LFAS.

### **Client Assets Managed by LFAS**

The amount of client assets managed by LFAS totaled approximately \$2,880,466,580 as of December 31, 2021. \$2,334,142,957 is managed on a discretionary basis and \$546,323,623, is managed on a non-discretionary basis.

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

LFAS’ services are always provided based on the individual needs of each client. LFAS Advisory Representatives are instructed to consider the individual needs of each client when recommending an advisory platform. Clients are given the ability to impose restrictions on their accounts including specific investment selections and sectors. Restrictions on investments in certain securities or types of securities may not be possible due to the level of difficulty this would entail in managing the account.

When client accounts are managed using models, investment selections are based on the underlying model and we do not develop customized (or individualized) portfolio holdings for each client. However, the determination to use a particular model or models is always based on each client’s individual investment goals, objectives and mandates.

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

The following are brief descriptions of LFAS' primary services. A detailed description of our services is provided in Item 5 – Fees and Compensation so that clients and prospective clients can review the services and description of fees in a side-by-side manner.

LFAS' Advisory Representative will conduct a complimentary initial meeting with the client for an information and data-gathering session. At this initial meeting, the Advisory Representative will assist the client in determining the advisory services needed.

**Financial Planning Services** – LFAS provides advisory services in the form of financial planning services. Financial planning services do not involve the active management of client accounts, but instead focuses on a client's overall financial situation. Financial planning can be described as helping individuals determine and set their long-term financial goals, through investments, tax planning, asset allocation, risk management, retirement planning, and other areas. The role of a financial planner is to find ways to help the client understand his/her overall financial situation and help the client set financial objectives.

**Asset Management Services** – LFAS provides advisory services in the form of Asset Management Services. Asset Management Services involve providing clients with continuous and on-going supervision over client accounts. This means that LFAS will continuously monitor a client's account and make trades in client accounts when necessary, in accordance with the client's investment objective.

**Third-Party Money Managers** – LFAS provides advisory services by recommending clients to outside, or unaffiliated, money managers that are registered or exempt from registration as investment advisers. Third-party money managers are responsible for continuously monitoring client accounts and making trades in client accounts when necessary, in accordance with the client's investment objective.

**Retirement Plan Services** – LFAS provides several advisory services for corporate retirement plans such as pension, profit sharing and 401(k) plans. Such services are specific to the plan and may include working with individual participants.

### **Types of Investments**

With some exceptions, our Advisory Representatives are available to offer advice on most types of investments owned by a client and, at the specific request of a client, will explore investment options not currently owned by a client. Advisory Representatives providing asset management services may develop a portfolio consisting of some or all of the following securities; individual mutual funds, exchange traded funds, stocks, bonds, options and other public or private securities or investments.

When using Sub-advisers selected by LFAS, LFAS introduces clients to investment managers who provide discretionary management of individual portfolios of equity and/or fixed income securities.

Please refer to Item 8 for information on the types of investments recommended by LFAS.

## **Participation in Wrap-Fee Programs**

Our Advisory Representatives may provide asset management services through our wrap fee programs further described in the applicable Wrap Fee Program Brochure. From a management perspective, there is not a fundamental difference in the way our Advisory Representatives manage wrap-fee accounts versus non-wrap accounts. The only significant difference is the way in which transaction services are paid. In a wrap account, advisory services and transaction services are provided for one fee and LFAS receives that portion of the fee that relates to advisory services for the services which it provides. This is different from a fee-plus account where by our services are provided for a fee, but transaction services are billed to clients separately on a per-transaction basis.

## **Item 5 – Fees and Compensation**

In addition to the information provided in Item 4 – Advisory Business, this section provides details regarding LFAS' services along with descriptions of each service's fees and compensation arrangements. Clients are advised that they may pay more or less than other clients for similar services, however the fees clients will pay for advisory services will not exceed the fees established in the descriptions on the following page.

### **1. Financial Planning Services**

#### **A. Financial Plans**

LFAS provides financial planning services in the form of oral advice and written financial plans. A financial plan can include, but is not limited to, the following topics: tax planning, retirement planning, educational planning, portfolio analysis, asset allocation strategies, risk management planning, budgeting and cash flow, and estate planning.

At a complimentary initial meeting, the Advisory Representative will assist the client in determining the level of financial planning services needed. If clients elect to continue with the financial planning process, the Advisory Representative will hold as many meetings or telephone conferences as necessary to gather the documents, information, goals and objectives needed to prepare the financial plan. LFAS' Advisory Representatives will meet with the client to:

- Identify financial goals and objectives;
- Collect and assess all relevant data;
- Identify financial concerns and formulation of solutions; and
- Prepare a financial plan with specific recommendations for presentation to the client.

#### **Fees for Financial Plans and Consulting Services**

Clients requesting a financial plan have the option of being charged on an hourly or fixed fee (either one-time or split over agreed time intervals) basis. Whether hourly or fixed, all fees will be disclosed to clients prior to any services being provided. Hourly fees are billed at a rate generally not to exceed \$300 per hour. Exceptions to this general rate may be granted based upon the qualifications and experience of the advisory representative. The fee is negotiable based on the actual services required, the qualifications and experience of the Advisory Representative providing the service, the complexity of the client's situation, and the time and resources required to provide the service (i.e., support staff, administrative assistance, copy/fax services,

notary services, etc.). For hourly charges, the specified hourly rate will be multiplied by the estimated number of hours needed to complete the requested plan and the client will be provided with an estimated total cost. If more time is required than the original estimate, the Advisory Representatives will contact the client about the additional time needed and will not proceed with additional work until receiving permission to do so. Whether the time required completing the plan is more or less than the original estimate, clients will always be charged for the actual time spent preparing the requested plan. The fixed fee is a flat charge which will not be increased or decreased even if the actual time expended by the Advisory Representative is different than originally computed when determining the quoted fee.

## ***B. Annual Consulting Services***

Clients may also contract with LFAS for annual consulting services. Clients contracting for these services will receive 12 months of unlimited office meetings or telephone consultations on any financial topic of interest to the client. Fees are negotiable based upon the complexity of the client's financial situation, the services anticipated to be provided and the qualifications and experience of the Advisory Representative providing the services. The negotiated fee will be disclosed to the client prior to any services being rendered. Fees are payable on a monthly or quarterly basis, either in advance or arrears upon the completion of services.

Annual retainer services are for a one-year period and are renewable upon written consent by the client.

### **Termination of Services**

Either party may terminate the client agreement by providing written notice to the other. There is no penalty or termination fee for the termination of the agreement. If services are terminated within five business days of executing the agreement, the pro-rated fees for such period shall be waived. For termination requests received after the initial five business days, LFAS shall be entitled to the payment of Fees for services completed prior to termination of the Agreement. LFAS will provide a statement detailing the time expended by the Advisory Representative, explaining all charges and adjustments, with the amount due from the client or a pro-rated refund of all unearned monies. Financial planning services automatically terminate upon presentation of the financial plan to the client.

### ***Fee Offset***

If clients wish to implement LFAS advice, they may do so through any broker/dealer or investment adviser of their own choosing.

If clients wish to implement LFAS' advice through one or more of LFAS' advisory programs discussed later in this Form ADV, the Advisory Representative may waive or reduce the amount of the financial planning fee as a result of the fees paid by the client for these advisory programs, as LFAS will receive a portion of these fees. Any adjustment to the financial planning fee is at the discretion of LFAS' Advisory Representative and will be disclosed to clients prior to the transactions being implemented.

## **2. Asset Management**

LFAS is the sponsor of the following Wrap Fee Programs:

- Managed Assets Program

- Participant Asset Management Program
- ICA Platform program

This section is intended as a summary of the Wrap Fee Programs sponsored by LFAS. Clients working with an LFAS Advisory Representative will receive the corresponding Wrap Fee Program Brochure which provides detailed information on the chosen program.

### **A. *Managed Assets Program***

Through the Managed Assets Program, LFAS provides asset management services to the client; including providing each client with advice regarding buying, selling, reinvesting, or holding securities, cash or other investments held by TD Ameritrade, Fidelity Institutional Wealth Services or Schwab. The advice will be based on each client's specific goals and objectives.

LFAS will provide the exact percentage-based fee to each client based on both the nature and total dollar asset value of the account(s). Management fees for client accounts are calculated and billed quarterly in advance based on the fair market value of client's account(s) assets under management as of the last business day of the previous calendar quarter. Fee calculations are adjusted for deposits and withdrawals from the client's account(s), pro-rated from the transaction date to the end of the previous quarter. Fees are prorated (based on the number of days service is provided during the initial billing period) for your account opened at any time other than the beginning of the billing period. In the event a client terminates an advisory agreement with LFAS and an advisor, any unearned fees resulting from payments made by clients in advance will be refunded to the client.

Fees are negotiable between the advisor and client and the maximum fee charged in the program is generally 2.50%.

### **B. *Participant Asset Management Program***

LFAS provides investment supervisory services defined as giving continuous investment advice to a client and making investments for the client based on the individual needs of the client through the Participant Asset Management Program. Services for this program are provided primarily to participants in employer-sponsored retirement plans and small-business retirement plans. Specifically, we provide advice to individual retirement plan accounts such as, but not limited to, 403(b) and 401(k) participant accounts.

The annual investment advisory fee charged to Program accounts participating in the Participant Asset Management program will not exceed 1.25% of the assets held in the account on an annual basis. The annual fee is negotiable with the client depending on the market value of the account, asset types, the client's financial situation and trading activity.

### **C. *ICA Platform Program***

This program has been developed through an arrangement with Raymond James & Associates (RJA) whereby LFAS utilizes RJA's ICA platform. Clients participating in this program are required to establish a brokerage account through Level Four Financial, LLC on RJA's platform. Accounts participating in the ICA Platform Program may either be managed on a discretionary or non-discretionary basis by the representative or may be



managed on a discretionary basis with a sub-advisor appointed as portfolio manager who provides management of model portfolios of equity and/or fixed income securities. When your account(s) are managed using models, investment selections are based upon the underlying model and the firm does not develop customized (or individualized) portfolio holdings. However, the determination to select a particular model or models is always based on a client's individual investment goals, objectives, and mandates. In the event a sub-advisor is selected to manage the account on a sub-advisory basis, the sub-advisor utilized will be Level Four Capital Management, LLC ("LFCM"), an investment adviser registered with the SEC. LFCM is also owned by the same parent company as LFAS, Level Four Group, and accordingly is an affiliate of both Level Four Financial and Level Four Advisory Service.

In the event a sub-advisor (LFCM) is utilized, minimum asset values for participation in the program will vary depending on the portfolio(s) selected and the account's allocation amongst portfolios. The lowest minimum for a portfolio is \$10,000; however, lower minimums may be negotiated. The advisory representative receives a portion of the fee for services provided and LFCM's sub-advisory fee is paid out of the total advisory fee. For further information on the ICA program, clients should refer to terms of the account agreements as well as the Level Four Advisory Services Wrap Fee - ICA Platform Program brochure and respective manager's disclosure document for more details.

The annual investment advisory fee charged to Program accounts participating in the ICA Platform program will not exceed 2.5% of the assets held in the account on an annual basis. The annual fee is negotiable with the client depending on the market value of the account, asset types, the client's financial situation and trading activity. The annual asset-based fee is paid quarterly in advance. The firm will begin to facilitate monthly billing of client accounts for clients that have executed a monthly billing contract or addendum. When an account is opened, the asset-based fee is billed for the remainder of the current billing period and is based on the initial contribution. Thereafter, the quarterly/monthly asset-based fee is paid in advance, and is based on the account asset value as of the last business day of the previous calendar quarter/month, and becomes due the following business day. In the event of termination, the Firm will refund the prorated portion of the Advisory Fee for the remainder of the quarter/month in which the account is terminated.

In this program, you authorize and direct RJA as custodian to deduct asset-based fees from your account; you also authorize and direct the custodian to send a quarterly statement to you which shows all amounts disbursed from your account, including fees paid to us. You understand that your brokerage statement will show the amount of the asset-based fee, the value of the assets on which the fee was based, and the days used to calculate fees. All security types (stocks, bonds, mutual funds, etc.) will incur no transaction fees.

The firm also offers other wrap programs sponsored by and offered through Raymond James & Associates ("RJA"). For further information on the following programs, we advise you to read the terms of the account agreements as well as the **RJA Wrap Fee Program Brochure** and respective manager's Disclosure Document (ADV Disclosures) for more details on such programs.

- **Separately Managed Account Programs ("SMAs" or "SMA Programs")**: In general, these accounts offer our clients the opportunity to select professional third-party money managers ("TPMMs") to individually manage or provide portfolio recommendations to their account(s). The TPMMs are made available through the below SMA Programs by the platform sponsor and may include RJA and other third-party investment management firms. Generally, these programs provide clients access to investment disciplines, respective target allocations, as well as TPMM selection and monitoring of investments in the Disciplines.

A list of each SMA program accounts available through our firm is listed below.

- Raymond James Consulting Services Program
- Outside Money Manager Program
- Raymond James Research Portfolios Program
- Raymond James Multiple Discipline Account (MDA) Program"
- Mutual Fund/Exchange Traded Fund ("ETF") Managed Accounts
- Freedom  
The Freedom Account is an investment advisory account which allocates your assets, through discretionary mutual fund or exchange traded fund ("ETF") management, based upon your financial objectives and risk tolerances. Your Advisory Representative recommends, assists you in selecting and provides monitoring of asset allocation investment models developed and provided by the sub-advisor. Your Advisory Representative receives a portion of the fee for services provided under the agreement.
- American Funds Model Portfolios  
The American Funds Model Portfolios Program ("American Funds Program") is a mutual fund advisory service that provides clients the opportunity to allocate assets among various asset classes that cover a variety of investment objectives (each an American Funds "Model"). Similar to the Freedom program, the American Funds Program is an asset allocation-based mutual fund investment program. However, unlike the Freedom program, the American Funds Program invests exclusively in American Funds mutual funds (similar to the Russell Program described below).
- Russel Model Strategies Program  
The Russell program is a mutual fund wrap advisory service that provides you the opportunity to allocate assets among various asset classes that cover a variety of investment objectives; it is an asset allocation-based investment program investing in Frank Russell mutual funds. Russell develops model portfolios and selects the underlying funds populating the respective model strategy provided by the platform sponsor. Your Advisory Representative will assist you in selecting the appropriate strategy based upon your financial needs and investment objectives. Your Advisory Representative receives a portion of the fee.
- Freedom UMA (Unified Managed Account)  
The Freedom UMA Account is an investment advisory account which, like the Freedom account, allows you to allocate your assets through discretionary mutual fund or ETF management, based upon your financial objectives and risk tolerances. Additionally, your assets may be invested through investment advisers ("Managers") registered with the SEC with which the program sponsor has entered into a sub-advisory agreement. Your Advisory Representative receives a portion of the fee for services provided under the agreement.

***Raymond James sponsored Wrap Account Fees:***

The account fee charged to the client for each RJA advisory program is negotiable. **We advise you to review your advisory agreement and the RJA Wrap Fee Program Brochure for a description of fees, including aggregation of related fee-based accounts, administrative-only investments, billing on cash balances, mutual fund share class conversions and other fee methodology.**

### **3. Retirement Plan Services**

LFAS offers retirement plan services to retirement plan sponsors and to individual participants in retirement plans. For a corporate sponsor of a retirement plan ("the Plan"), our retirement plan services can include, but are not limited to, the services detailed below. The exact suite of services provided to a client will be listed and detailed in the Retirement Plan Services Agreement.

#### **A. Discretionary Management Services**

- Discretionary Investment Management Service. LFAS provides Discretionary Investment Management Services by which we monitor the investment options of the Plan in order to add or remove investment options for the Plan and actively manage the assets of the Plan. LFAS will be granted discretionary authority to make all decisions regarding the investment options held in the Plan for Plan participants.

If you elect to utilize any of LFAS' Discretionary Management Services, then LFAS will be acting as an Investment Manager to the Plan, as defined by ERISA section 3(38), with respect to our Fiduciary Management Services. Accordingly, LFAS will act in a manner consistent with the requirements of a fiduciary under ERISA for all Discretionary Management Services. LFAS does not serve as administrator or trustee of the plan nor do we serve as custodian for any client account.

#### **B. Consulting Services**

LFAS provides the following Retirement Plan Consulting Services:

- Investment Policy Statement Preparation. LFAS will help you develop an investment policy statement. The investment policy statement establishes the investment policies and objectives for the Plan. You will have the ultimate responsibility and authority to establish such policies and objectives and to adopt and amend the investment policy statement.
- Non-Discretionary Investment Advice. LFAS will provide you with general, non-discretionary investment advice regarding assets classes and investment options, consistent with your Plan's investment policy statement.
- Investment Due Diligence Review. LFAS will provide you with a one-time review and recommendation regarding the Plan's reports and investment options. Where applicable, LFAS will review consistency with ERISA section 404(c) and the Plan's investment policy statement.
- Ongoing Investment Monitoring. LFAS will assist in monitoring investment options by preparing periodic investment reports that document investment performance, consistency of fund management and conformation to the guidelines set forth in the investment policy statement and LFAS will make recommendations to maintain or remove and replace investment options.
- Non-Discretionary Model Portfolios. LFAS will recommend, for consideration and approval by the Client: 1) Asset allocation target-date or risk-based model portfolios for the Plan to make available

to Plan participants and 2) Funds from the line-up of investment options chosen by the Client to include in such model portfolios.

- Default Investment Alternative Advice. LFAS will provide you with non-discretionary investment advice to assist you with the development of qualified default investment alternative(s) ("QDIA"), as defined in DOL Reg. Section 2550.404c-5(e)(4)(i), for participants who are automatically enrolled in the Plan or who otherwise fail to make an investment election. You will retain the sole responsibility to provide all notices to participants required under ERISA section 404(c)(5).
- Individualized Participant Advice. Upon request, LFAS will provide one-on-one advice to Plan participants regarding their individual situations.

LFAS acknowledges that in performing the Consulting Services listed above that it is acting as a "fiduciary" as such term is defined under Section 3(21)(A)(ii) of Employee Retirement Income Security Act of 1974 ("ERISA") for purposes of providing non-discretionary investment advice only. LFAS will act in a manner consistent with the requirements of a fiduciary under ERISA if, based upon the facts and circumstances, such services cause LFAS to be a fiduciary as a matter of law. However, in providing the Consulting Services, LFAS (a) has no responsibility and will not (i) exercise any discretionary authority or discretionary control respecting management of Client's retirement plan, (ii) exercise any authority or control respecting management or disposition of assets of Client's retirement plan, or (iii) have any discretionary authority or discretionary responsibility in the administration of Client's retirement plan or the interpretation of Client's retirement plan documents, (b) is not an "investment manager" as defined in Section 3(38) of ERISA and does not have the power to manage, acquire or dispose of any plan assets, and (c) is not the "Administrator" of Client's retirement plan as defined in ERISA.

### **C. Administrative Services**

LFAS provides clients with the following Non-Fiduciary Retirement Plan Administrative Services:

- Participant Education. LFAS will provide education services to Plan participants about general investment related information Education presentations will not take into account the individual circumstances of each participant and individual recommendations will not be provided unless otherwise agreed upon. Plan participants are responsible for implementing transactions in their own accounts.
- Participant Enrollment. LFAS will assist you with group enrollment meetings designed to increase retirement plan participation among.
- Qualified Plan Development. LFAS will assist you with the establishment or amendment of the plan by working with you and a selected Third-Party Administrator. If you have not already selected a Third-Party Administrator, we shall assist you with the review and selection of a Third-Party Administrator for the Plan.
- Plan Fee and Expense Review. LFAS will provide you with periodic due diligence reviews of your Plan's fees and expenses and your Plan's service providers.

- **Benchmarking.** LFAS will provide you benchmarking services and will provide analysis concerning the operations of the Plan.

Although an investment adviser is considered a fiduciary under the Investment Advisers Act of 1940 and required to meet the fiduciary duties as defined by the Advisers Act, the services listed here as non-fiduciary should not be considered fiduciary services for the purposes of ERISA since LFAS is not acting as a fiduciary to the Plan as the term "fiduciary" is defined in Section 3(21)(A)(ii) of ERISA.

### **Fee Information**

In consideration for the above services, LFAS charges a one-time fixed fee, an annual fixed fee, a percentage-based fee or both, depending upon the services provided. The fee charged is determined (and may be negotiated with you) based upon the complexity of the plan, the size of the plan assets, the actual services requested and the representative providing the services. We also take into consideration special situations or conflicts of interest where charging a fee is prohibited under ERISA law. The type of fee charged will be indicated in your Retirement Plan Services Agreement.

**Fixed Fee.** We charge a fixed fee for our Non-Fiduciary Services and many of our Fiduciary Consulting Services. At our sole discretion you may be required to pay a portion of the fixed fee up front in the form of a retainer; however, at no time will we require payment of more than \$1,200 in fees and more than six months in advance. The annual fixed fee will be divided into either quarterly or monthly payments and may be charged either in advance or in arrears of the applicable billing period.

**Percentage Fee.** Fiduciary Management Services and some of our Fiduciary Consulting Services can be charged using an annual percentage fee not to exceed 2.50% of the total market value of the plan assets. The fee will be divided and billed in advance (at the start of the billing period) or in arrears (at the end of the billing period) on a quarterly or monthly basis and calculated based on the fair market value of the Plan as of the last business day of the previous billing period. Fees are prorated (based on the number of days service is provided during the initial billing period) for services commenced at any time other than the beginning of the billing period.

Fees will be deducted from the Plan or will be directly billed to the client.

Fiduciary Management Services may be provided on either a Non-Wrap Fee or Wrap Fee basis. In a Non-Wrap Fee account transaction ticket fees charged by the custodian will be billed directly to your account by the custodian. We will not receive any portion of such transaction fees from the custodian or you. In a Wrap Fee account transaction ticket fees charged by the custodian will be included in the fee you pay LFAS. Transaction ticket fees are billed directly to us by the qualified custodian for the account and we will pay such costs, but we do not receive any portion of such fees.

Clients may incur certain charges imposed by third parties other than LFAS in connection with investments made through the account, including but not limited to fees and expenses imposed directly by a mutual fund, index fund, or exchange trades fund which are disclosed in the fund's prospectus (i.e. fund management fees and other fund expenses), mark-ups and mark-downs, spreads paid to market makers, fee (such as a commission or markup) for

trades executed away from the custodian at another broker-dealer, wire transfer fees and other fees and taxes on brokerage accounts and securities transactions, as well as fees by a retirement plan sponsor. Management fees charged by LFAS (which include transaction and execution fees charged) are separate and distinct from the fees and expenses charged by investment company securities that may be recommended to clients. A description of these fees and expenses are available in each investment company security's prospectus. LFAS and its Advisory Representatives do not retain any portion of these "other" fees. The only compensation earned by LFAS is the investment advisory fee described above.

LFAS does not reasonably expect to receive any other compensation, direct or indirect, for its services. If we receive any other compensation for such services, we will (i) offset that compensation against our stated fees, and (ii) will disclose the amount of such compensation, the services rendered for such compensation and the payer of such compensation to you.

#### **4. Unaffiliated Third-Party Money Managers**

LFAS may also refer clients to unaffiliated money manager firms that offer asset management services to clients. LFAS, through its own due diligence, will approve the use of, and enter into an agreement with, all unaffiliated money managers. Advisory Representatives will solicit the services of the recommended money managers on a consulting basis. A client may select a recommended money manager based upon the client's needs. Clients will enter into an agreement directly with the unaffiliated money managers. Client reports will depend upon the money manager.

Advisory Representatives will be available to answer questions the client may have regarding their Account and act as the communication conduit between the client and the manager. Third party managers may take discretionary authority to determine the securities to be purchased and sold for the client. Neither LFAS nor its Advisory Representatives will have any trading authority with respect to client's managed Account with the third-party manager(s).

Third party managed programs generally have account minimum requirements that will vary from manager to manager. Account minimums are generally higher on fixed income accounts than equity-based accounts. A complete description of the money manager's services, fee schedules, and account minimums will be disclosed in the third-party manager's Disclosure Brochure which will be provided to clients at the time an agreement for services is executed and the Account is established.

Depending on the structure of the agreement with the third-party manager, LFAS will pay the third-party manager a portion of the management fee charged to the relevant client, or LFAS will receive a portion of the fee charged and collected by the third-party money manager in the form of solicitor fees or consulting fees. Clients are advised that Advisory Representatives may have a conflict of interest in only offering those third-party managers that have agreed to pay a portion of their advisory fee to LFAS and its Advisory Representatives. Clients are advised there may be other third-party managed programs that may be suitable to the client and that may be more or less costly. No guarantees can be made that a client's financial goals or objectives will be achieved. Further, no guarantees of performance can be offered. Investments involve risk, including the possible loss of principal.

## **5. Other Types of Fees or Expenses**

LFAS and its Advisory Representatives may include mutual funds and exchange traded funds, (ETFs) in asset management strategies. LFAS's general policy is to purchase institutional share classes of those mutual funds that may be selected for a client's portfolio. The institutional share class generally has the lowest expense ratio and are less costly for a client to hold than Class A shares or other share classes that are eligible for purchase in an advisory account. The expense ratio is the annual fee that all mutual funds or ETFs charge their shareholders. It expresses the percentage of the assets deducted each fiscal year for fund expenses, including 12b-1 fees, management fees, administrative fees, operating costs, and all other asset-based costs incurred by the fund. Some fund families offer different classes of the same fund and one share class may have a lower expense ratio than another share class. The expenses come from the client assets which could impact the client's account performance. Mutual fund expense ratios are in addition to our fee and we do not receive any portion of these charges. Mutual funds that offer institutional share classes, advisory share classes and other share classes with lower expense ratios are available to investors who meet specific eligibility requirements that are described in the mutual fund's prospectus or its statement of additional information. These eligibility requirements include, but may not be limited to, investments meeting certain minimum dollar amounts and accounts that the fund considers qualified fee-based programs. If an institutional share class is not available for the mutual fund selected, the adviser will endeavor to purchase the least expensive share class available for that particular mutual fund. However, the lowest-cost mutual fund share class for a particular fund may not be offered or available through specific types of LFAS program accounts. Clients should never assume that they will be invested in the share class with the lowest possible expense ratio or cost.

In addition to reading this Brochure carefully, LFAS urges clients to discuss with their advisor whether lower-cost share classes are appropriate and available in their particular program account in consideration of their expected investment holding periods, amounts invested, and anticipated trading frequency. Clients should also ask their advisor why the particular funds or other investments that will be purchased or held in their managed account are appropriate for them in consideration of their expected holding period, investment objective, risk tolerance, time horizon, financial condition, amount invested, trading frequency, the amount of advisory fee charged, whether the client will pay transactions charges for fund purchases and sales, whether clients will pay higher internal fund expenses in lieu of transactions charges that could adversely affect long-term performance, and relevant tax considerations. Your advisor may recommend, select, or continue to hold a fund share class that charges you higher internal expenses than other available share classes for the same fund. Further information regarding fees and charges assessed by a mutual fund is available in the appropriate mutual fund prospectus.

## **6. Sale of Commissionable Securities**

A majority of LFAS adviser representatives are also associated with Level Four Financial Services, LLC ("LFF"). In their capacity as registered representatives of LFF, certain Dually Registered Persons may earn commissions for the sale of securities or investment products that they recommend for brokerage clients. Clients should be aware that LFAS or your advisor's receipt of commissions, fees, payments and other compensation represents a conflict of interest as LFAS and your advisor have an incentive to make available or to recommend those products, programs or services and make investment decisions regarding investments, that provide additional compensation to LFAS or your advisor over other investments that do not provide additional compensation to LFAS or your advisor. As a matter of policy, your advisor does not earn commissions on the sale of securities or investment products recommended or purchased in advisory accounts through LFAS. Clients have the option of purchasing many of the securities and investment

products we make available to you through another broker-dealer or investment adviser. However, when purchasing these securities and investment products away from LFAS, you will not receive the benefit of the advice and other services we provide.

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

Item 6 of the Form ADV Part 2 instructions is not applicable to this Disclosure Brochure because LFAS does not charge or accept performance-based fees which can be defined as fees based on a share of capital gains on or capital appreciation of the assets held within a client's account.

### **Item 7 – Types of Clients**

LFAS generally provides investment advice to the following types of clients:

- Individuals
- Pension and profit-sharing plans
- Trusts and estates
- Corporations or business entities other than those listed above

### **Minimum Investment Amounts Required**

In general, there is no minimum for Wealth Management Program, Participant Asset Management Program, and ICA Program. For accounts managed in investment strategies developed by the LFCM Investment Committee, a minimum of \$10,000 is required for asset allocation models, \$100,000 for equity portfolios, \$100,000 for taxable fixed income (corporate bonds), \$175,000 for tax exempt/municipals, \$250,000 for private fund alternative (private credit or private equity) strategy, and \$500,000 for tax exempt high yield municipals. Exceptions to these minimums may be granted at the discretion of LFAS/LFCM.

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

LFAS Advisory Representatives use various methods of analysis and investment strategies. Methods and strategies will vary based on the LFAS Advisory Representative providing advice. Models and strategies used by one Advisory Representative may be different than strategies used by other Advisory Representatives.

Some LFAS Advisory Representatives may use just one method or strategy while other Advisory Representatives may rely on multiple. LFAS does not require or mandate a particular investment strategy be implemented by its Advisory Representatives. Further, LFAS has no requirements for using a particular analysis method and LFAS Advisory Representatives are provided flexibility (subject to LFAS supervision and compliance requirements) when developing their investment strategies.

Although LFAS Advisory Representatives have the ability to develop and implement their own investment strategies and methods of analysis, Advisory Representatives may elect to have their accounts managed in accordance with the strategies and methods of analysis developed by the LFAS Investment Committee. In these situations, the Investment Committee will be responsible for actively determining investment recommendations and implementing such



recommendations. The Advisor Representative is still responsible for communicating with his/her client and gathering all client information. Numerous model portfolios are developed by the LFAS Investment Committee at any one time, but generally speaking, portfolios will be designed based on the following objectives:

- Income with Capital Preservation,
- Income with Moderate Growth,
- Growth with Income,
- Growth, and
- Aggressive Growth

## **Risks**

Given the very wide range of investments in which a Client's assets may be invested, either directly by investing in individual securities and/or through one or more pooled investment vehicles or funds, there is similarly a very wide range of risks to which a Client's assets may be exposed. This Brochure does not include every potential risk associated with an investment strategy, or all of the risks applicable to a particular advisory account. Rather, it is a general description of the nature and risks of the strategies and securities and other financial instruments in which advisory accounts may invest. The particular risks to which a specific Client might be exposed will depend on the specific investment strategies incorporated into that Client's portfolio. As such, for a detailed description of the material risks of investing in a particular product, the Client should, on or prior to investing, also refer to such product's prospectus or other offering materials.

Set forth below are certain material risks to which a Client might be exposed in connection with LFAS's implementation of a strategy for Client accounts:

*Absolute Return* – A portfolio that seeks to achieve an absolute return with reduced correlation to stock and bond markets may not achieve positive returns over short or long-term periods. Investment strategies that have historically been non-correlated or have demonstrated low correlations to one another or to stock and 10 bond markets may become correlated at certain times and, as a result, may cease to function as anticipated over either short or long-term periods.

*Asset Allocation Risk* – The risk that an investment advisor's decisions regarding a portfolio's allocation to asset classes or underlying funds will not anticipate market trends successfully.

*Asset-Backed Securities Risk* – Payment of principal and interest on asset-backed securities is dependent largely on the cash flows generated by the assets backing the securities. Securitization trusts generally do not have any assets or sources of funds other than the receivables and related property they own, and asset-backed securities are generally not insured or guaranteed by the related sponsor or any other entity. Asset-backed securities may be more illiquid than more conventional types of fixed-income securities that the portfolio may acquire.

*Below Investment Grade Securities (Junk Bonds) Risk* – Fixed income securities rated below investment grade (junk bonds) involve greater risks of default or downgrade and are generally more volatile than investment grade securities because the prospect for repayment of principal and interest of many of these securities is speculative. Because these securities typically offer a higher rate of return to compensate investors for these risks, they are sometimes referred to

as “high yield bonds,” but there is no guarantee that an investment in these securities will result in a high rate of return. These risks may be increased in foreign and emerging markets.

*Corporate Fixed Income Securities Risk* – Corporate fixed income securities respond to economic developments, especially changes in interest rates, as well as to perceptions of the creditworthiness and business prospects of individual issuers.

*Credit Risk* – The risk that the issuer of a security, or the counterparty to a contract, will default or otherwise become unable to honor a financial obligation. *Currency Risk* – As a result of investments in securities or other investments denominated in, and/or receiving revenues in, foreign currencies the risk that foreign currencies will decline in value relative to the U.S. dollar, or, in the case of hedging positions, that the U.S. dollar will decline in value relative to the currency 11 hedged. In either event, the dollar value of an investment in the portfolio would be adversely affected. To the extent that a portfolio takes active or passive positions in currencies it will be subject to the risk that currency exchange rates may fluctuate in response to, among other things, changes in interest rates, intervention (or failure to intervene) by U.S. or foreign governments, central banks or supranational entities, or by the imposition of currency controls or other political developments in the United States or abroad.

*Cybersecurity Risk* - Intentional cybersecurity breaches such as unauthorized access to systems, networks or devices, computer viruses or other malicious software code and other cyberattacks that shut down, disable, slow or otherwise disrupt business operations, processes or website access or functionality represent another risk for clients. In addition, unintentional incidents can occur, such as the inadvertent release of confidential information. Such breaches could result in the loss or theft of customer data or funds, the inability to access electronic systems, loss or theft of proprietary information, physical damage to a computer or network system, or costs associated with system repairs.

*Depository Receipts* – Depository receipts, such as American Depositary Receipts (ADRs), are certificates evidencing ownership of shares of a foreign issuer that are issued by depository banks and generally trade on an established market. Depository receipts are subject to many of the risks associated with investing directly in foreign securities, including among other things, political, social and economic developments abroad, currency movements, and different legal, regulatory and tax environments.

*Duration Risk* – Longer-term securities in which a portfolio may invest tend to be more volatile than shorter term securities. A portfolio with a longer average portfolio duration is more sensitive to changes in interest rates than a portfolio with a shorter average portfolio duration.

*Equity Market Risk* – The risk that the market value of a security may move up and down, sometimes rapidly and unpredictably. Equity market risk may affect a single issuer, an industry, a sector or the equity or bond market as a whole.

*Exchange-Traded Funds (ETFs) Risk (including leveraged ETFs)* – The risks of owning shares of an ETF generally reflect the risks of owning the underlying securities the ETF is designed to track, although lack of liquidity in an ETF could result in its value being more volatile than the underlying portfolio securities. Leveraged ETFs contain all of the risks that non-leveraged ETFs present. Additionally, to the extent the portfolio invests in ETFs that achieve leveraged exposure to their underlying indexes through the use of derivative instruments, the portfolio will indirectly be subject to leverage risk, described below. Leveraged Inverse ETFs seek to provide investment results that match a negative

multiple of the performance of an underlying index. To the extent that the portfolio invests in Leveraged Inverse ETFs, the portfolio will indirectly be subject to the risk that the performance of such ETF will fall as the performance of that ETF's benchmark rises. Leveraged and Leveraged Inverse ETFs often "reset" daily, meaning that they are designed to achieve their stated objectives on a daily basis. Due to the effect of compounding, their performance over longer periods of time can differ significantly from the performance (or inverse of the performance) of their underlying index or benchmark during the same period of time. These investment vehicles may be extremely volatile and can potentially expose a portfolio to significant losses.

*Extension Risk* – The risk that rising interest rates may extend the duration of a fixed income security, typically reducing the security's value.

*Fixed Income Market Risk* – The prices of fixed income securities respond to economic developments, particularly interest rate changes, as well as to perceptions about the creditworthiness of individual issuers, including governments and their agencies. Generally, fixed income securities will decrease in value if interest rates rise and vice versa. In a low interest rate environment, risks associated with rising rates are heightened. Declines in dealer market-making capacity as a result of structural or regulatory changes could decrease liquidity and/or increase volatility in the fixed income markets. In the case of foreign securities, price fluctuations will reflect international economic and political events, as well as changes in currency valuations relative to the U.S. dollar. In response to these events, a portfolio's value may fluctuate and its liquidity may be impacted.

*Foreign Investment/Emerging Markets Risk* – The risk that non-U.S. securities may be subject to additional risks due to, among other things, political, social and economic developments abroad, currency movements and different legal, regulatory and tax environments. These additional risks may be heightened with respect to emerging market countries because political turmoil and rapid changes in economic conditions are more likely to occur in these countries.

*Income Risk* – The possibility that a portfolio's yield will decline due to falling interest rates. *Inflation Protected Securities Risk* – The value of inflation protected securities, including TIPS, will typically fluctuate in response to changes in "real" interest rates, generally decreasing when real interest rates rise and increasing when real interest rates fall. Real interest rates represent nominal (or stated) interest rates reduced by the expected impact of inflation. In addition, interest payments on inflation-indexed securities will generally vary up or down along with the rate of inflation.

*Interest Rate Risk* – The risk that a rise in interest rates will cause a fall in the value of fixed income securities, including U.S. Government securities in which the portfolio invests. Although U.S. Government securities are considered to be among the safest investments, they are not guaranteed against price movements due to changing interest rates. A low interest rate environment may present greater interest rate risk, because there may be a greater likelihood of rates increasing and rates may increase more rapidly.

*Investment Company Risk* – When a portfolio invests in an investment company, including mutual funds, closed-end funds and ETFs, in addition to directly bearing the expenses associated with its own operations, it will bear a pro rata portion of the investment company's expenses. Further, while the risks of owning shares of an investment company generally reflect the risks of owning the underlying investments of the investment company, the portfolio may be subject to additional or different risks than if the portfolio had invested directly in the underlying investments. For example, the lack of liquidity in an ETF could result in its value being more volatile than the underlying portfolio

securities. Closed-end investment companies issue a fixed number of shares that trade on a stock exchange or over-the-counter at a premium or a discount to their net asset value. As a result, a closed-end fund's share price fluctuates based on what another investor is willing to pay rather than on the market value of the securities in the fund.

*Investment Style Risk* – The risk that the portfolio's strategy may underperform other segments of the markets or the markets as a whole.

*Large Capitalization Risk* – The risk that larger, more established companies may be unable to respond quickly to new competitive challenges such as changes in technology and consumer tastes. Larger companies also may not be able to attain the high growth rates of successful smaller companies.

*Leverage Risk* – A portfolio's use of derivatives may result in the portfolio's total investment exposure substantially exceeding the value of its securities and the portfolio's investment returns depending substantially on the performance of securities that the portfolio may not directly own. The use of leverage can amplify the effects of market volatility on the portfolio's value and may also cause the portfolio to liquidate portfolio positions when it would not be advantageous to do so in order to satisfy its obligations. The portfolio's use of leverage may result in a heightened risk of investment loss.

*Liquidity Risk* – The risk that certain securities may be difficult or impossible to sell at the time and the price that the portfolio would like. The portfolio may have to lower the price of the security, sell other securities instead or forego an investment opportunity, any of which could have a negative effect on portfolio management or performance.

*Market Risk* – The risk that the market value of a security may move up and down, sometimes rapidly and unpredictably. Market risk may affect a single issuer, an industry, a sector or the equity or bond market as a whole.

*Money Market Funds* – With respect to an investment in money market funds, an investment in the money market fund is not a bank deposit nor is it insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although a money market fund may seek to maintain a constant price per share of \$1.00, you may lose money by investing in the money market fund. The Fund may experience periods of heavy redemptions that could cause the Fund to liquidate its assets at inopportune times or at a loss or depressed value, particularly during periods of declining or illiquid markets. This could have a significant adverse effect on the Fund's ability to maintain a stable \$1.00 share price, and, in extreme circumstances, could cause the Fund to suspend redemptions and liquidate completely.

*Mortgage-Backed Securities Risk* – Mortgage-backed securities are affected significantly by the rate of prepayments and modifications of the mortgage loans backing those securities, as well as by other factors such as borrower defaults, delinquencies, realized or liquidation losses and other shortfalls. Mortgage-backed securities are particularly sensitive to prepayment risk, which is described below, given that the term to maturity for mortgage loans is generally substantially longer than the expected lives of those securities; however, the timing and number of prepayments cannot be accurately predicted. The timing of changes in the rate of prepayments of the mortgage loans may significantly affect the portfolio's actual yield to maturity on any mortgage-backed securities, even if the average rate of principal payments is consistent with the portfolio's expectation. Along with prepayment risk, mortgage-backed securities are significantly affected by interest rate risk, which is described above. In a low interest rate environment, mortgage loan prepayments would generally be expected to increase due to factors such as refinancing and loan

modifications at lower interest rates. In contrast, if prevailing interest rates rise, prepayments of mortgage loans would generally be expected to decline and therefore extend the weighted average lives of mortgage-backed securities held or acquired by the portfolio.

*Municipal Securities Risk* – Municipal securities, like other fixed income securities, rise and fall in value in response to economic and market factors, primarily changes in interest rates, and actual or perceived credit quality. Rising interest rates will generally cause municipal securities to decline in value. Longer-term securities generally respond more sharply to interest rate changes than do shorter-term securities. A municipal security will also lose value if, due to rating downgrades or other factors, there are concerns about the issuer's current or future ability to make principal or interest payments. State and local governments rely on taxes and, to some extent, revenues from private projects financed by municipal securities, to pay interest and principal on municipal debt. Poor statewide or local economic results or changing political sentiments may reduce tax revenues and increase the expenses of municipal issuers, making it more difficult for them to repay principal and to make interest payments on securities owned by a portfolio meet their obligations. Actual or perceived erosion of the creditworthiness of municipal issuers may reduce the value of a portfolio's holdings. As a result, the portfolio will be more susceptible to factors which adversely affect issuers of municipal obligations than a portfolio which does not have as great a concentration in municipal obligations. Municipal obligations may be underwritten or

guaranteed by a relatively small number of financial services firms, so changes in the municipal securities market that affect those firms may decrease the availability of municipal instruments in the market, thereby making it difficult to identify and obtain appropriate investments for the portfolio. Also, there may be economic or political changes that impact the ability of issuers of municipal securities to repay principal and to make interest payments on securities owned by the portfolio. Any changes in the financial condition of municipal issuers also may adversely affect the value of the portfolio's securities.

*Non-Diversified Risk* – To the extent that a portfolio is non-diversified, which means that it may invest in the securities of relatively few issuers. As a result, the portfolio may be more susceptible to a single adverse economic or political occurrence affecting one or more of these issuers, and may experience increased volatility due to its investments in those securities.

*Opportunity Risk* – The risk of missing out on an investment opportunity because the assets necessary to take advantage of it are tied up in other investments.

*Overlay Risk* – To the extent that a Client's portfolio is implemented through an Overlay Manager, it is subject to the risk that its performance may deviate from the performance of a sub-advisor's model or the performance of other proprietary or Client accounts over which the sub-advisor retains trading authority ("Other Accounts"). The Overlay Manager's variation from the sub-advisor's model portfolio may contribute to performance deviations, including under performance. In addition, a sub-advisor may implement its model portfolio for its Other Accounts prior to submitting its model to the Overlay Manager. In these circumstances, trades placed by the Overlay Manager pursuant to a model portfolio may be subject to price movements that result in the Client's portfolio receiving prices that are different from the prices obtained by the sub-advisor for its Other Accounts, including less favorable prices. The risk of such price deviations may increase for large orders or where securities are thinly traded.

*Portfolio Turnover Risk* – To the extent that a portfolio buys and sells securities frequently, such activity may result in increased brokerage or other higher transaction costs and additional capital gains tax liabilities, which may affect the portfolio's performance. These costs affect the portfolio's performance. To the extent that a portfolio invests in an underlying fund the portfolio will have no control over the turnover of the underlying fund

*Prepayment Risk* – The risk that, in a declining interest rate environment, fixed income securities with stated interest rates may have the principal paid earlier than expected, requiring a portfolio to invest the proceeds at generally lower interest rates.

*Quantitative Investing* – A quantitative investment style generally involves the use of computers to implement a systematic or rules-based approach to selecting investments based on specific measurable factors. Due to the significant role technology plays in such strategies, they carry the risk of unintended or unrecognized issues or flaws in the design, coding, implementation or maintenance of the computer programs or technology used in the development and implementation of the quantitative strategy. These issues or flaws, which can be difficult to identify, may result in the implementation of a portfolio that is 15 different from that which was intended, and could negatively impact investment returns. Such risks should be viewed as an inherent element of investing in an investment strategy that relies heavily upon quantitative models and computerization.

*Real Estate Industry Risk* – Securities of companies principally engaged in the real estate industry may be subject to the risks associated with direct ownership of real estate. Risks commonly associated with the direct ownership of real estate include fluctuations in the value of underlying properties, defaults by borrowers or tenants, changes in interest rates and risks related to general or local economic conditions. If a portfolio's investments are concentrated in issuers conducting business in the real estate industry, the portfolio may be subject to legislative or regulatory changes, adverse market conditions and/or increased competition affecting that industry.

*Real Estate Investment Trusts (REITs)* – REITs are trusts that invest primarily in commercial real estate or real estate-related loans. Investments in REITs are subject to the risks associated with the direct ownership of real estate which is discussed above. Some REITs may have limited diversification and may be subject to risks inherent in financing a limited number of properties. *Sampling Risk* – With respect to investments in index funds or a portfolio designed to track the performance of an index, a fund or portfolio may not fully replicate a benchmark index and may hold securities not included in the index. As a result, a fund or portfolio may not track the return of its benchmark index as well as it would have if the fund or portfolio purchased all of the securities in its benchmark index.

*Small and Medium Capitalization Risk* – Small and medium capitalization companies may be more vulnerable to adverse business or economic events than larger, more established companies. In particular, small and medium capitalization companies may have limited product lines, markets and financial resources, and may depend upon a relatively small management group. Therefore, small capitalization and medium capitalization stocks may be more volatile than those of larger companies. Small capitalization and medium capitalization stocks may be traded over the counter or listed on an exchange.

*Social Investment Criteria Risk* – If a portfolio is subject to certain social investment criteria it may avoid purchasing certain securities for social reasons when it is otherwise economically advantageous to purchase those securities, or may sell certain securities for social reasons when it is otherwise economically advantageous to hold those securities. In general, the application of portfolio's social investment criteria may affect the portfolio's exposure to certain

industries, sectors and geographic areas, which may affect the financial performance of the portfolio, positively or negatively, depending on whether these industries or sectors are in or out of favor.

*Taxation Risk* – LFCM does not represent in any manner that the tax consequences described as part of its tax management techniques and strategies will be achieved or that any of LFCM's tax-management techniques, or any of its products and/or services, will result in any particular tax consequence. The tax consequences of the tax-management techniques, including those intended to harvest tax losses, and other strategies that LFCM may pursue are complex and uncertain and may be challenged by the IRS. A portfolio that is managed to minimize tax consequences to Clients will likely still earn taxable income and gains from time to time. In order to pay tax-exempt interest, tax-exempt securities must meet certain legal requirements. Failure to meet such requirements may cause the interest received and distributed by the portfolio to shareholders to be taxable. Changes or proposed changes in federal tax laws may cause the prices of tax-exempt securities to fall. The federal income tax treatment on payments with respect to certain derivative contracts is unclear. Consequently, a portfolio may receive payments that are treated as ordinary income for federal income tax purposes.

*Tracking Error Risk* – The risk that the performance of a portfolio designed to track an index may vary substantially from the performance of the benchmark index it tracks as a result of cash flows, portfolio expenses, imperfect correlation between the portfolio's and benchmark's investments and other factors.

*Underlying Funds Risk* – With respect to portfolios that invest in underlying funds, additional investment risk exists because the value of such investments is based primarily on the performance of the underlying funds. Specifically, with respect to alternative investment funds, the entity's sponsors will make investment and management decisions. Therefore, an underlying fund's returns are dependent on the investment decisions made by its management and the portfolio will not participate in the management or control the investment decisions of the alternative investment fund. Further, the returns on a portfolio may be negatively impacted by liquidity restrictions imposed by the governing documents of an alternative investment fund such as "lockup" periods, gates, redemption fees and management's ability to suspend redemptions (in certain cases). Such lock-up periods, gates or suspensions may restrict the portfolio's ability to exit from an alternative investment fund in accordance with the intended business plan and prevent the portfolio from liquidating its position upon favorable terms. All of these factors may limit the portfolio's return under certain circumstances.

*U.S. Government Securities Risk* – Although U.S. Government securities are considered to be among the safest investments, they are not guaranteed against price movements due to changing interest rates. Obligations issued by some U.S. Government agencies are backed by the U.S. Treasury, while others are backed solely by the ability of the agency to borrow from the U.S. Treasury or by the agency's own resources.

Clients must understand that past performance is not indicative of future results. Therefore, current and prospective clients (including you) should never assume that future performance of any specific investment or investment strategy will be profitable. Investing in securities (including stocks, mutual funds, and bonds) involves risk of loss. Further, depending on the different types of investments there may be varying degrees of risk. Clients and prospective clients should be prepared to bear investment loss including loss of original principal.

Because of the inherent risk of loss associated with investing, our Firm is unable to represent, guarantee, or even imply that our services and methods of analysis can or will predict future results, successfully identify market tops or



bottoms, or insulate you from losses due to market corrections or declines. AS primarily recommends mutual funds to meet the needs of its clients, although exchange traded funds, stocks and bonds may also be used. A mutual fund's investment objective and its holdings are influential factors in determining how risky a fund is. Mutual funds face risks based on the investments they hold. For example, a bond fund faces interest rate risk and income risk. Similarly, an equity sector fund is at risk that its price will decline due to developments in its industry. Debt securities are also subject to credit risk, which is the possibility that the credit strength of an issuer will weaken and/or an issuer of a debt security will fail to make timely payments of principal or interest and security will go into default. Overall market risk is defined as the possibility that stock or bond fund prices overall will decline over short or even extended periods. Finally, principal risk, or the possibility that an investment will go down in value, or "lose money," from the original or invested amount, is a risk faced by investors.

Intentional cybersecurity breaches such as unauthorized access to systems, networks or devices, computer viruses or other malicious software code and other cyberattacks that shut down, disable, slow or otherwise disrupt business operations, processes or website access or functionality represent another risk for clients. In addition, unintentional incidents can occur, such as the inadvertent release of confidential information. Such breaches could result in the loss or theft of customer data or funds, the inability to access electronic systems, loss or theft of proprietary information, physical damage to a computer or network system, or costs associated with system repairs.

Clients must understand that past performance is not indicative of future results. Therefore, current and prospective clients (including you) should never assume that future performance of any specific investment or investment strategy will be profitable. Investing in securities (including stocks, mutual funds, and bonds) involves risk of loss. Further, depending on the different types of investments there may be varying degrees of risk. Clients and prospective clients should be prepared to bear investment loss including loss of original principal.

Because of the inherent risk of loss associated with investing, our Firm is unable to represent, guarantee, or even imply that our services and methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate you from losses due to market corrections or declines.

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

This item is not applicable to our brochure because there are no legal or disciplinary events listed in Item 9 of the Form ADV Part 2 instructions that are material to a client's or prospective client's evaluation of our business or integrity.

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

LFAS is not and does not have a related company that is a (1) investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or "hedge fund," and offshore fund), (2) futures commission merchant, commodity pool operator, or commodity trading advisor, (3) banking or thrift institution, (4) pension consultant, (5) real estate broker or dealer, (6) sponsor or syndicator of limited partnerships, or (7) law firm.



### **Other Business Activities**

LFAS' only business is providing advisory services and investment advice to clients. However, many of LFAS' Advisory Representatives are engaged in professions other than giving investment advice. Those that are registered representatives of a broker-dealer or licensed insurance agents may sell securities and/or insurance products to any client, and will receive usual and customary commissions for these transactions.

### **Level Four Financial Service, LLC**

A number of LFAS' Advisory Representatives may also be dually registered as a registered representative with Level Four Financial Services, LLC ("LFF"), a FINRA registered broker-dealer. As of October 2020, the holding company of LFAS, LFG Group, LLC, acquired ownership in LFF, thus creating common control and ownership between LFF and LFAS. LFF and LFAS will share office space and operational personnel.

### **Accounting Services**

Some of LFAS' Advisory Representatives may establish relationships with CPA firms not related to LFAS and may provide advisory services to clients of these accounting firms. Some of those accountants may also be licensed as registered representatives of LFF. In their capacities as registered representatives, the Advisory Representatives may implement securities transactions on behalf of CPA firm clients and share the usual and customary commissions received with the licensed accountants. Clients are not obligated to use the services of the CPA firm or LFAS' Advisory Representatives.

Some of LFAS' Advisory Representatives may also be separately licensed as Certified Public Accountants or Enrolled Agents with the Internal Revenue Service. They may provide accounting or tax preparation services to clients. If appropriate, advisory clients may be referred to these individuals for accounting or tax preparation services, but they are not obligated to use these services. If clients do elect to use these services, charges for tax or accounting services provided will be separate from fees charged for advisory services.

### **Other Registered Investment Advisory Services**

LFAS is under common control with other investment advisers, Level Four Capital Management, LLC ("LFCM"), an SEC registered investment adviser and Preferred Legacy Trust, a state-regulated non-depository trust company. LFAS and LFCM have overlap in personnel and LFAS may use LFCM as a sub-advisor for client accounts. LFAS may have occasion to refer clients to Preferred Legacy Trust for trust services as may be appropriate given a client's stated needs and objectives and Preferred Legacy Trust may refer clients to LFAS for advisory services and share in revenue related to such referrals. LFAS and Preferred Legacy Trust remain operationally independent entities.

### **Insurance Activities**

Some of LFAS' Advisory Representatives are also independently licensed insurance agents and may be affiliated with various insurance companies. When selling insurance products in this separate capacity, they may receive normal and customary commissions. Level Four Group, LLC is the sole owner of LFAS and Level Four Insurance Agency, a licensed insurance agency. Some of LFAS' Advisory Representatives sell insurance products through Level Four Insurance Agency.

### **Carr, Riggs & Ingram, L.L.C.**

Our parent company, Level Four Group, is indirectly 100% owned and controlled by Carr, Riggs, & Ingram, L.L.C. (CRI), an Alabama limited liability company and accounting firm. Although clients of LFAS in need of accounting services will typically be referred to the client's individual Advisory Representative's related accounting firm, clients may also be referred to CRI. Because CRI is the indirect owner of LFAS, we have a financial incentive to recommend CRI over other accounting firms. Moreover, CRI may refer their clients to LFAS. As indirect owner of LFAS, CRI has an economic incentive to recommend LFAS over other financial firms offering similar services to those offered by LFAS.

CRI is also the 100% indirect owner of Auditwerx, LLC, another accounting firm, CRI Solutions Group, LLC, an executive consulting firm, and CRI Capital Advisors, LLC, a mergers and acquisitions registered broker/dealer. LFAS does not have material arrangements with these firms and does not typically share or refer clients with either firm.

If you are referred to an affiliated company of LFAS or referred by an affiliated company of LFAS, there is an inherent conflict as the corporate parent of these related companies does serve to benefit from such referrals. Please understand you are under no obligation to work with LFAS or one of our affiliated companies. You can work with any accounting firm, investment advisor or other financial professional of your choosing.

### **Third-Party Money Managers**

As described in *Item 4 – Advisory Business* and *Item 5 – Fees and Compensation*, LFAS has formed relationships with independent, third-party money managers. When we refer clients to a third-party manager through our programs, you need to know that our Firm will receive a portion of the fee charged. Therefore, we have a conflict of interest in that we will only recommend third party money managers available through the programs described in Item 5 of the Disclosure Brochure.

**Conflict of Interest:** The recommendation by LFAS representatives that a client purchase a securities or insurance commission product from the firm presents a ***conflict of interest***, as the receipt of commissions may provide an incentive to recommend investment products based on commissions to be received, rather than on a particular client's need. No client is under any obligation to purchase any securities or insurance commission products from LFAS and/or its representatives. Clients are reminded that they may purchase securities and insurance products recommended by LFAS through other, non-affiliated broker-dealers and/or insurance agencies.

LFAS addresses these conflicts in a variety of ways, including, disclosure of various conflicts as detailed in this Brochure. Moreover, our advisors are required to recommend investment advisory programs, investment products and securities that are suitable for each client based upon the client's investment objectives, risk tolerance and financial situation and needs. In addition, we have established a variety of restrictions, procedures and disclosures designed to address conflicts of interest – both those arising between and among accounts as well as between accounts and our business. **LFAS' Chief Compliance Officer remains available to address any questions that a client or prospective client may have regarding the above conflict of interest.**

### **Securities Backed Lines of Credit**

Client custodians may offer LFAS clients the ability to enter into Securities Backed Lines of Credit (SBLOCs), which provide borrowers with a borrowing alternative to selling assets in order to access cash. LFAS typically does not recommend SBLOCs to clients, and LFAS does not receive any compensation directly related to a client opening an SBLOC.

**Conflict of Interest:** Although the decision to open a SBLOC is driven by the client, a conflict of interest may exist in the event LFAS recommends that a client open a SBLOC in lieu of withdrawing funds as LFAS could continue to charge asset management fees based on those assets while creating a substantial risk of loss to the client. Further, LFAS would be conflicted if such a recommendation is made. LFAS would also be conflicted in the management of the advisory client's account as LFAS' fiduciary duty to manage the account according to the agreed upon investment objective and risk tolerance may not be consistent with LFAS' obligation to manage the account in a manner that will maintain adequate collateral. In order to mitigate this conflict, LFAS will follow the general fiduciary responsibility as the guiding principle for management of the account. In the event any information arises during the SBLOC application process that would indicate a need for any revisions to the account including the investment objectives and or risk tolerance, the account will be accordingly updated to ensure that it continues to be managed in accordance with the client's needs.

When we provide investment advice to you regarding your retirement plan account or individual retirement account, we are fiduciaries within the meaning of Title I of the Employee Retirement Income Security Act and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. The way we make money creates some conflicts with your interests, so we operate under a special rule that requires us to act in your best interest and not put our interest ahead of yours.

Under this special rule's provisions, we must:

- Meet a professional standard of care when making investment recommendations (give prudent advice);
- Never put our financial interests ahead of yours when making recommendations (give loyal advice);
- Avoid misleading statements about conflicts of interest, fees, and investments;
- Follow policies and procedures designed to ensure that we give advice that is in your best interest;
- Charge no more than is reasonable for our services; and
- Give you basic information about conflicts of interest.

**LFAS' Chief Compliance Officer remains available to address any questions that a client or prospective client may have regarding the above conflict of interest.**

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

### **Code of Ethics Summary**

According to the *Investment Advisers Act of 1940*, an investment adviser is considered a fiduciary. As a fiduciary, it is an investment adviser's responsibility to provide fair and full disclosure of all material facts. In addition, an investment adviser has a duty of utmost good faith to act solely in the best interest of each of its clients. LFAS and its Advisory Representatives have a fiduciary duty to all clients. LFAS has established a Code of Ethics which all Advisory Representatives must adhere to. They must execute an annual acknowledgment agreeing that they understand and agree to comply with that Code of Ethics.

The fiduciary duty of LFAS and its Advisory Representatives to clients is considered the core underlying principle for LFAS' Code of Ethics and represents the expected basis for all dealings the Advisory Representatives have with clients. LFAS has the responsibility to make sure that the interests of clients are placed ahead of it or its Advisory Representatives' own investment interests. All Advisory Representatives will conduct business in an honest, ethical and fair manner. All Advisory Representatives will comply with all federal and state securities laws at all times. Full disclosure of all material facts and potential conflicts of interest will be provided to clients prior to services being conducted. All Advisory Representatives have a responsibility to avoid circumstances that might negatively affect or appear to affect the Advisory Representatives' duty of complete loyalty to their clients. This section is only intended to provide current clients and potential clients with a description of LFAS' Code of Ethics. If current clients or potential clients wish to review LFAS' Code of Ethics in its entirety, a copy may be requested from any of LFAS' Advisory Representatives and a copy will be promptly provided.

### **Affiliate and Employee Personal Securities Transactions Disclosure**

LFAS, our Advisory Representatives and/or our personnel may buy or sell securities in their personal accounts that we may also recommend to clients. Because this policy may create a conflict between the interests of clients and the personal investing opportunities of our personnel, we have established several procedures to control for the apparent conflict of interest.

- LFAS is and shall continue to be in compliance with *The Insider Trading and Securities Fraud Enforcement Act of 1988*. Personnel shall not buy or sell securities for their personal account(s) where their decision is derived, in whole or in part, from information obtained as a result of his/her employment unless the information is also available to the investing public upon reasonable inquiry.
- It is our policy that no Advisory Representative shall prefer his or her own interest to that of the advisory client.
- Our personnel may not purchase or sell any security traded over an exchange (such as a stock position) prior to transactions in the same securities are implemented for an advisory client account.
- Most investments owned by our personnel are publicly traded and widely available (such as mutual funds).

### **Item 12 – Brokerage Practices**

LFF, RJA, TD Ameritrade, Fidelity and Charles Schwab & Company ("Schwab") generally serve as broker/dealers and qualified custodians for all accounts established through our different advisory programs. LFAS' recommendation of these qualified custodians is based primarily on minimizing client fees and expenses, but also on past experiences, as well as offerings or services each provides that LFAS or clients may require or find valuable. LFAS may be limited in the broker-dealer or custodians that we are permitted to use due to some LFAS Advisory Representatives' relationship with Level Four Financial, LLC and that firm's respective duty to supervise their actions.

LFAS is independently owned and operated and not affiliated with any of the qualified custodians we may establish accounts with. When recommending a broker-dealer or custodian the primary factor is on minimizing client fees and expenses, but also on past experiences, reputation, financial strength, security and stability, quality of service, capability and competency with respect to executing, clearing and settling trades, as well as breadth of offerings or services provided, that LFAS or clients may require or find valuable. We recommend broker/dealers and custodians that we feel provide services in a manner and at a cost that will allow us to meet our duty of best execution.

It should be noted that Program accounts may or may not be charged a separate fee for transactions executed by the qualified custodian. It is the discretion of the Advisory Representative after consultation with the client to determine if the client's Program account will be charged for all transactions or if the transaction fees will be included in the overall management fee charged by LFAS. The firm does not charge clients higher advisory fees based upon trading activity, but the firm does have an incentive to limited trading activity in client account(s) because we are charged for executed trades. When clients are charged on a per transaction basis, the transaction fee will appear on the client's individual account statement from the qualified custodian.

While there will not be a direct linkage between the investment advice provided by LFAS and the different qualified custodians, economic benefits may be received that would not be received if LFAS did not use these services to implement the investment advice provided. These benefits may include, but not necessarily be limited to: receipt of duplicate client confirmations and bundled duplicate statements; access to a trading desk; the ability to have investment advisory fees deducted directly from client accounts; access to an electronic communications network for client order entry and account information; receipt of compliance publications; and access to mutual funds that generally require significantly higher minimum initial investments or are generally only available to institutional investors.

#### **Level Four Financial, LLC**

Those LFAS Advisory Representatives that are dually registered with LFF may recommend that clients establish a brokerage (if registered representative) through LFF, in which Raymond James Advisors ("RJA"), member FINRA/SIPC, serves as custodian of assets..

Due to the fact that LFF is an affiliated company of LFAS through common ownership as previously described, there is an inherent conflict of interest in the event clients select services provided through LFF through which representatives may earn commission-based compensation in their separate capacities as registered representatives of LFF. LFAS attempts to mitigate these conflicts of interest by evaluating and recommending that clients use the best platform and custodian that serves their needs. LFAS considers expense, fee structure and overall services provided when recommending any particular platform or service, including those offered through LFF.

#### ***Transition Assistance***

RJA provides various benefits to the firm to assist the firm with the costs of associating or transitioning representatives to the RJA platform (referred to as "Transition Assistance"). The proceeds of such Transition Assistance payments are intended to be used for a variety of purposes, including but not necessarily limited to, providing working capital to assist in funding representatives' business, technology set-up fees, and staffing support associated with moving accounts. The amount of Transition Assistance is based upon at least in part, assets under custody on the RJA platform. The receipt of this Transition Assistance creates a conflict of interest as it creates a financial incentive for the firm to recommend that its clients maintain their accounts with RJA. LFAS attempts to mitigate these conflicts of interest by evaluating and recommending that clients use RJA's platform and services based on the benefits that such services and platform rather than the Transition Assistance that is received by the firm. LFAS considers RJA's expense, fee structure and the overall services provided when recommending or requiring that clients maintain accounts with RJA. However, clients should be aware of this conflict and take it into consideration in making a decision whether to custody their assets in an account at RJA.

### *Trade Away Services/Directed Brokerage*

Through its relationships with TD Ameritrade, Fidelity, Schwab and Raymond James (through association with LFF), LFAS may also use the respective broker/dealers' Trade Away Service which allow LFAS to place trades with other broker/dealers. Trade Away Services and Directed Brokerage allow LFAS to elect to execute trades for through other broker/dealers in order to obtain a better price for the client and then have the securities delivered into/from the client's LFF, TD Ameritrade, Schwab or Fidelity brokerage account.

The use of the Trade Away Service provides LFAS greater flexibility to access more fixed income products, ability to implement trades with companies that may make a market in a security, the ability to access Initial Public Offerings (IPO's), the ability to access new issue bonds, and the ability to find a wider range or pricing on equity positions. The Trade Away Service is beneficial because it allows LFAS to place trades through several executing broker/dealers, yet receive centralized custody, clearing and settlement, recordkeeping and other services from one source, RJ, TD Ameritrade, Schwab and Fidelity. LFAS's decision to use an executing broker/dealer will depend on the executing broker's respective expertise and costs. All assets will be kept in the client's LFF/RJA, TD Ameritrade, Schwab and Fidelity account with all confirmations and statements generated by RJA, TD Ameritrade, Schwab and Fidelity.

The use of Trade Away Services (TD Ameritrade, Fidelity, and Schwab) and Directed Brokerage (LFF for participation in the ICA platform program ) are the only cases in which LFAS selects a broker-dealer to be used without specific client consent. TD Ameritrade, Fidelity, Schwab, and Raymond James charge the client a service fee per order entered at an executing broker/dealer by LFAS. The Trade Away Service Fee will be charged to the client's account.

### **TD Ameritrade Institutional Program**

Advisor participates in the TD Ameritrade Institutional program. TD Ameritrade Institutional is a division of TD Ameritrade, Inc. ("TD Ameritrade") member FINRA/SIPC. TD Ameritrade is an independent [and unaffiliated] SEC-registered broker-dealer. TD Ameritrade offers to independent investment Advisors services which include custody of securities, trade execution, clearance and settlement of transactions. Advisor receives some benefits from TD Ameritrade through its participation in the program. (Please see the disclosure under Item 14 below.)

### **Schwab Advisor Services™**

Schwab Advisor Services™ is Schwab's business serving independent investment advisory firms like us. They provide us and our clients with access to their institutional brokerage services (trading, custody, reporting, and related services), many of which are not typically available to Schwab retail customers. However, certain retail investors may be able to get institutional brokerage services from Schwab without going through us.

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 are generally available on an unsolicited basis (we don't have to request them) and at no charge to us. Following is a more detailed description of Schwab's support services:

**Services that benefit you.** Schwab's institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through Schwab include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients.

**Services that do not directly benefit you.** Schwab also makes available to us other products and services that benefit us but do not directly benefit you or your account. These products and services assist us in managing and administering our clients' accounts and operating our firm. They include investment research, both Schwab's own and that of third parties. We use this research to service all or a substantial number of our clients' accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab also makes available software and other technology that:

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

**Services that generally only benefit us.** Schwab also offers other services intended to help us manage and further develop our business enterprise. These services include:

- Education conferences and events
- Consulting on technology and business needs
- Consulting on legal and related compliance needs
- Publications and conferences on practice management and business succession
- Access to employee benefits providers, human capital consultants, and insurance providers
- Marketing consulting and support

Schwab provides some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to us. Schwab also discounts or waives its fees for some of these services or pays all or a part of a third party's fees. Schwab also provides us with other benefits, such as occasional business entertainment of our personnel. If you did not maintain your account with Schwab, we would be required to pay for these services from our own resources.

The availability of these services from Schwab benefits us because we do not have to produce or purchase them. We don't have to pay for Schwab's services. These services are not contingent upon us committing any specific amount of business to Schwab in trading commissions or assets in custody. The fact that we receive these benefits from Schwab is an incentive for us to recommend the use of Schwab rather than making such a decision based exclusively on your interest in receiving the best value in custody services and the most favorable execution of your transactions. This is a conflict of interest. We believe, however, that taken in the aggregate, when Schwab is recommended as a custodian for a particular client/account(s), it is only when it is in the best interests of our clients. Our selection is primarily supported by the scope, quality, and price of Schwab's services (see "How we select brokers/ custodians") and not Schwab's services that benefit only us.

### **Broker-Dealer Selection Process**

Clients often grant LFAS the authority to select the broker-dealer to be used for the purchase and sale of securities. When evaluating best execution, we will consider the following factors in broker selection:

- Financial stability
- Reputation
- Quality of services and research available
- Type and size of both securities traded and markets traded on
- Liquidity



- History of execution speed and price improvement
- Competitiveness of commission rates compared to other brokers

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

LFAS's primary objective in broker-dealer selection is to comply with its duty to obtain the best execution for clients. Best execution does not necessarily mean the lowest commission, but instead involves consideration of many factors, listed above.

A statutory "safe harbor" allows broker-dealers to be paid with commission dollars, also referred to as soft dollars, in exchange for statistical research and information. Soft dollar transactions generally cause clients to pay a commission rate higher than would be charged for execution of the trade only.

At times, LFAS may select a broker-dealer that charges a commission in excess of that which another broker-dealer may have charged for executing the same transaction. LFAS is not obligated to simply choose the broker-dealer with the lowest commission rate if, within reasonable judgment, we believe the total cost or proceeds may be less favorable for the client than what may be obtained by a broker-dealer offering soft dollar services.

Research related products and services provided by the broker-dealer may include both proprietary and third-party research covering analysis and pricing, trading markets, legislative developments, economic and financial trends, and research or analytical computer software utilized in the investment management process.

LFAS is able to obtain such products and services through the use of Soft Dollars which reduces the need for LFAS to produce the same research through hard dollars. Thus, the use of soft dollars can provide economic benefits to Level Four Advisory Services and its clients.

Research products and services may be useful in servicing some or all of the Advisor and its affiliates' client accounts but may not be used by the Advisor in servicing the actual client accounts whose commission dollars generated and provided such research. Due to custodian restrictions, not all clients will be part of the soft dollar arrangement or pay for these services.

LFAS periodically reviews performance of broker-dealers and the items previously discussed to other broker-dealers to ensure that we are providing clients with the best execution available for those services.

### **Aggregation of Client Orders-Block Trading Policy**

In some instances, trades for more than one client's account may be aggregated ("block trades") and executed as a single trade in order to provide fair and equitable prices among managed client accounts. All clients will receive equal treatment when LFAS and its Advisory Representatives perform block trades for managed accounts. Securities purchased or sold using block trades will then be allocated in a fair and equitable manner to all client accounts involved in the block trade. If for any reason the entire block trade cannot be completed on the day the trade is placed, client accounts will receive an equal pro-rata portion of the securities traded. LFAS will keep records of all block trades executed and the allocations for each client account that participates in the block trade. LFAS and its Advisory Representatives will not receive additional compensation as a result of block trading.



## **Trade Errors**

Based on industry practice and SEC guidance to broker-dealers, a trade error under this policy is defined as including:

- Inaccurate transmission or execution of any term of an order including, but not limited to: price; number of shares or other unit of trading; identification of the security; identification of the account for which securities are purchased or sold; short sales that were instead sold long or vice versa; or the execution of an order on the wrong side of a market;
- Unauthorized (because of misunderstanding or mistake) or unintended purchase, sale or allocation of securities, or the failure to follow specific client instructions; and
- Incorrect entry of data into relevant systems, including reliance on incorrect cash positions, withdrawals or securities positions reflected in an account.

LFAS has implemented procedures designed to prevent trade errors; however, trade errors in client accounts cannot always be avoided. Consistent with its fiduciary duty, it is the policy of LFAS to correct trade errors in a manner that is in the best interest of the client. In cases where the client causes the trade error, the client will be responsible for any loss resulting from the correction. Depending on the specific circumstances of the trade error, the client may not be able to receive any gains generated as a result of the error correction. In all situations where the client does not cause the trade error, the client will be made whole and any loss resulting from the trade error will be absorbed by LFAS if the error was caused by the Firm. If the error is caused by the broker-dealer, the broker-dealer will be responsible for covering all trade error costs. LFAS will never benefit or profit from trade errors.

## **Item 13 – Review of Accounts**

### **Account Reviews and Reviewers**

LFAS recommends that clients have their financial situation reviewed and updated at least annually. Unless client's contract for annual consulting services, financial planning services terminate upon the presentation of the plan or completion of the consultation. If clients elect to have LFAS perform this review and update, a new client agreement will be required and additional fees may be charged.

Managed accounts may be reviewed on a more frequent basis. Accounts at third party money managers are reviewed when a statement is received from the manager, usually quarterly.

The calendar is the main triggering factor for reviews, although client requests, a change in client circumstances or objectives, and unusual market activity can also trigger reviews.

### **Statements and Reports**

Clients receive account statements directly from Raymond James, TD Ameritrade, Schwab, Fidelity or the client's qualified custodian when different than LFF. Statements will be delivered at least quarterly. In addition, LFAS may provide performance or position reports of their accounts managed by LFAS.

Finally, at their discretion LFAS may provide written performance and/or position reports to clients in addition to the statements and reports discussed above. Clients are strongly urged to compare all reports prepared by LFAS against the account statements received from the client's broker/dealer or qualified custodian.

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

As disclosed under Item 12 above, Advisor participates in TD Ameritrade's institutional customer program and Advisor may recommend TD Ameritrade to Clients for custody and brokerage services. There is no direct link between Advisor's participation in the program and the investment advice it gives to its Clients, although Advisor receives economic benefits through its participation in the program that are typically not available to TD Ameritrade retail investors. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate Client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving Advisor participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to Client accounts); the ability to have advisory fees deducted directly from Client accounts; access to an electronic communications network for Client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to Advisor by third party vendors. TD Ameritrade may also have paid for business consulting and professional services received by Advisor's related persons. Some of the products and services made available by TD Ameritrade through the program may benefit Advisor but may not benefit its Client accounts. These products or services may assist Advisor in managing and administering Client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help Advisor manage and further develop its business enterprise. The benefits received by Advisor or its personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of its fiduciary duties to clients, Advisor endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by Advisor or its related persons in and of itself creates a potential conflict of interest and may indirectly influence the Advisor's choice of TD Ameritrade for custody and brokerage services.

Advisor also receives from TD Ameritrade certain additional economic benefits ("Additional Services") that may or may not be offered to any other independent investment Advisors participating in the program. TD Ameritrade provides the Additional Services to Advisor in its sole discretion and at its own expense, and Advisor does not pay any fees to TD Ameritrade for the Additional Services. Advisor and TD Ameritrade have entered into a separate agreement ("Additional Services Addendum") to govern the terms of the provision of the Additional Services.

Advisor's receipt of Additional Services raises potential conflicts of interest. In providing Additional Services to Advisor, TD Ameritrade most likely considers the amount and profitability to TD Ameritrade of the assets in, and trades placed for, Advisor's Client accounts maintained with TD Ameritrade. TD Ameritrade has the right to terminate the Additional Services Addendum with Advisor, in its sole discretion, provided certain conditions are met. Consequently, in order to continue to obtain the Additional Services from TD Ameritrade, Advisor may have an incentive to recommend to its Clients that the assets under management by Advisor be held in custody with TD Ameritrade and to place transactions for Client accounts with TD Ameritrade. Advisor's receipt of Additional Services does not diminish its duty to act in the best interests of its Clients, including to seek best execution of trades for Client accounts.

The firm receives transition assistance from Raymond James based upon assets custodied or to be custodied at Raymond James. The receipt of this transition assistance creates a financial incentive for the firm to recommend Raymond James programs or products. The firm's advisory representatives do not receive any part of this additional compensation. LFAS attempts to mitigate these conflicts of interest by evaluating and recommending that clients use Raymond James's services based on the benefits that such services provide to our clients, rather than any transition assistance that the firm may receive. LFAS considers Raymond James's expense, fee structure, and the overall services provided when recommending or requiring that clients maintain accounts with Raymond James. However, clients should be aware of this conflict and take it into consideration in making a decision whether to custody their assets in a brokerage account at Raymond James.

We also receive an economic benefit from Schwab in the form of the support products and services it makes available to us and other independent investment advisors whose clients maintain their accounts at Schwab. You do not pay more for assets maintained at Schwab as a result of these arrangements. However, we benefit from the referral arrangement because the cost of these services would otherwise be borne directly by us. You should consider these conflicts of interest when selecting a custodian. The products and services provided by Schwab, how they benefit us, and the related conflicts of interest are described above (see Item 12—Brokerage Practices).

Additionally, the firm may receive cash or non-cash sponsorship assistance from custodial or product partners for the firm's annual conference/educational meeting. This does not cause clients to pay additional transaction fees beyond those charged by the Firm and does not diminish our duty to act in client's best interests, including best execution of trades.

LFAS and its Advisory Representatives may additionally enter into arrangements with unaffiliated investment advisory firms and unaffiliated individuals ("Solicitors") who will refer clients that may be candidates for investment advisory services to LFAS. In return, LFAS will agree to compensate the Solicitor for the referral. Compensation to the Solicitor is dependent on the client entering into an advisory agreement with LFAS. Compensation to the Solicitor will be an agreed upon percentage of LFAS' investment advisory fee or a flat fee depending on the type of advisory services LFAS provides to the referred client. LFAS' referral program will be in compliance with federal or state regulations (as applicable). The solicitation/referral fee is paid pursuant to a written agreement retained by both LFAS and the Solicitor. The Solicitor will be required to provide the client with a copy of the LFAS Form ADV Part 2A and a Solicitor Disclosure Document at the time of solicitation. The Solicitor is not permitted to offer clients any investment advice on behalf of LFAS. Advisory fees charged to clients will not increase as a result of compensation being shared with the Solicitor.

## **Item 15 – Custody**

Custody, as it applies to investment advisers, has been defined by regulators as having access or control over client funds and/or securities. In other words, custody is not limited to physically holding client funds and securities. If an investment adviser has the ability to access or control client funds or securities, the investment adviser is deemed to have custody and must ensure proper procedures are implemented.

LFAS does not take physical custody of your funds or securities. However, LFAS is deemed to have custody of client funds and securities whenever LFAS is given the authority to have fees deducted directly from client accounts or if LFAS facilitates or executes your requests for third party standing letters of authorization that enable LFAS to change

the timing of the amount of the transfer upon your request. Additionally, due to the fact in certain circumstances such as when clients of LFAS are referred for the provision of trust services, a related party, Preferred Legacy Trust, will be acting as a qualified custodian for client assets, LFAS is deemed to have custody for such clients. While related, LFAS and Preferred Legacy Trust remain operationally independent. It should be noted that authorization to trade in client accounts is not deemed by regulators to be custody.

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

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

LFAS may provide asset management services on a **discretionary** basis. LFAS' discretionary authority must be granted by the client in the client agreement. When discretionary authority is granted, it is limited in that LFAS will only be given discretionary trading authority. This authority will allow LFAS to determine the type of securities and the amount of securities that can be bought or sold for the client portfolio without obtaining the client's consent for each transaction.

If you decide to grant trading authorization on a **non-discretionary** basis, we will be required to contact you prior to implementing changes in your account. Therefore, you will be contacted and required to accept or reject our investment recommendations including:

- The security being recommended
- The number of shares or units
- Whether to buy or sell

Once the above factors are agreed upon, LFAS will be responsible for making decisions regarding the timing of buying or selling an investment and the price at which the investment is bought or sold. If your accounts are managed on a non-discretionary basis, you need to know that if you are not able to be reached or are slow to respond to our request, it can have an adverse impact on the timing of trade implementations and we may not achieve the optimal trading price.

Please refer to Item 12 for more information regarding Trade Away Services.

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

LFAS does not currently vote proxies on behalf of your account. Therefore, it is your responsibility to vote all proxies for securities held in accounts managed by our Firm.

Clients will receive proxies directly from their custodian or transfer agent and such documents will not be delivered by our Firm. In some instances, and at your specific request, your Advisory Representative may give recommendations or clarifications based on your Advisory Representative's understanding of the issues presented in the proxy materials. Your Advisory Representative may also conduct additional research on proxy issues if necessary; however, you will be solely responsible for all proxy voting decisions.

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

This item is not applicable to this brochure. LFAS does not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance. Therefore, LFAS is not required to include a balance sheet for our most recent fiscal year. LFAS is not subject to a financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients. Finally, LFAS has not been the subject of a bankruptcy petition at any time.

LFAS does not take custody except under three conditions which are deemed to be custody by the SEC in light of our authority and ability to transfer funds.

1. LFAS is deemed to have custody because of our ability to deduct advisory fees from your account. You will receive a statement at least quarterly directly from the account custodian reflecting the deduction of fees. Authorization to deduct fees is incorporated into the Investment Advisory Agreement executed between yourself and LFAS.
2. LFAS is also deemed to have custody if you establish a standing letter of authorization directing us to transfer funds or securities from your account to a specified third party and you give us the authorization to change the timing and/or the amount of the transfer.
3. LFAS is deemed to have custody in the event client assets are maintained with a related entity, Preferred Legacy Trust, in connection with the provision of trust services.

## CUSTOMER PRIVACY POLICY

FACTS	WHAT DOES LEVEL FOUR DO WITH YOUR PERSONAL INFORMATION?
<b>Why?</b>	<p>The Firm(s) collects and develop personal information about clients and some of that information is non-public personal information (Customer Information). The essential purpose for collecting Customer Information is to provide and service the appropriate financial products and services clients obtain from the Firm(s). The Firm(s) may share client information with one or more of our affiliated companies (<i>companies related by common ownership or control</i>).</p> <p>The affiliated companies of Level Four include Level Four Group LLC (LFG), Level Four Financial, LLC (LFF), Level Four Advisory Services, LLC (LFAS), Level Four Capital Management, LLC, (LFCM) and Level Four Insurance Services (LFIS) collectively ("the Firm(s)"). The Firm(s) may also have relationships with other non-affiliated (<i>companies not related by common ownership or control</i>) entities, including, insurance companies, trust companies, custodians and other financial institution entities.</p>
<b>What?</b>	<p>The categories of Customer Information collected by the Firm(s) depend upon the scope of the engagement with the individual affiliate entity and are generally described below. As investment advisers, LFAS and LFCM collect and develops Customer Information about clients in order to provide investment advisory services. As a broker dealer, LFF collects Customer Information about clients in order to provide brokerage services. Customer Information collected includes:</p> <ul style="list-style-type: none"><li>▪ Information received from clients on financial inventories and questionnaires through consultation with referring Advisory and Brokerage Representatives. This Customer Information may include personal and household information such as income, spending habits, investment objectives, financial goals, statements of account, and other records concerning clients' financial condition and assets, together with information concerning employee benefits and retirement plan interests, wills, trusts, mortgages and tax returns.</li><li>▪ Information needed to open an account including social security numbers, investment experience, assets, income, account balances</li><li>▪ Information developed as part of financial plans, analyses or investment advisory services.</li><li>▪ Information concerning investment advisory account transactions, such as wrap account transactions.</li><li>▪ Information about clients' financial products and services transactions with LFAS, LFCM and LFF.</li><li>▪ When you are no longer our customer, we continue to share your information as described in this notice.</li></ul>
<b>How?</b>	<p>All financial companies need to share customer's personal information to run their everyday business. In the section below, we list the reasons financial companies can share their customer's personal information; the reasons Level Four chooses to share; and whether you can limit this sharing.</p>

Reasons we can share your personal information	Does Level Four share?	Can you limit this sharing?
<b>For our everyday business purposes—</b> such as to process your transactions, maintain your account(s), respond to court orders and legal investigations, or report to credit bureaus	Yes	No
<b>For our compliance with rules and regulations—</b> information about your transactions and communications provided to non-affiliated brokerage or investment advisory firms when required to comply with supervisory rules and regulations.	Yes	No
<b>For our marketing purposes—</b> to offer our products and services to you	Yes	No
<b>For joint marketing with other financial companies</b>	Yes	No
<b>For our affiliates' everyday business purposes—</b> information about your transactions and experiences	Yes	No
<b>For our affiliates' everyday business purposes—</b> information about your creditworthiness	No	We don't share
<b>For our affiliates to market to you</b>	No	We don't share
<b>For nonaffiliates to market to you</b>	No	We don't share

Who we are	
Who is providing this notice?	Level Four Financial, LLC, Level Four Advisory Services, LLC and Level Four Capital Management, LLC
What we do	
How we share information with third parties	<p>To administer, manage and service customer accounts, process transactions and provide related services for client accounts, it is necessary for Level Four to provide access to Customer Information within the Firm and its affiliated companies and to non-affiliated companies, other investment advisers, other broker-dealers, trust companies, custodians and insurance companies. The Firm(s) may also provide Customer Information outside of the Firm as permitted by law, such as to government entities, consumer reporting agencies or other third parties in response to subpoenas.</p> <p>LFAS and LFCM may also share information with Level Four Financial Services, LLC (LFF) which has supervisory obligations over certain of LFAS' and LFCM's activities. As a result of the relationship, LFF will have access to certain confidential information (e.g., financial information, investment objectives, transactions and holdings) about LFAS' clients, even if client does not establish any account through LFF.</p> <p>Level Four does not share Customer Information with affiliates or non-affiliated third parties for marketing purposes.</p>
How does Level Four protect my information?	To protect your personal information from unauthorized access and use, we use security measures that comply with federal law. These measures include computer safeguards and secured files and buildings.

<b>How does Level Four collect my personal information?</b>	<p>We collect your personal information, for example, when you</p> <ul style="list-style-type: none"> <li>▪ Open an account or perform transactions</li> <li>▪ Make a wire transfer or tell us where to send money</li> <li>▪ Tell us about your investment or retirement portfolio</li> </ul> <p>We also collect personal information from others such as credit bureaus, affiliates and other companies</p>
<b>Why can't I limit all sharing?</b>	<p>Federal law gives you the right to limit only</p> <ul style="list-style-type: none"> <li>▪ Sharing for affiliates' everyday business purposes- information about your creditworthiness</li> <li>▪ Affiliates from using your information to market to you</li> <li>▪ Sharing for nonaffiliates to market to you</li> </ul> <p>State laws and individual companies may give you additional rights to limit sharing. See below for more on your rights under state law.</p>
<b>How do I limit sharing?</b>	<p><b>If you choose to opt out now; at any time in the future; or wish to withdraw your opt out request, contact us at 866-834-1040. If it is your choice to opt out there will be a 30-day period before your opt out will take effect.</b></p> <p>Please note: If you are a new customer, we can begin sharing your information from the date we sent this notice. When you are no longer our customer, we continue to share your information as described in this notice. However, you can contact us at any time to limit our sharing.</p>
<b>What happens when I limit sharing for an account I hold jointly with someone else?</b>	<p>If Level Four provides services to a joint account, the Firm(s) will treat the opt-out request by a joint account owner as applying to all owners on the account(s) managed or serviced by any Level Four entity.</p>
<b>Definitions</b>	
<b>Affiliates</b>	<p>Companies related by common ownership, control, or directly involved in execution and settlement of client transactions. They can be financial and non-financial companies.</p> <p>The affiliated companies of Level Four include Level Four Group LLC (LFG), Level Four Financial, LLC (LFF), Level Four Advisory Services, LLC (LFAS), Level Four Capital Management, LLC, (LFCM) and Level Four Insurance Services (LFIS).</p>
<b>Nonaffiliates</b>	<p>Companies not related by common ownership, control, or directly involved in execution and settlement of client transactions. They can be financial and non-financial companies.</p> <p>The Firm(s) may also have relationships with other non-affiliated entities, including, insurance companies, trust companies, custodians and other financial institution entities.</p> <p>Additionally, our primary clearing firm, Raymond James &amp; Associates, is directly involved in execution and settlement of client transactions. Level Four also has execution and custody relationships with TD Ameritrade, Schwab, and Fidelity.</p>



<b>Joint Marketing</b>	<p>A formal agreement between nonaffiliated financial companies that together market financial products or services to you.</p> <p>Our joint marketing partners may include banks and credit unions</p>
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## Other important information

Level Four understands that the relationship clients have with their Advisory Representative and/or Registered Representatives (“Representative”) is important. If a client’s Representative ends his or her affiliation with Level Four and he or she chooses to move to a different Firm, or if an Representative’s relationship with Level Four is terminated, the Representative may be allowed to take with him or her copies of all client and account documentation (including but not limited to: account applications; customer statements; and other pertinent forms related to the advisory services provided to the client by Level Four), so the Representative is able to continue the relationship with his or her client and continue providing services through his or her new firm. Level Four will also retain copies of its client and account documentation. Clients do not need to take action if it is their choice to allow their Representative to keep copies of their confidential information should he or she leave Level Four. **If you do not want your Advisory Representative to keep copies of your confidential information, should he or she decide to end the relationship with Level Four in the future, you have the right to opt out.**

**Vermont:** In accordance with Vermont law, we will not disclose information about your creditworthiness to our affiliates and will not disclose your personal information, financial information, credit report, or health information to nonaffiliated third parties to market to you, other than as permitted by Vermont law, unless you authorize us to make those disclosures. Additional information concerning our privacy policies can be found at [levelfourfinancial.com](http://levelfourfinancial.com), [levelfouradvisors.com](http://levelfouradvisors.com) and/or [levelfourcapital.com](http://levelfourcapital.com) or call 866-834-1040.

**California:** In accordance with California law, we will not share information we collect about you with companies outside of Level Four Financial, unless the law allows. For example, we may share information with your consent, to service your accounts, or to provide rewards or benefits you are entitled to. We will limit sharing among our companies to the extent required by California law. For additional information regarding your rights, please refer to the privacy notice (ccpa) for California residents at [levelfourfinancial.com](http://levelfourfinancial.com), [levelfouradvisors.com](http://levelfouradvisors.com) and/or [levelfourcapital.com](http://levelfourcapital.com).

**Nevada:** In accordance with Nevada law, if you would like to be placed on our Internal Do Not Call List, please call **866-834-1040**. For more information, you may contact Level Four Financial Services, 11 North Water Street, Ste 21290, Mobile, AL 36602, or the Bureau of Consumer Protection, Office of the Nevada Attorney General, 555 E. Washington St., Suite 3900, Las Vegas, NV 89101. Phone number: 1-702-486-3132; email: [BCPINFO@ag.state.nv.us](mailto:BCPINFO@ag.state.nv.us).

**For Insurance Customers in AZ, CA, CT, GA, IL, ME, MA, MN, MT, NV, NJ, NC, OH, OR, and VA only.** The term “Information” in this section means customer information obtained in an insurance transaction. We may give your Information to state insurance officials, law enforcement, group policy holders about claims experience, or auditors as the law allows or requires. We may provide your Information to insurance support companies that may retain it or send it to others as needed to service your account. We may share your medical Information so we can learn if you qualify for coverage, process claims, or prevent fraud or if you provide authorization. **To see your Information, write to Level Four Advisory Services, LLC at 12400 Coit Road, Suite 700, Dallas TX 75251.** You must state your full name, address, the insurance company, policy number (if relevant), and the Information you are requesting. We will inform you of what Information we have. You may see and copy the Information (unless privileged) at our office or ask that we mail a copy to you for a fee. If you think any Information is incorrect, you may submit a written request to have the Information corrected. We will notify you of what actions are taken. If you do not agree with our actions, you may send us a statement.

## **BUSINESS CONTINUITY PLAN DISCLOSURE**

LFAS has developed a comprehensive business continuity plan that covers LFAS' operations. The plan is designed to ensure that LFAS is prepared to continue providing service to clients in the event a significant disruption of any kind occurs to LFAS' business operations. The plan addresses business disruptions of varying severity and scope. It provides for testing at least annually and in response to any material changes affecting LFAS' business. Although it is impossible to anticipate every scenario, the plan is reasonably designed to enable LFAS to resume doing business upon the occurrence of those events that are most likely to affect LFAS.

What follows is a description of how LFAS will respond to the following four types of disruptions: (1) A firm-only disruption, (2) a disruption that affects a single building, (3) a disruption that affects the entire city or business district, and (4) a disruption that affects the entire North Texas region. LFAS has also included information about how long it expects to take to recover from these disruptions.

### ***Firm-Only Disruptions***

To respond to a disruption that affects only LFAS, such as a computer virus, LFAS has on-site full-time employees who are fingerprinted associated persons or registered representatives of Level Four Financial, LLC, to successfully guide LFAS through disruptions that may affect operations, the use of crisis communications systems and procedures that address life, health, and safety issues; damage assessment; damage mitigation; personnel mobilization and mission-critical systems. If this type of disruption takes place, LFAS intends to restore all critical services within one day after the disruption occurs. However, in light of the various types of disruptions of this nature that could take place, it may take longer to resume operations in one or more services during any particular disruption.

### ***Disruptions that Affect a Single Building***

In the event of a disruption that affects LFAS' office, such as a fire in the building, the plan calls for a response involving multiple locations. LFAS will resume critical services by moving key personnel to an alternate location, to the extent necessary. Certain key personnel may also work remotely by connecting to the RJA network from a remote location. In addition to relocating key personnel to back-up facilities, LFAS will, if necessary, transfer responsibility for certain operations and support services to an offsite location. LFAS intends to resume operations in all critical service areas within one day after a disruption of this nature occurs. It may, however, take as long as two or three days to continue doing business in one or more critical service areas depending on the availability of data.

### ***Disruptions that Affect the Entire City or Business District***

If a disruption significant enough to affect the entire city or business district, such as an Act of God or a terrorist attack that cuts off access to LFAS' office, under the plan, LFAS will resume critical services at a back-up location. As above, certain key employees will work remotely and certain operations and support services would be handled at alternate locations. LFAS intends to resume operations in all of its critical service areas within one day after a disruption of this nature occurs. It may, however, take up to three or four days to recover depending on the availability of data and on the availability of key employees.

### ***Disruptions that Affect the Entire North Texas Region***

In the event of a disruption that affects the entire North Texas Region, such as a regional power outage, LFAS will resume critical service areas from back-up locations. Although LFAS intends to resume operations within one day after the disruption occurs, one or more critical service areas may not be able to resume operations until the disruption is over.

In all of the situations described above, LFAS expects to continue doing business and expects to resume operations within the specified time frames. However, in the event that a business disruption results in a significant loss of life at LFAS' office or otherwise results in key employees being unavailable or unable to report to their designated location, the recovery times described above may be significantly increased. Furthermore, although LFAS expects to continue

operating regardless of the type of disruption, it is impossible to anticipate every scenario. It is, therefore, possible that a significant business disruption could occur and as a result, LFAS may be unable to continue doing business. In those situations, the plan provides procedures to help ensure that the customers have prompt access to their funds and securities.

LFAS will continue to devote substantial resources to the enhancement of its business continuity plan and procedures.