

**Part 2A of Form ADV: *Firm Brochure***



**LaSalle St. Investment Advisors, LLC**

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This brochure provides information about LaSalle St. Investment Advisors, LLC (sometimes referred to as “LSIA,” “our,” “we,” “us” or the “firm”). It includes information about LSIA’s qualifications and business practices. If you have any questions about the contents of this brochure, contact us at 630-600-0425 or via email: [vincerto@lasalle-st.com](mailto:vincerto@lasalle-st.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about LSIA is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. Our firm’s CRD number is 109701.

LaSalle St. Investment Advisors, LLC is a registered investment advisor. Registration of an investment advisor does not imply any level of skill or training, or any particular expertise in any subject.

## **Item 2    Material Changes**

In the past, we offered to deliver information about our business practices to clients on at least an annual basis. Pursuant to SEC Rules, we will send you a summary of any material changes within 120 days of the close of our business fiscal year end (December 31<sup>st</sup> of each year).

There are various clarifications in our current brochure. Although these are not material changes in the way in which LSIA operates, we make them available now as described herein. These changes address among other things, broker transaction charges for implementing investment decisions, fees and compensation, conflicts of interest, revenue sharing, affiliated companies and expense sharing between affiliated companies.

You can obtain a copy of our Brochure by requesting one from Vincent Incerto, our Chief Compliance Officer – by telephone at 630-600-0425 email at [yincerto@lasallest.com](mailto:yincerto@lasallest.com), or via our website [www.lasallest.com](http://www.lasallest.com). Our brochure is available free of charge.

Additional information about LaSalle St. Investment Advisors, LLC is also available via the SEC's website – [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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## **Item 4 Advisory Business**

LSIA is a SEC-registered investment advisor with its principal place of business located in Elmhurst, Illinois. LSIA began operations in 1999. The firm provides personalized fee-based financial planning and investment management to individuals, trusts, estates, pensions, qualified plans, charitable organizations and small businesses among others. After consultation, a LSIA Investment Advisor Representative (“IAR”) provides clients with advice which may include: determination of financial objectives, cash flow management, tax planning, investment management, recommendation of investment advisors and subadvisors, asset allocation, education funding, retirement planning and estate planning, and other financial planning.

Listed below are the firm's principal shareholders (i.e., those individuals and/or entities controlling 25% or more of this company).

- LaSalle St. Holdings, LLC (“LSH”), Sole Owner. Formerly known as McDermott Holdings 1, LP.

LSIA offers various advisory services to clients through specific investment supervisory services under the LSIA umbrella, qualified plan consulting services, third party money managers, financial planning, and advisory/soliciting services. These are described further below.

### **A. LSIA INVESTMENT SUPERVISORY SERVICES**

#### **1. Our Services in General.**

LSIA provides advice to clients about investing assets based on the needs of the client. Through personal discussions during which LSIA identifies client goals and objectives we develop a client's personal investment strategy and create and manage a portfolio or recommend third party managers based on that strategy. During our data-gathering process, we determine the client's individual objectives, time horizons, risk tolerance, and liquidity needs. As appropriate, we also review and discuss a client's prior investment history, as well as family composition, background and other salient matters.

We manage advisory accounts on a non-discretionary or discretionary “managed” basis as the client elects. This means either the client must affirmatively approve each recommendation before the recommendation is implemented (non-discretionary) or we invest without reference to the client's actual consent pursuant to a power of attorney given by the client (managed discretionary). Some of the trading in either type of account is based on non-solicited orders received from a client – an “unsolicited order” is one where the client initiates the idea, not the broker or adviser.

We invest and make recommendations based on the client's stated objectives (for example without limitation, preservation of assets, capital appreciation, growth, income, or growth and income), as well as tax and other relevant considerations. We may recommend third party advisors, subadvisors, and/or co-advisors to help manage the client's account.

Clients may impose if they choose reasonable restrictions on investing in certain securities, types of securities, industry sectors, or categories of business.

Our investment recommendations are not limited to any specific product or service and will generally include advice regarding the following securities:

- Exchange-listed securities
- Securities traded over-the-counter
- Foreign issuers
- Warrants
- Corporate debt securities (other than commercial paper)
- Commercial paper
- Certificates of deposit
- Municipal securities
- Variable annuities
- Mutual fund shares
- United States governmental securities
- Options contracts on securities
- Interests in partnerships investing in real estate
- Interests in partnerships investing in oil and gas interests
- Other types of alternative investments

Because every investment strategy involves different degrees of risk, all investment strategies will be implemented/recommended only when consistent with the client's stated investment objectives, tolerance for risk, liquidity and suitability, and any restrictions placed by the client.

## 2. **The Two Categories of Investment Programs at LSIA**

**a. Non-Discretionary Programs.** LSIA's non-discretionary program is called the LaSalle St. Asset Management Program ("LAMP"). LSIA offers LAMP based on recommendations for investment decisions which the client must approve before the recommendations are implemented by our IAR. In other words, this program is managed on a non-discretionary basis, but also allows clients to submit unsolicited orders based on ideas generated by the client. LSIA, in addition to providing non-discretionary investment programs may also at the client's request, provide additional advice on non-investment management services which are included as part of the LAMP management

fee agreed upon by the client and LSIA at no additional cost. These services can include budgeting, administrative management, educational funding and other matters as agreed between the client and LSIA.

**b. Managed Programs.** LSIA also provides investment supervisory services defined as rendering “managed” discretionary advice to clients or making investment decisions on behalf of clients, based on defined objectives, individual characteristics and needs of the client. Clients are also welcome to submit unsolicited orders where their investments are part of a managed program. The managed programs LSIA offers do not otherwise require individual client approval of each trade. Instead, the implementation of recommendations is done pursuant to the discretion the client gives to LSIA to make investment decisions. Some of the managed programs do, however, seek client approval before implementing recommendations in any event, even though discretion permits the Investment Advisor Representative (“IAR”) to implement the recommendation without such approval.

The firm provides its advisory services under various managed programs and is compensated pursuant to a fee arrangement between LSIA and the client. The fee charged by the firm includes the design and management of the client portfolio. Fees are negotiated on a client by client basis, based on the size of account, related business from the client, length of relationship, and other individual factors unique to the client/advisor relationship. The charges incurred through the use of a custodian are not included in the managed fee. Any charges incurred through a broker, for example, ticket charges, are also not part of the management fee LSIA charges. The client will pay these costs over and above the management fee. As discussed below, there are certain other costs not included in the management fee.

The primary investment vehicles used in the management of client accounts are no-load mutual funds, exchange traded funds (“ETF”), equities, fixed income, annuities, options and index funds. The IAR engages the client in personal interviews to gain an understanding of the client’s investment objectives and individual needs.

At the present time, the various programs through which LSIA manages a client’s assets on a discretionary basis should be reviewed by the client and his or her advisor before selection of an approach.

Broadly speaking (although each situation is different) these programs offer account recommendations and decisions based on client risk tolerance, financial situation, and stated investment objectives which can include among other objectives preservation of capital, income, growth and income, various degrees of more aggressive investment, speculation, etc. In each instance these programs employ various asset allocation models to implement investment strategies selected by the client. Certain programs focus on retirement and/or financial planning. Other programs feature socially responsible investing. Some rely on quantitative or fundamental analysis. Still others offer passive investing in various index funds.

In each instance, the investments for each client are maintained and if necessary

rebalanced periodically to stay within investment strategy parameters and target asset allocations.

## **B. QUALIFIED PLAN CONSULTING SERVICES**

In addition to the non-discretionary and discretionary program listed above, LSIA also offers Qualified Plan Consulting services described below.

This program is designed for plan sponsors, such as 401(k) plans, to invest in mutual funds held with specific custodians who have outside TPA and/or record keepers. The IAR helps educate the plan participants and may offer a variety of services. IAR may choose to offer any or all of these services:

*Plan Consulting:* Our IARs consult with the plan sponsor about investment-related goals and objectives. He or she conducts an assessment about the plan which may aide in a possible plan design that meets the needs of the employer and/or participants.

*Selection and Monitoring of Plan Investment Options:* LSIA participates in the selection of the menu of investment choices, including analysis of proposed menu and development of portfolio models.

*Participant Meetings:* LSIA conducts meetings with eligible participants and provides information to about referred plans and their purposes, education in investing in general and investment choices available. Investment Advisor Representatives are, however, not required to conduct such meetings outside the state in which their principal office is located. Such meetings occur at the times and places determined by the Plan Sponsor. The use and content of visual or electronic aids or printed materials is determined by LSIA.

*Participant Investment Consultant:* LSIA consults with individual participants as to appropriate investment choices. This includes assistance in developing custom portfolio models on a participant-by-participant basis.

*Assisting Participants in Completion of Forms:* LSIA confers with participants to assist them in completing enrollment forms, investment election forms and designation of beneficiary forms.

*Forwarding Forms to Plan Service Providers:* The Firm assures that each eligible participant completes the appropriate forms, and collecting such forms from participants and forwarding them to the appropriate providers that require them.

*Regular Contact with Plan Sponsor:* LSIA makes contact by phone or personal visit with each Plan Sponsor on a recurring and regular basis to provide ongoing assurance of the Investment Advisor Representative's continued interest in the Plan Sponsor's needs with respect to the Plan.

## C. THIRD-PARTY MONEY MANAGERS

We also offer advisory management services to our clients through our Recommendation, Selection, and Monitoring of Third-Party Money Managers programs in which clients enroll, discussed below in four categories.

**1. Third Party Investment Advisors – Wrap Fee.** LSIA offers advisory management services to clients by selecting, recommending, supervising, and monitoring one or more unaffiliated third party investment managers who offer a wrap fee platform. LSIA itself *does not* sponsor a wrap fee program. Certain wrap fee services are provided by Fidelity Institutional Wealth Adviser, LLC (“FIWA”), a Registered Investment Advisor. FIWA has developed and sponsors the Fidelity Managed Account Xchange<sup>SM</sup> managed account program (“FMAX”) whereby investment advisers, broker-dealers, banks, family offices or other financial institutions use the FMAX Platform to provide investment advisory and administrative services to their clients.

A wrap fee program of which FMAX is an example provides an all-inclusive fee for investment advice, as well as trading costs. The fee for service is based on a percentage of the assets under management and is capped at no more than 2.40% of the assets under management (“AUM”). Since trading costs are included, the wrap fee charged is usually higher than comparable non-wrap fee programs offered by LSIA. In addition, LSIA participates in the wrap fee with the wrap fee sponsor and receives part of the fee. As such, LSIA has an actual and potential conflict of interest which incentivizes it and its IARs to recommend wrap fee programs in general and the FMAX wrap fee program in particular since this will result in additional revenue to the IAR and LSIA.

FMAX, while charging a higher fee, also provides certain services which are sometimes not available to clients investing in other non-wrap fee programs whether through LSIA or elsewhere. Such services include, but are not be limited to assessment of client’s needs, investment policy statements, portfolio modeling, monitoring, administrative services, money manager evaluation, client periodic account statements and reporting regarding investment strategies.

Participation in FMAX’s program enables LSIA to leverage FMAX’s established relationship with various third party managers who provide asset allocation for portfolios. Clients who participate in the program enter into an agreement styled “Statement of Investment Selection.” The parties to this agreement are FMAX, LSIA, and the client. This agreement establishes an understanding among the parties as to the client’s investment goals and objectives among other subjects. LSIA will be appointed Advisor on the account. In consultation with your LSIA advisor, the client will select an investment portfolio containing various investments, usually mutual funds and or exchange traded funds (“ETF”). LSIA advisors will periodically meet with the client to discuss changes in investment objectives and risk tolerance and review the performance of the assets in the portfolio, as well as asset allocation changes.



Before choosing the FMAX wrap fee program or any wrap fee program, clients should compare the overall fee of any program in which they participate with non-wrap fee comparable programs. This comparison should review not only fees and costs but also level of service. In particular, the client should examine cost and service in light of the investment objectives of the account, the level of trading anticipated, as well as alternatives including brokerage accounts which do not charge any fee (instead charging transaction based compensation), and/or other advisor programs, either offered by LSIA or not, which charge lower fees than FMAX or other wrap fee programs. At all times, clients are under no obligation to choose any particular program offered by LSIA.

LSIA recommends only those advisors who agree to share part of the fee paid by the client to the advisor. This is true when LSIA recommends FMAX wrap fee programs to clients. A split is paid to LSIA, based on a percentage of the advisor fee calculated against the assets under management the client deposits with FMAX. The amount of compensation LSIA receives is agreed to by a contract between LSIA, FMAX and NFS.

Although LSIA endeavors at all times to put the interests of clients ahead of it and its IAR's interests, relationships like the one it has with FMAX described in this section constitutes an actual and potential conflict of interest for LSIA and its IARs since the incentive and/or actual receipt of compensation because of revenue split arrangement based on a referral to FMAX could and in some instances does affect the judgement of LSIA and its IARs when recommending participation in FMAX's wrap fee program.

There are other third party investment advisor programs suitable for clients who might otherwise invest in a wrap fee program like FMAX that are less costly to the client. Before accepting any recommendation from LSIA regarding a wrap fee program, the client should weigh the cost of the program, the frequency of trading, the availability of other advisors, and the impact of receipt of part of the fee by LSIA before acting on the recommendation.

For those clients participating in wrap fee programs offered by a third party, whether FMAX or otherwise, LSIA IARs will contact each wrap fee program client at least annually to verify there are no changes in the client's financial circumstances and/or investment objectives, and determine whether the client wishes any reasonable restrictions be placed on the management of the accounts. Any such changes or requests must be communicated in writing to the client's portfolio manager, who is responsible for implementing any appropriate adjustment to the Client's investment portfolio.

**2. Third Party Investment Advisors – Solicitor Programs and Referral Services.** LSIA recommends from time to time and does refer clients to third party advisors through solicitor programs operating in compliance with the Investment Advisers Act of 1940 ("The Act") and its Rules. In these situations, LSIA refers clients to third party money managers and acts as a contracted solicitor for these advisors. LSIA enters into solicitor agreements with the third-party advisors which reflect the terms of the solicitation. After meeting with the client and reviewing account size, individual circumstances, personal and financial goals, investment objectives and risk tolerance,

as well as desired asset allocation, the LSIA advisor recommends one or more programs of various unaffiliated third party advisors who sometimes take discretionary authority to determine the securities purchased for the client. The client, however, will sign an advisory agreement with the recommended third party advisor, not LSIA. The account is also managed by the third party advisor, not LSIA. LSIA and its IARs are available generally to answer questions and act as a relationship manager between the client and the independent advisor. LSIA may also meet with clients periodically to discuss third party performances, status, and any necessary changes to asset allocation. LSIA, however, does not otherwise manage the client's account. The client will receive all necessary disclosure information regarding the solicitor arrangement between LSIA and the third-party advisor.

Typically, LSIA, as a solicitor, recommends only those who agree to share part of the fee paid by the client to the advisor. The advisor pays LSIA a split of the fee paid by the client, either by flat referral fee or a percentage of the advisor fee calculated against the assets under management the client deposits with the advisor. The amount of compensation LSIA receives is agreed to by contract with the advisor LSIA recommends. LSIA typically receives approximately 1.00% of the invested assets under management as its solicitor's fee. In each case where LSIA makes a recommendation pursuant to a Solicitor's Agreement with an advisor, LSIA gives notice to the client and describes the details of any compensation paid for recommending the advisor.

Although LSIA endeavors at all times to put the interests of clients ahead of it and its IAR's interests, solicitation relationships like those described above constitute an actual and potential conflict of interest for LSIA and its IARs since the incentive and/or actual receipt of compensation because of a Solicitor's Agreement affects the judgment of LSIA and its IARs when recommending investment products, advisors and others. In addition, because the advisor fee is split with LSIA, the overall fee can be in some instances higher than it would be without the fee split. The client should be aware of these actual/potential conflicts of interest and circumstances when making decisions based on advice received from LSIA.

There are other non-LSIA third party investment advisor programs suitable for clients that are less costly to the client than those recommended by LSIA pursuant to a Solicitor Agreement with a third party advisor. Before accepting any recommendation from LSIA regarding a third party advisor, the client should weigh the cost of the program, the availability of other advisors, and the impact of receipt by LSIA of a solicitor's fee on the recommendation.

**3. Third Party Investment Advisor "Co-Advisor" Programs.** LSIA also offers certain unaffiliated third party investment "co-advisor" programs. LSIA recommends unaffiliated co-advisor third party investment advisors based on client account size, individual circumstances, personal and financial goals, investment objectives, investment experience, risk tolerance, and whether the client is an institution as opposed to an individual. As part of co-advisor programs, LSIA assists clients in selecting suitable strategies. The client enter an agreement with *both* LSIA and the outside advisor for

management. LSIA remains involved by providing assistance in not only selecting the unaffiliated advisor, but also advising the client regarding third party models or programs in which to invest and monitors management performance and asset allocation. The actual management of the Account, however, remains with the third-party manager, not LSIA.

Once again, LSIA recommends only advisors who share with LSIA part of the fee paid by the client to the advisor. This split is paid to LSIA, as a percentage of the advisor fee calculated against the assets under management the client deposits with the advisor. The amount of compensation LSIA receives is agreed to by a contract between LSIA and the advisor LSIA recommends. In co-advisor programs, the typical overall fee is less than 2.40% (which LSIA shares with the co-advisor), although each compensation situation is different. In each case where LSIA makes a recommendation pursuant to a co-advisor program, LSIA gives notice to the client and describe the details of any compensation the firm is paid for the recommendation, including its share of the total fee.

Although LSIA endeavors at all times to put the interests of clients ahead of it and its IAR's interests, arrangements like the ones described with co-advisor programs constitute an actual and potential conflict of interest for LSIA and its IARs since the incentive and/or actual receipt of compensation because of fee sharing arrangements based on recommendations may affect the judgment of LSIA and its IARs when recommending investment products, advisors and sponsored companies, and investment strategies.

LSIA and its IARs also have an actual and potential conflict of interest by only offering and recommending third party advisors who pay a portion of the client's advisory fee to LSIA. There are other non-LSIA third party investment advisor programs suitable for clients that are more or less costly to the client. Before accepting any recommendation from LSIA regarding a third party advisor, the client must weigh the cost of the program, the availability of other advisors, and the impact and cost of receipt of part of the fee by LSIA on the recommendation.

**4. Subadvisor Programs.** LSIA also offer clients access to certain subadvisory programs it maintains under the LSIA management program umbrella. In these programs, the client contracts directly with LSIA who in turn contracts with one or more subadvisors for assistance in management of the client's account. The client and LSIA's IAR select an investment portfolio and asset allocation strategy used to allocate assets. The subadvisor is chosen to manage all or part of this investment portfolio in accordance with the strategy chosen. The client fee will be split between LSIA and the subadvisor. The share of the split between LSIA and the subadvisor is negotiated between LSIA and the subadvisor. The subadvisor may or may not be given discretion to manage the client's assets, either independently or in conjunction with LSIA.

Typically, LSIA contracts with subadvisors who share the fee paid by the client to LSIA. The fee is paid to LSIA, as a percentage calculated against the assets under management the client deposits with the advisor. The amount of compensation the subadvisor receives is agreed to by contract with LSIA. It differs from situation to situation.

Although LSIA endeavors at all times to put the interests of clients ahead of it and its IAR's interests, arrangements like the ones described between subadvisors and LSIA constitute an actual and potential conflict of interest for LSIA and its IARs since the incentive and/or actual receipt of compensation because of fee sharing arrangements based on recommendations affects the judgment of LSIA and its IARs when recommending investment products, advisors, subadvisors and sponsored companies.

LSIA and its IARs also have an actual and potential conflict of interest by offering and recommending only third party subadvisors who agree to share a part of the client's advisory fee to LSIA. There are likely other third party investment advisor programs which use subadvisors which are suitable for clients that are less costly to the client. Before accepting any recommendation from LSIA regarding one of its programs which use subadvisors, the client should weigh the cost of the program, the availability of other advisors, and the impact of receipt of part of the fee by LSIA before acting on a recommendation.

#### **D. FINANCIAL PLANNING**

LSIA also provides financial planning services. Financial planning offers a comprehensive evaluation of a client's current and future financial state by using currently known variables to predict future cash flows, asset values and withdrawal plans. Through the financial planning process, all questions, information and analysis are considered as they impact and are impacted by the entire financial and life situation of the client. Clients purchasing this service receive a written report which provides the client with a detailed financial plan designed to assist the client achieve his or her financial goals and objectives.

In general, the financial plan addresses any or all of the following areas:

- **PERSONAL:** A review of family records, budgeting, personal liability, estate information and financial goals.
- **TAX & CASH FLOW:** An analysis of the client's income tax and spending and planning for past, current and future years; then illustrate the impact of various investments on the client's current income tax and future tax liability.
- **INVESTMENTS:** An analysis of investment alternatives and their effect on the client's portfolio.
- **INSURANCE:** A review of existing policies to ensure proper coverage for life, health, disability, long-term care, liability, home and automobile.
- **RETIREMENT:** Analysis of current strategies and investment plans to help the client achieve his or her retirement goals.
- **DEATH & DISABILITY:** Review the client's cash needs at death, income needs of surviving dependents, estate planning and disability income.
- **ESTATE:** Assistance in assessing and developing long-term client strategies, including

as appropriate, living trusts, wills, review estate tax, powers of attorney, asset protection plans, nursing homes, Medicaid and elder law.

LSIA gathers required information through personal interviews. Information collected includes the client's current financial status, tax status, future goals, returns objectives and attitudes towards risk. Should the client choose to implement the recommendations contained in the plan, LSIA suggests the client work closely with his/her attorney, accountant, insurance agent, and/or stockbroker. Implementation of financial plan recommendations is entirely at the client's discretion.

LSIA also provides general non-securities advice on topics that include tax and budgetary planning, estate planning and business planning.

Typically, the financial plan is presented to the client within six months of the contract date, provided that all information needed to prepare the financial plan has been promptly provided.

Financial Planning recommendations are not limited to any specific product or service offered by a broker-dealer or insurance company. All recommendations are of a generic nature only.

## **E. AMOUNT OF MANAGED ASSETS**

As of 12/31/2024, we were actively managing AUM of \$1,142,678,230.00 of clients' assets on a discretionary basis plus AUM of \$3,203,831,657.00 clients' assets on a non-discretionary basis. Additionally, at December 31, 2024 \$113,867,432.00 of clients' assets under Advisement AUA were managed on a non-discretionary basis.

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

The annualized fee for Investment Supervisory Services will be charged as a percentage of assets under management. The current LSIA suggested fee schedule for the LAMP and various managed discretionary programs identified above and below is as follows:

<b>LAMP</b>	
<b><u>Assets Under Management</u></b>	<b><u>Annual Fee</u></b>
\$0 - \$250,000	2.50%
\$250,001 - \$500,000	2.25%
\$500,001 - \$1,000,000	2.00%
\$1,000,001 - \$2,000,000	1.80%
\$2,000,001 - \$5,000,000	1.60%
\$5,000,001 - \$10,000,000	1.40%
\$10,000,001 and over	Negotiated

## Managed Programs

<u>Assets Under Management</u>	<u>Annual Fee</u>
\$0 - \$100,000	2.00%
\$100,001 - \$250,000	1.50%
\$250,001 - \$500,000	1.25%
\$500,001 - \$1,000,000	1.00%
\$1,000,001 - \$3,000,000	0.90%
\$3,000,001 - \$5,000,000	0.80%
\$5,000,001 and over	0.70%

In some instances, LSIA also negotiates a flat fee compensation structure with clients, depending on individual circumstances and the subject matter of those negotiations. This is typically agreed to between the client and the IAR at the time the relationship begins, and can be negotiated for any program LSIA offers..

Management fees are charged monthly, in advance, and calculated based on the previous month end balance of the account. All assets in any form in the client's account are included in determining the portfolio value, including but not limited to cash balances, fixed income vehicles, certificates of deposit, and money market assets. The fee is directly debited from the account and the fee charged is displayed on the client's statement.

LSIA does also maintain certain accounts that are charged quarterly, in advance, based upon the ending value of the previous quarter. In some cases, fees are charged in arrears on a monthly or a quarterly basis. Whether LSIA agrees to charge on a quarterly basis depends on the individual negotiations with the client.

The fee schedules described above are intended solely as a guide and suggestion regarding fees charged. Different clients pay different fees which are less or more than the suggested schedules depending on the services rendered and the client relationship with LSIA. Also, fees are sometimes negotiated between LSIA and individual clients. Each client executes an advisory contract with LSIA which will list the fees charged in use for each client, as negotiated between the client and LSIA. Refer to the "Fees" section of your Advisory Agreement.

### **"TICKET CHARGES" ON TRANSACTIONS** **/ SHARING OF MARGIN INTEREST**

For the most part, recommendations for investments are executed through LSS, LSIA's sister company. LSIA reserves the right to decline acceptance of any client account for which the client directs the use of a broker-dealer custodian other than LSS. No commissions for order execution and clearing trades are charged to clients for transactions, unless specifically otherwise agreed to in writing by the client and LSIA.

Instead of transaction-based commissions, LSS and its clearing firm, National Financial Services (“NFS”), levy a flat fee transaction charge (sometimes referred to as a “ticket charge”) for transaction services they render, including those related to execution, clearing of transactions, and costs associated with such transactions. The amount of the ticket charge varies depending on the investment product. Currently the charges are: equities/fixed income and mutual funds for which the clearing firm charges a fee, \$12.00 per order; options \$12.00 per order plus \$1.00 per contract; mutual funds for which the clearing firm charges no clearing fee, \$6.00. \$0.00 for periodic investment plans.

The transaction charge is a flat fee which replaces commissions incurred for each transaction. It is over and above any other costs assessed as fees to the client by LSIA or otherwise. The charge *does not* reflect actual costs LSS incurs for execution, clearing, and any related services. In other words, LSS’s actual cost for executing and clearing client trades by NFS is *less than* the flat fee the client pays by way of the ticket charge. LSS retains as additional income any difference between the transaction charge to clients and the cost it otherwise pays NFS. This is an additional source of revenue to LSS and indirectly to LSIA. The imposition of the ticket charge is a conflict of interest for LSS and LSIA since there is an incentive to trade client portfolios to incur ticket charges and thereby create additional revenue for the firm. The amount NFS charges for its services which are assessed against the ticket charge and included in this charge include execution, clearing of transactions, and cost associated with such transactions. The ticket charge assessment, however, *does not* cover certain other charges such as paper delivery surcharges, custody expenses, transfer fees, margin interest, IRA fees, check writing service fees, wire transfer fees, and those fees mandated by law with respect to execution of transactions, such as SEC fees. The client pays separately for such fees and costs. The client will also be charged for the costs of these charges over and above other fees and the ticket charge itself.

Insofar as margin interest is concerned, LSS has entered into a revenue sharing agreement with its clearing firm, NFS, whereby LSS and NFS have agreed a portion of the margin interest paid by clients to NFS is paid by NFS to LSS. According to this agreement, LSS receives a portion of margin interest paid by clients which is in excess of the broker call rate plus 50 basis points. This also represents an actual and potential conflict of interest for LSIA and its IARs since they are incentivized to recommend margin accounts in certain circumstances. Refer to the section “Disclosure of Credit Terms on Transactions” of your Margin Agreement.

Likewise, there are charges over and above ticket charges and LSIA’s management fee made by mutual funds, exchange traded funds, including administrative funds, electronic fund fees, deferred sales charges, odd-list differentials, transfer taxes. The client will pay for these in addition to management fees and ticket charges.

LSIA does not share or receive any portion of the charges mentioned in the paragraph immediately above. The client is advised to review all fees and expenses assessed by

third parties like mutual funds, exchange-traded funds, and others by carefully examining all disclosure documents which accompany an investment, i.e. a prospectus or brochure. In some instances, a mutual or exchange-traded fund will charge costs and expenses for administration and distribution before reporting a "Net Asset Value" ("NAV") to us. Clients are strongly encouraged to review a fund prospectus, our brochure, the advisor contract, and all periodic account statements received for all costs and expenses incurred and charged by LSIA or third parties.

Effective February 26, 2018, a \$5.00 mutual fund service fee surcharge has been assessed on buys, sells, exchanges-roundtrip and share class conversions, on those fund families and/or individual mutual fund CUSIPs identified by NFS. The list of fund families and/or individual CUSIPs for which a surcharge is applied is subject to change without notice from NFS. This charge is also not part of the ticket charge, but assessed in addition to the ticket charge.

Both LSIA and LSS are owned by the same entity, LSH. Transactions executed through LSS and its clearing firm, NFS, by LSIA are done without further consideration of whether LSS charges more or less than other broker-dealers for execution services. Refer to section J General Information and Conflict of Interest Disclosure.

**Minimum:** A minimum of \$25,000 of assets under management is required for these services. This account size is negotiable under certain circumstances. LSIA will group certain related client accounts for the purposes of achieving the minimum account size and determining the annualized fee.

**Limited Negotiability of Advisory Fees:** LSIA has established suggested fee schedule(s) (see above), but retains the right and discretion to negotiate individual fees, reimbursements, and ticket charge assessments on a client-by-client basis. Some clients pay a reduced fee or no ticket charge, depending upon individual contract agreements. In certain circumstances, individual IARs agree to pay a client's ticket charge as part of their fee negotiation with a client. This constitutes an actual and potential conflict of interest when the firm and IAR are negotiating the management fee with a client, since it gives the firm and the IAR an incentive to charge a higher adviser fee to offset agreement to pay client ticket charges.

Client factors, circumstances, and needs are considered in determining all negotiations with clients regarding their management fees, ticket charges, waiver of ticket charges, and assessment of other expenses. Some, but not all, of the factors which often influence an agreement regarding these items include the nature of the client, assets to be placed under management, anticipated future additional assets to be deposited; related client accounts; portfolio style, account composition, reports, among other factors. The specific annual fee and other costs schedules for the client will be part of the contract between the advisor and each client.

We will group certain related client accounts for the purposes of achieving the minimum account size requirements and determining the annualized fee.



Refer to the “Fees” section of your Advisory Agreement.

## F. QUALIFIED PLAN CONSULTING FEES

Our fees for Qualified Plan Consulting Services are based on a percentage of assets under management, according to the following schedule:

We charge an annual fee for Qualified Plan Consulting Services which typically ranges from 0.20% to 1.00% of plan assets depending on the services requested and the size of the plan. The fee will be charged either in advance or in arrears on a monthly or a quarterly basis based on the *Qualified Plan Consulting Services Agreement*.

As with LSIA’s other programs, advisory fees can also be assessed on a flat fee or hourly rate basis, depending on negotiations with the client as discussed immediately below.

**Limited Negotiability of Advisory Fees:** Although LSIA has established the aforementioned fee range for plan consulting fees, we retain the discretion to negotiate different fees on a client-by-client basis. Client characteristics, circumstances and needs will be considered in determining the fee set for individual clients. These include the complexity of the client, assets to be placed under management, anticipated future additional assets; related accounts; portfolio style, account composition, reports, among other factors. The specific annual fee schedule will be identified in the contract between the advisor and each client.

**Minimum:** A minimum of \$25,000 of assets under management is required for consulting service. This account size is negotiable under certain circumstances. LSIA will group certain related client accounts for the purposes of achieving the minimum account size and determining the annualized fee.

## G. THIRD-PARTY MONEY MANAGERS FEES

Clients entering a fee agreement with a referred third-party advisor sign an agreement with the third party advisor, and LSIA, which details the services provided under the agreement as well as the actual fee charged for the described services. The fees charged, method of calculation, and method of payment are negotiated on an individual basis. These fees reflect the services provided to the client. The fee is usually based on a percentage of the client's managed assets, ranging up to 2.40%, depending on the size of the account. This fee is retained by the third party manager, but split with LSIA. The client is assessed the same fee regardless of any payment to LSIA. Fees are typically charged quarterly, in advance, and are based upon the market value or average balance of the account on the last day of the appropriate period. However, fee arrangements do vary among third-party advisors and some fees are charged either in advance or in arrears, on a monthly or quarterly basis based on the third-party money manager’s advisory agreement.

LSIA receives a share of Third-Party Money Managers fee, which is in turn split with the

IAR on the account. The percentage received by LSIA for recommendations of third party money managers varies from advisor to advisor. Receipt of part of the fee by LSIA constitutes an actual and potential conflict of interest when recommending third party managers to clients, since it incentivizes LSIA and its IAR to recommend third party managers. See the conflict of interest disclosure above and below for more details about LSIA conflicts of interest when making recommendations.

## H. ADVISORY SOLICITOR SERVICES FEES

We do not charge a separate fee to a client for referrals to other Advisors. Fees for such referrals are paid to LSIA by the other Advisors as a share of the fees the other Advisors receive from the client. Client advisory fees are not increased as a result of our referral of any clients to other Advisors as stated above in this brochure, although the receipt by us of a share of another advisor's fee to the client in some instances results in a higher fee to the client than he or she might pay without the referral. LSIA typically receives approximately 1.00% of the advisory management fee paid by the client to the other Advisors. This is set by agreement between LSIA and the other advisor. Receipt of part of a referral fee by LSIA constitutes an actual and potential conflict of interest when LSIA acts as a solicitor. See the conflict of interest disclosure above for more detail.

Clients receive a separate disclosure document describing the fee paid to us by the other Advisors. Clients should refer to the Advisor's disclosure document for information regarding its fees, billing practices, minimum required investments and termination of advisory agreements.

## I. FINANCIAL PLANNING FEES

LSIA's Financial Planning fee is determined based on the nature of the services being provided and the complexity of each client's circumstances. All fees are agreed upon prior to entering into a contract with any client.

LSIA's Financial Planning fees are calculated and generally charged on an hourly basis after being negotiated with the client. Many such rates are approximately \$250.00 per hour. Although the length of time it will take to provide a Financial Plan depends on each client's personal situation, we provide an estimate for the total hours at the start of the advisory relationship or our Financial Planning fees are calculated and charged on a fixed fee basis, typically ranging from \$1,000 to \$7,500, depending on the specific arrangement reached with the client.

Fees for written financial plans can be paid in two installments (half due when the contract is signed and the balance due when the written plan is presented to the client) although in some circumstances, the fee is collected in its entirety upon the signing of the contract. The contract is completed when the written plan is presented to the client typically within six months after signing contracts.

**Financial Planning Fee Offset:** LSIA reserves the discretion to reduce or waive the hourly fee and/or the minimum fixed fee if a financial planning client chooses to engage us for our Investment Supervisory Services.

## J. GENERAL INFORMATION AND CONFLICT OF INTEREST DISCLOSURE

**LSS/LSIA Business Relationships with NFS & Between LSIA and LSS.** LSIA employs its affiliated company, LSS, to execute, clear and perform all transaction services for trade recommendations for all clients. LSS in turn has a transaction clearing and custody agreement with NFS and/or its related entity, Fidelity Investments, whereby LSIA client assets are custodied at NFS or Fidelity and trades executed through these entities. At all times, LSIA reserves the right to decline acceptance of any client account for which the client directs the use of a broker-dealer/custodian other than LSS. The use of LSS and NFS for transaction services results in some instances in higher transaction costs than may be charged by other broker dealers.

The business relationship with NFS provides LSS and LSIA economic benefit that LSIA would not receive if it did not use LSS and NFS for trade execution, clearing, settlement and/or custody. An economic benefit also arises from a Transfer Cost Credit Program by which NFS pursuant to contract pays LSS based on a percentage of customer assets transferred to NFS. LSS uses this payment to reimburse itself for expenses which new customers incur from other clearing providers when transferring an account of certain eligible assets to NFS. LSS usually pays these charges for new customers.

The receipt of any and all payments from NFS to LSS constitutes an actual and potential conflict of interest for LSIA since this economic benefit incentivizes LSIA to use LSS and NFS for client services. Other providers who do not provide transfer cost credits or other payments charge less for services provided by LSS and/or NFS. The investment advisory services by LSIA using LSS and NFS cost a client more or less than purchasing similar services separately. Clients should consider whether the appointment of LSS as the sole broker-dealer for transactions results in certain costs or disadvantages to them as a result of the LSIA/LSS/NFS relationship. In deciding to establish a relationship with LSIA, a client should take into account all revenue sharing payouts and/or reimbursements LSIA or LSS receives before deciding to invest through LSIA.

There is also an additional business relationship between LSS and LSIA. This features an expense sharing arrangement whereby certain of LSIA costs including, but not limited to, overhead are paid by LSS without legal obligation on LSIA's part. As part of this agreement, LSS allocates a percentage of the expenses it pays to LSIA. This arrangement constitutes an actual and potential conflict of interest for LSIA in deciding to appoint LSS as broker for client transactions.

**LSIA Personnel** Registered persons of our firm ("IARs") including management personnel and other associated persons of LSIA often are licensed in multiple capacities. This includes but is not limited to registration as representatives of LSIA's sister company, LaSalle St. Securities, LLC ("LSS"). In addition to these registrations, IARs may participate and have licenses in other businesses including but not limited to insurance, accounting, law and/or tax preparation. By virtue of an IAR's registration with LSS, the IAR as a registered representative and/or LSS itself can receive, and sometimes does

receive in connection with implementing investment recommendations, compensation (including but not limited to brokerage commissions, 12b-1 fees on mutual fund sales, Non-Transaction Fees (“NTF”) mutual fund revenue sharing, variable annuity concessions and other sales-related forms of compensation) in addition to a share of the LSIA investment advisory fee from activity as an LSIA IAR. Non-LSIA compensation is also received in connection with executing trades recommended by the IAR and LSIA.

The possibility, expectation and/or actual receipt of non-LSIA compensation by LSS or an IAR acting as a registered representative, or otherwise is also an actual and potential conflict of interest for LSIA and the IAR when giving advice regarding investments, investment strategies and/or recommendations to LSIA clients for asset management. For example, without limitation, the possibility and/or receipt of non-LSIA compensation in connection with the recommendation of an investment or investment strategy, or the subsequent receipt of 12b-1 "trailer" fee or concession during the time an investment is owned by an LSIA client, means the IAR of LSIA is incentivized to make such recommendation because of the receipt by LSS of non-LSIA compensation.

LSIA selects mutual funds for its clients. LSIA has a policy of soliciting the lowest share class mutual fund available. Typically, the lowest share class has the least expensive fund expense ratio. This usually means funds referred to in the industry as “adviser” or “institutional” shares. While such share classes offer various advantages, there are in certain instances ticket charges and other fees imposed by NFS on the client account when advisor or institutional share mutual funds are selected by an IAR. These additional costs need to be considered by the client when LSIA and its IAR decide to employ a particular class of mutual fund. In all cases, as discussed above, LSIA refunds to its clients any 12b-1 compensation received from mutual funds. The receipt by LSS of any part of a ticket charge levied by NFS is an actual and potential conflict of interest for LSS and LSIA since it incentivizes an IAR to make a recommendation of adviser institutional class shares which creates additional revenue for LSS and indirectly LSIA.

Customer cash balances are generated from proceeds of investments as well as from dividends and distributions received (“deposit funds”). A client sometimes elects to maintain these in the core account money market sweep vehicle (“sweep vehicle”) until the deposit funds are either used to purchase new investments or until the client wishes to withdraw them. Unless the client chooses otherwise (see discussion below and also “Brokerage Practices” at Item 12 *infra* for further discussion) or declines to make a choice, LSS places deposit funds, including those in LSIA advisory accounts, in the sweep vehicle. It does not offer an alternative sweep money market fund at NFS.

At all times, a customer can choose to participate in the sweep vehicle or not. If a customer does not wish to place all or part of the deposit funds in the sweep vehicle, he or she can request LSIA purchase a non-NFS money market fund and invest the deposit funds there. This can pay a higher yield to the client because the fund expense may be less. It can, however, also result in the assessment of a transaction ticket charge by LSS which will reduce the net return to the client.

**Termination of the Advisory Relationship:** A client agreement can be canceled by a client or LSIA for any reason or no reason upon receipt of 30 days written notice. As disclosed above, certain fees are paid in advance of services provided. If the Agreement is terminated, any prepaid unearned fees will be promptly returned. Reimbursement of fees will be calculated according to the number of days remaining in a billing period.

**Mutual Fund Charges:** All fees paid to LSIA for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds and/or ETFs to their shareholders. These fees and expenses are disclosed in each Fund's prospectus and should be reviewed by the client before making a purchase. They generally include a fund management fee, other fund expenses and a distribution fee. If the fund also imposes a sales charge (sometimes referred to as a "load charge"), a client may pay an initial or deferred sales charge. A client can avoid some of these charges by investing in a mutual fund directly without LSIA's services, if the client so chooses. A client should review the total sum of fees and expenses before determining how to proceed – whether to elect LSIA's services or select investments independent of LSIA and without LSIA's services.

**Additional Fees and Expenses:** In addition to LSIA advisory fees, clients are also responsible for the fees and expenses charged by custodians and imposed by broker dealers, including, but not limited to, transaction charges and commissions assessed by a broker-dealer, whether by LSS or independent of LSS, i.e. a third party independent broker-dealer.

**Grandfathering of Minimum Account Requirements:** Pre-existing advisory clients are subject to LSIA's minimum account requirements and advisory fees in effect at the time the client entered into the advisory relationship. Therefore, our firm's minimum account requirements will differ among clients.

**ERISA Accounts:** LSIA is deemed to be a fiduciary to advisory clients pursuant to the Employee Retirement Income and Securities Act ("ERISA"). As such, our firm is subject to specific duties and obligations under ERISA and the Internal Revenue Code that include among other things, restrictions concerning certain forms of compensation. To avoid engaging in prohibited transactions, LSIA only charges fees for investment advice about products for which our firm and/or our related persons do not receive any commissions or 12b-1 fees.

**Advisory Fees in General:** Clients should note that advisory services similar to those offered by LSIA are available from other registered investment advisors for the same or even lower fees. When deciding to use LSIA services, clients are urged to review LSIA's fee and transaction cost structure and, if necessary, compare this with other advisors before electing to employ LSIA.

**Limited Prepayment of Fees:** Under no circumstances do we require or solicit payment of fees in excess of \$1200 more than six months in advance of services rendered.

**Trade Errors:** Any trading errors, profit or loss, will be assessed to the IAR which could be an inherent conflict of interest. Generally, LSIA will always make the client whole if there is an IAR trade error that results in a client loss. The gain, however, in any trade error will be retained by the custodian, the error account of LSS, the affiliated broker-dealer, or LSIA in order to offset future trade error losses. This is a benefit LSIA derives from its trade error policy.

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

LSIA does not charge performance-based fees of any kind.

## **Item 7 Types of Clients**

LSIA provides advisory services to the following types of clients:

- Individuals (other than high net worth individuals)
- High net worth individuals
- Trusts
- Estates
- Pension and profit sharing plans (other than plan participants)
- Corporations or other businesses not listed above

As previously disclosed in Item 5, our firm has established certain initial minimum account requirements, based on the nature of the service(s) being provided. For a more detailed understanding of those requirements, please review the disclosures provided in each applicable service.

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

### **METHODS OF ANALYSIS**

We use various practices and analytical tools in formulating investment advice and/or managing client assets. We use these strategy(ies) in managing client accounts, provided that such strategy(ies) are consistent with the client's investment objectives, risk tolerance, and time horizons. This applies to the following programs:

## **LASALLE ST. ASSET MANAGEMENT PROGRAM (LAMP) (NON-DISCRETIONARY INVESTMENT MANAGEMENT)**

LAMP provides non-discretionary investment management of clients' portfolios in accordance with the client's investment objectives. Non-discretionary management means LSIA offers recommendations for various investment decisions. All investment recommendations are, however, discussed with the client and client approval is obtained before implementation and any order execution. Interviews are conducted prior to the client's entry into the Program. This helps LSIA determine the client's investment objectives and risk tolerance, as well as gives the firm the opportunity ensure clients are advised that all investing involves the risk of loss of the entire amount of assets invested. In the LAMP program, LSIA also allows the client to suggest unsolicited trading ideas which can be executed by agreement with LSIA. All investment ideas instituted by the client or solicited by the IAR must conform to the client's objectives and risk tolerance. LSIA, in addition to providing non-discretionary investment under LAMP, may also at the client's request, provide additional advice on non-investment management services which are included as part of the LAMP management fee agreed upon by the client and LSIA at no additional cost.

**Margin:** Please see this description under "General Information for All Programs" below.

**Options:** Please see this description under "General Information for All Programs" below.

**Risks for All Forms of Analysis:** Please see this description under "General Information" for all programs below.

**Risk of Loss:** Please see this description under "General Information for All Programs" below.

### **MANAGED LSIA DISCRETIONARY PROGRAMS:**

LSIA also offers various managed investment programs. Individual programs are tailored to the individual client's specific needs, goals, and desires. Some LSIA programs offer long term financial and retirement planning. All include a review of the client's current investment accounts, assets, sources of income, expenses, projected retirement age and expenses in retirement. Each program is intended to create asset allocation models which provide management guidance. Some accounts may feature conservative goals like preservation of assets, other programs make growth, growth and income, and other strategies which are more aggressive as their guide.

Certain LSIA programs feature only long-term investing. Others offer short-term strategies. Typically, the investment products will include equities, fixed income,

exchange traded investments, index products, money market funds, CDs, mutual funds, ETFs, structured and buffered products. In some cases, alternative investments like private placements, Real Estate Investment Trusts, and other similar products may be used. All LSIA programs seek to balance their asset allocation and rebalance the allocations when individual client needs arise, or market activity suggest it. Some programs use only passive index investing while others are more actively traded.

Programs may follow a fundamental analysis approach, using information gleaned from various sources. These programs review information from market resources, media outlets, research companies, and other third party sources. Still other programs follow a quantitative approach, relying on technical analysis. Fundamental and technical analysis is discussed in the “General Information for All Programs section *infra* at Page 24.

## **GENERAL INFORMATION FOR ALL PROGRAMS**

**Fundamental Analysis:** Programs using this technique attempt to measure the intrinsic value of a security by looking at economic and financial factors, including the overall economy, industry conditions, financial conditions and the management of the company, to determine if the company is underpriced, indicating a good time to buy, or overpriced, indicating a good time to sell. Our use of fundamental analysis does not attempt to anticipate market movement. This presents a potential risk as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in our evaluation of the stock.

**Margin Transactions:** Securities can be purchased with money borrowed from a client’s brokerage account. This allows a greater buying price than the client would have with available cash, and allows purchases in some cases without liquidating other holdings. Margin purchasing has risks. For Example, in volatile markets, securities prices can fall very quickly. If the value of the securities in your account minus what you owe the broker falls below a certain level, the broker will issue a “margin call”, and you will be required to sell your position in the security purchased on margin or add more cash to the account. In some circumstances, you may lose more money than you originally invested.

We may recommend, when appropriate, that a client establish a margin account with the client’s broker. One possible scenario is if we are selling one stock and purchasing another stock with the proceeds, we can use the margin account to make certain that you are not left out of the purchase if we have difficulty completing the sale. Margin is required for certain option transactions also.

**Mutual Fund and/or ETF Analysis:** We look at the experience and track record of the manager of the mutual fund or ETF in an attempt to determine if that manager has demonstrated an ability to invest over a period of time and in different economic conditions. We also look at the underlying assets in a mutual fund or ETF in an attempt to determine if there is significant overlap in the underlying investments held in another



fund(s) in the client's portfolio. We also monitor the funds or ETFs in an attempt to determine if they are continuing to follow their stated investment strategy.

A risk of mutual fund and /or ETF analysis and investment is that, as in all securities investments, past performance does not guarantee future results. A manager who has been successful may not be able to replicate that success in the future. In addition, as we do not control the underlying investments in a fund or ETF, managers of different funds held by the client can purchase the same security, increasing the risk to the client if the security were to fall in value. There is also a risk that a manager will deviate from the stated investment mandate or strategy of the fund or ETF, which could make the holding(s) less suitable for the client's portfolio.

**Options:** We use options as an investment strategy. An option is a contract that gives the buyer the right, but not the obligation, to buy or sell an asset (such as a share of stock) at a specific price on or before a certain date. An option, just like a stock or bond is a security. An option is also a derivative, because it derives its value from an underlying asset.

The two types of options are calls and puts:

- A call gives us the right to buy an asset at a certain price within a specific period of time. We will buy a call if we have determined that the stock will increase substantially before the option expires.
- A put gives us the holder the right to sell an asset at a certain price within a specific period of time. We will buy a put if we have determined that the price of the stock will fall before the option expires

Programs use options to speculate on the possibility of a sharp price swing. We will also use options to "hedge" a purchase of the underlying security; in other words, we will use an option purchase to limit the potential upside and downside of a security we have purchased for your portfolio.

Programs use "covered calls", in which we sell an option on security you own. With this strategy, you receive a fee for making the option available and the person purchasing the option has the right to buy the security from you at an agreed-upon price.

We use a "spreading strategy", in which we purchase two or more option contracts (for example, a call option that you buy and a call option that you sell) for the same underlying security. This effectively puts you on both sides of the market, but with the ability to vary price, time and other factors.

A risk of covered calls is that the option buyer does not have to exercise the option, so that if we want to sell the stock prior to the end of the option agreement, we have to buy the option back from the option buyer, for a possible loss.

A risk of spreading strategies is that the ability to fully profit from a price swing is limited.

**Quantitative or “Technical” Analysis:** Uses mathematical models in an attempt to obtain more accurate measurements of a securities quantifiable date, such as the value of a share price or earnings per share and predict changes to that data.

A risk in using quantitative analysis is that the models used may be based on assumptions that prove to be incorrect.

**Risks for All Forms of Analysis:** Our securities analysis methods rely on the assumption that the companies whose securities we purchase and sell, the rating agencies that review these securities, and other publicly-available sources of information about these securities, are providing accurate and unbiased data. While we are alert to indications that data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information.

**Risk of Loss:** Security investments are not guaranteed and you will lose money on your investments in the strategies you employ in certain circumstances. Clients are asked to help the Investment Advisor Representative understand their risk tolerance. Clients must also be aware that losses do take place and must be willing to bear such losses.

**Technical & Quantitative Analysis:** We analyze past market movements and apply that analysis to be present in an attempt to recognize recurring patterns of investor behavior. In general it examines patterns of movement that could indicate changes in or continuation of stock price trends. The focus is on price movements of a security. Technical analysis does not consider the underlying financial condition of a company. This presents a risk in that a poorly managed or financially unsound company may underperform regardless of market movement.

## **Item 9 Disciplinary Information**

We are required to disclose any legal or disciplinary events to client’s or prospective clients for evaluation of our advisory business or the integrity of our management.

The following are disciplinary events relating to our firm and/or our management personnel:

On March 11, 2019, LSIA was subject to an Order and Cease and Desist Proceedings whereby it voluntarily consented to findings by the SEC that it had not fully disclosed certain conflicts of interest in its ADV and otherwise related to receipt of 12b-1 fees, its selection of mutual fund share classes that pay such fees, and the existence of other share classes that did not pay 12b-1 fees. The firm refunded fees to affected clients with interest in the amount of \$435,178.03, was censured and undertook steps to update its procedures. These findings resulted in certain findings of violations of the Advisers Act.

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

Management personnel and other IARs of LSIA may be separately licensed as registered representatives of LSS, an affiliated broker-dealer, and sister company of LSIA which has

a clearing relationship with NFS. Both LSIA and LSS are owned by the same entity, LSH. There is a conflict of interest when LSIA recommends that its advisory clients establish accounts at LSS and otherwise direct compensation to this affiliate, or any other affiliated company for that matter. IARs, in their LSS capacity, effect securities transactions for which they receive separate compensation including 12b-1 fees for the sale of investment company products and variable annuity concessions. Receipt of this compensation also raises a conflict of interest affecting the advice rendered by the IAR in situations where commissions and trail concessions are paid. Likewise, a conflict of interest exists when LSIA effects transactions through LSS which result in the receipt of other revenue sharing by NFS with LSS. This includes but is not limited to a share of ticket charges remaining after NFS deducts its transaction costs, as well as margin interest. There is also an expense sharing agreement between LSIA and LSS whereby certain costs and expenses of LSIA are paid by LSS, which in turn bills LSIA a fixed amount.

Although LSIA and its IARs endeavor at all times to put the interest of the clients first pursuant to our fiduciary duty, clients should be aware that the receipt of non-LSIA compensation creates an actual and potential conflict of interest, and may affect the judgment of these advisors when making recommendations to LSIA customers about investments. In some instances receipt of non-LSIA compensation may effect the return a client receives on assets, for example where LSS receives a distribution fee as discussed above.

LSIA is under common ownership with another investment advisor, Tilden, Loucks & Woodnorth, LLC ("TLW"). TLW is an independent investment advisor with whom LSIA does not share accounts or account information. No LSIA IAR is an advisor with TLW. The advisory services delivered by TLW are distinct from those provided by LSIA and provide for separate from and independent of compensation to LSIA's IARs. There are no referral fee arrangements between LSIA and TLW. The advice offered by TLW advisors to its clients is different or can in some instances actually conflict with advice offered to LSIA clients by LSIA's IARs. Similarly, advice offered clients of LSIA does vary from client-to-client and may conflict as well. This creates an actual and potential conflict of interest for LSIA advisors which LSIA clients should consider when investing with us.

For example, without limitation, LSIA IARs will recommend a specific investment strategy which is different or may be opposite the one recommended to a different client. This occurs, for instance, where investment objectives vary from client to client. Advice which is different for individual clients may create a conflict of interest for the investment advisor.

Certain members of our firm's management are also separately licensed as insurance agents of various insurance companies. In that capacity, these individuals provide insurance contracts through such company(ies). The services delivered by the insurance company are distinct from those provided by our firm and are provided for separate compensation to IARs acting in a capacity as insurance agents. There are no referral fee arrangements between our firm and any insurance companies.

John Berger, a Managing Member of our firm, is the Managing Member and an advisory representative of John G Berger Registered Investment Advisor, an unaffiliated registered

investment advisor. There are no referral arrangements between our firm and John G Berger Registered Investment Advisor. No LSIA client is obligated to use the advisory services of John G Berger Registered Investment Advisor, as no John G Berger Registered Investment Advisor advisory client is obligated to use our advisory services.

Juliette Romeo and Dan Stybr, Managing Members of our firm, are the Managing Members and are advisory representatives of Stybr & Associates, an unaffiliated registered investment advisor. There are no referral arrangements between our firm and Stybr & Associates. No LSIA client is obligated to use the advisory services of Stybr & Associates, as no Stybr & Associates advisory client is obligated to use our advisory services.

Larry Vandeventer, a Managing Member of our firm, is the Managing Member and an advisory representative of Vandeventer & Company, an unaffiliated registered investment advisor. There are no referral arrangements between our firm and Vandeventer & Company. No LSIA client is obligated to use the advisory services of Vandeventer & Company, as no Vandeventer & Company advisory client is obligated to use our advisory services.

As required, any affiliated investment advisors are specifically disclosed in Section 7.A. on Schedule D of Form ADV, Part 1. (Part 1 of our Form ADV can be accessed by following the directions provided on the Cover Page of this Firm Brochure).

Clients may decide to elect that the same securities or investment products be purchased at other unaffiliated broker-dealers.

As previously disclosed in Item 5, the affiliated broker-dealer, LSS receives part of a ticket charge generated for each transaction on account of trading. Receipt of part of the ticket charge does not reduce the fee generated by the account.

Clients should be aware that the receipt of additional compensation by LSIA and its IARs, or LSS creates a conflict of interest that impairs the objectivity of our firm and these individuals when making advisory recommendations. This is discussed in fuller detail at "General Information," pages 19-21 above. As part of our fiduciary duty as a registered investment advisors; we take the following steps to address this conflict:

- we disclose to clients the existence of all material conflicts of interest, including the potential for our firm and our employees to earn compensation from advisory clients in addition to our firm's advisory fees;
- we disclose to clients that they are not obligated to purchase recommended investment products from our employees or affiliated companies;
- Upon request by a client, we will identify products that do not pay fees to LSIA/LSS or its IARs/registered representatives non-LSIA compensation.
- we collect, maintain and document accurate, complete and relevant client background information, including the client's financial goals, objectives and risk tolerance;
- our firm's management conducts regular reviews of each client account to verify that all recommendations made to a client are suitable to the client's needs and circumstances;

- we require that our employees seek prior approval of any outside employment activity so that we ensure that any conflicts of interests in such activities are properly addressed;
- we periodically monitor these outside employment activities to verify that any conflicts of interest continue to be properly addressed by our firm; and
- we educate our employees regarding the responsibilities of a fiduciary, including the need for having a reasonable and independent basis for the investment advice provided to clients.
- we disclose to clients the existence of all material conflicts of interest, including the potential for us or our employees to earn compensation from the referral of clients to other registered investment advisors; and

As previously disclosed, we recommend the services of various registered investment advisors to its clients. In exchange for this recommendation, we receive a referral fee from the selected investment advisors. The fee received by us is typically a percentage of the fee charged by that investment advisor to the referred client. The portion of the advisory fee paid to us does not increase the total advisory fee paid to the selected investment advisor by the client. We do not charge the client any fees for these referrals. We will only recommend advisors that pay us a referral fee. The receipt of this fee, however, is an actual and potential conflict of interest for LSIA and its IAR since it incentivizes them to recommend the Advisors who split their fees with LSIA.

We are aware of the special considerations required under Rule 206(4)-1 of the Investment Advisers Act of 1940. As such, all appropriate disclosure shall be made and all applicable Federal and State laws will be observed.

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

Our firm has adopted a Code of Ethics which sets forth high ethical standards of business conduct that we require of our employees, including compliance with applicable federal securities laws.

LSIA and our personnel owe a duty of loyalty, fairness and good faith towards our clients, and have an obligation to adhere not only to the specific provisions of the Code of Ethics but to the general principles that guide the Code.

Our Code of Ethics includes policies and procedures for the review of quarterly securities transactions reports as well as initial and annual securities holdings reports that must be submitted by the firm's access persons. Our code also provides for oversight, enforcement and recordkeeping provisions.

LSIA's Code of Ethics further includes the firm's policy prohibiting the use of material non-public information. While we do not believe that we have any particular access to non-public information, all employees are reminded that such information may not be used in a personal or professional capacity.

A copy of our Code of Ethics is available to our advisory clients and prospective clients. You may request a copy by email sent to vincerto@lasallest.com, or by calling us at 630-600-0425.

Our Code of Ethics is designed to assure that the personal securities transactions, activities and interests of our employees will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts.

Our firm and/or individuals associated with our firm may buy or sell for their personal accounts securities identical to or different from those recommended to our clients. In addition, any related person(s) may have an interest or position in a certain security(ies) which may also be recommended to a client.

It is the expressed policy of our firm that no person employed by us may purchase or sell any security that one of our advisory clients has also performed a transaction in and receive a better price, if there is a relationship between them. This prevents such employees from benefiting from transactions placed on behalf of advisory accounts.

We will aggregate our employee trades with client transactions where possible and when compliant with our duty to seek best execution for our clients. In these instances, participating clients will receive an average share price and transaction costs will be shared equally and on a pro-rata basis. In the instances where there is a partial fill of a particular batched order, we will allocate all purchases pro-rata, with each account paying the average price. Our employee accounts will be included in the pro-rata allocation.

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

1. No principal or employee of our firm may put his or her own interest above the interest of an advisory client.
2. No principal or employee of our firm may buy or sell securities for their personal portfolio(s) where their decision is a result of information received as a result of his or her employment unless the information is also available to the investing public.
3. It is the expressed policy of our firm that no person employed by us may purchase or sell any security that one of our advisory clients has also performed a transaction in and receive a better price, if there is a relationship between them. This prevents such employees from benefiting from transactions placed on behalf of advisory accounts.
4. No employee of LSIA is allowed to make a transaction in a "recommended security" for their personal or related accounts, until the recommendation is adequately disseminated to their clients.
5. LSIA recommends certain clients invest in mutual funds. LSIA selects mutual funds for its clients. LSIA has a policy of selecting the lowest share class available. This usually means "advisors" or "institutional" shares. In all cases, as discussed above,

LSIA will refund to its clients any 12b-1 compensation received from mutual funds.

6. All transactions and accounts of the employees of LSIA are reviewed by a principal of LSIA to ensure that they are not in conflict with the interests of clients.
7. Our firm does not allow for any IPO, private placement investments or limited offerings by related persons of the firm.
8. We maintain a list of all reportable securities holdings for our firm and anyone associated with this advisory practice that has access to advisory recommendations ("access person"). These holdings are reviewed on a regular basis by our firm's Chief Compliance Officer or his/her designee.
9. We have established procedures for the maintenance of all required books and records.
10. All clients are fully informed that related persons may receive separate commission compensation when effecting transactions during the implementation process.
11. Clients can decline to implement any advice rendered, except in situations where our firm is granted discretionary authority.
12. All of our principals and employees must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices.
13. We require delivery and acknowledgement of the Code of Ethics by each supervised person of our firm.
14. We have established policies requiring the reporting of Code of Ethics violations to our senior management.
15. Any individual who violates any of the above restrictions may be subject to termination.

As disclosed in the preceding section of this Brochure (Item 10), related persons of our firm are separately registered as securities representatives of a broker-dealer, investment advisor representatives of another registered investment advisor, and/or licensed as an insurance agent/broker of various insurance companies. Please refer to Item 10 for a detailed explanation of these relationships and important conflict of interest disclosures.

## **Item 12 Brokerage Practices**

LSIA does not have any soft-dollar arrangements and does not receive any soft-dollar benefits.

LSIA conducts block trades when advantageous to clients. This permits the trading of aggregate blocks of securities composed of assets from multiple client accounts.

Block trading allows LSIA to execute equity trades in a timelier, more equitable manner, at an average share price. LSIA's block trading policy and procedures are as follows:

- 1) Transactions for any client account will not be aggregated for execution if the practice

is prohibited by or inconsistent with the client's advisory agreement with LSIA, or our firm's order allocation policy.

2) The portfolio manager must determine that the purchase or sale of the particular security involved is appropriate for the client and consistent with the client's investment objectives and with any investment guidelines or restrictions applicable to the client's account.

3) The portfolio manager must reasonably believe that the order aggregation will benefit, and will enable LSIA to seek best execution for each client participating in the aggregated order. This requires a good faith judgment at the time the order is placed for the execution. It does not mean that the determination made in advance of the transaction must always prove to have been correct in the light of a "20-20 hindsight" perspective. Best execution includes the duty to seek the best quality of execution, as well as the best net price.

4) Prior to entry of an aggregated order, a written order ticket must be completed which identifies each client account participating in the order and the proposed allocation of the order, upon completion, to those clients.

5) If the order cannot be executed in full at the same price or time, the securities actually purchased or sold by the close of each business day must be allocated pro-rata among the participating client accounts in accordance with the initial order ticket or other written statement of allocation. However, adjustments to this pro rata allocation may be made to participating client accounts in accordance with the initial order ticket or other written statement of allocation. Furthermore, adjustments to this pro rata allocation will be made to avoid having odd amounts of shares held in any client account, or to avoid excessive ticket charges in smaller accounts.

6) Generally, each client that participates in the aggregated order must do so at the average price for all separate transactions made to fill the order.

7) If the order will be allocated in a manner other than that stated in the initial statement of allocation, a written explanation of the change must be provided to the Chief Compliance Officer no later than the morning following the execution of the aggregate trade.

8) LSIA's client account records separately reflect, for each account in which the aggregated transaction occurred, the securities which are held by, and bought and sold for, that account.

9) Funds and securities for aggregated orders are clearly identified on LSIA's records and to the broker-dealers or other intermediaries handling the transactions, by the appropriate account numbers for each participating client.

10) No client or account will be favored over another.

NFS is a unit of Fidelity Institutional Investment Brokerage, a Fidelity Company. LSIA uses NFS almost exclusively for custody of client funds and services. In some limited circumstances, a third party trust or insurance company is used for products sponsored by such firms. NFS, however, is the default custodian for all funds managed by LSIA, and LSS executes all trades for LSIA. In addition, LSIA, when it uses LSS to execute trades, does not assess whether the cost of execution by LSS is greater or lesser than



what is charged by other broker dealers for similar service. There are other broker dealers who charge execution costs which are less than LSS. LSIA periodically performs a best execution analysis to determine whether charges assessed and services provided by LSS meet the best execution requirement.

Clients opening accounts at LSS receive disclosure regarding the core account sweep vehicle in Section 5 of their Brokerage Agreement, "Account Characteristics." Clients can choose to use the sweep vehicle for deposit funds or can choose to receive their deposit funds in other ways including by check. At no time are they required to use the core sweep account. If clients do not make a choice, however, by default LSS will invest deposit funds in the sweep vehicle.

Clients may choose to use the sweep account for all or only part of their deposit funds. They may also choose not to use the sweep vehicle at all. Clients electing not to sweep deposit funds into the core sweep account may also choose to buy a money market fund which could pay a greater return. This may be done as an investment through LSS. Note that when choosing this option, there may be additional transaction costs like "ticket charges" assessed by LSS. If the client elects not to use the core account sweep vehicle, they will not have access to any convenience or service provided by the sweep account.

Clients are strongly encouraged to consult with their LSIA investment adviser if they have any questions regarding the sweep vehicle, the availability of other options, the effect of the conflict of interest which exists for LSIA/LSS in recommending NFS as custodian and LSS as broker dealer for execution, as well as how LSIA manages this conflict.

Monthly brokerage statements and/or quarterly third-party account statements will be received depending upon which is acting as custodian. In addition, certain account charges can be accessed by the custodian, including, but not limited to postage and handling, margin interest, IRA fees, check writing service fees and those fees mandated by law with respect to execution of transactions, such as SEC fees.

When LSIA uses LSS to execute trades, it will not determine whether the cost of execution by LSS is greater or lesser than what is charged by other broker-dealers for similar service. There are other broker-dealers which may charge cost of execution expenses that are less than LSS. LSIA periodically does a best execution analysis to determine whether charges assessed and service provided by LSS meet the best execution requirement.

Any trading errors, profit or loss, will be assessed to the IAR which could be an inherent conflict of interest. Generally, LSIA will always make the client whole if there is an IAR trade error that results in a client loss. The gain, however, in any trade error will be retained by the custodian, the error account of LSS, the affiliated broker-dealer, or LSIA in order to offset future trade error losses. This is a benefit LSIA derives from its trade error policy which is not shared with the client.

For the most part, LSIA executes all trades through its affiliate LSS. This results in higher charges for execution and clearing of trades when executing through LSS. A client can reduce such costs by using an Adviser, broker, or custodian other than LSIA/LSS/NFS.

LSIA at all times reserves the right to decline acceptance of any client account when the client decides to use a broker or custodian not otherwise approved by LSIA. The client should understand that LSIA has an inherent actual and potential conflict of interest by using LSS for trade execution since the charges levied by LSS in some instances may be greater than those of other broker-dealers. The conflicts of interest exist because the use of LSS conflicts with the client's desire to effect all transactions at the lowest possible cost.

Clients can separately negotiate ticket charges and other costs. This means some clients pay more than others based on negotiations between the client and LSIA. These schedules will be used for all trades and can be lowered at the portfolio manager's discretion, which could be an inherent conflict of interest. Generally, LSIA will not aggregate client trades due to the nature of its business and the autonomy exercised by its IARs. However, if LSIA blocks trades, transaction costs will be assessed per capita (i.e. per account) and not pro-rata.

### **Brokerage Practices.**

LSIA generally uses LSS to execute transactions, through NFS or Fidelity Investment Services ("Fidelity"). LSIA does review the services rendered by these broker dealers as required for best execution purposes. The factors reviewed include but are not limited to each broker-dealer's respective financial strength, reputation in the industry, execution, capability, pricing, research provided, service and responsiveness. Fidelity and NFS give LSIA access to many mutual funds without transaction charges and other securities at nominal transaction charges. Although this has been LSIA's experience with Fidelity, there is no guarantee access will continue. Other broker-dealers provide access to mutual funds and other investment products to an even greater degree than Fidelity and at lower cost. The commissions and/or transaction fees charged by Fidelity may also be higher or lower than those charged by other broker-dealers. LSIA periodically and systematically evaluates the execution performance of Fidelity and NFS in deciding whether to continue to use Fidelity's and NFS's services.

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

LSIA may receive from Fidelity and/or NFS, without cost to LSIA, computer software and related systems support, which allows LSIA to monitor client accounts. LSIA may receive the software and related support without cost because LSIA renders investment management services to clients that maintain assets at Fidelity or NFS. In some instances, the software and related systems support benefits LSIA, but not its clients. In fulfilling its duties to its clients, LSIA endeavors at all times to put the interests of its clients first. Clients should be aware, however, that LSIA's receipt of economic benefits from a broker-dealer like Fidelity or NFS creates a conflict of interest since these benefits may influence software, systems support or services. Therefore, LSIA has an incentive to select or recommend a broker-dealer, and in particular, Fidelity, based on its interest in receiving the software and related services, rather than the client's interest in receiving the most

favorable execution.

In any instance where compensation is obtained by LSIA and/or LSS for execution and clearing, such compensation is reviewed in confluence with LSIA's duty to clients to obtain "best execution" for every transaction. However, a client can pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where LSIA determines, in good faith, that the commission is reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor may not be the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including among others, the value of research provided, execution capability, commission rates, and responsiveness. Consistent with the foregoing, while LSIA will seek competitive rates, it may not obtain the lowest possible commission rate for client transactions. Clients are advised to be fully informed regarding the costs of such transactions.

### **Item 13 Review of LSIA Advisory Accounts**

**REVIEWS:** The underlying securities within LSIA nondiscretionary, discretionary, and plan consulting services accounts are monitored continuously. The overall accounts are reviewed at least monthly. Accounts are reviewed in the context of each client's stated investment objectives and guidelines. More frequent reviews are triggered by material changes in variables such as the client's individual circumstances, or the market, political or economic environment.

These accounts are reviewed by:

The Investment Advisor Representative of the account

Michael Drozd – Chief Investment Officer ("CIO") or someone delegated by the CIO

Vincent Incerto – Chief Compliance Officer ("CCO") or someone delegated by the CCO

Dan Schlessner – Chief Financial Officer ("CFO") or someone delegated by the CFO

### **THIRD-PARTY MONEY MANAGERS**

**REVIEWS:** These client accounts (invested with third party managers, solicitor programs where LSIA acts as a solicitor, and co-advisor programs) should refer to the independent registered investment advisor's Firm Brochure (or other disclosure document used in lieu of the brochure) for information regarding the nature and frequency of reviews provided by that independent registered investment advisor. LSIA will provide reviews on a quarterly basis.

These accounts are reviewed by:

The Investment Advisor Representative of the account

Michael Drozd – CIO, or someone delegated by the CIO  
Vincent Incerto – CCO, or someone delegated by the CCO  
Dan Schlessler – CFO or someone delegated by the CFO

## **FINANCIAL PLANNING SERVICES**

**REVIEWS:** While reviews occur at different stages depending on the nature and terms of the specific engagement, typically no formal reviews will be conducted for Financial Planning clients unless otherwise requested by the client.

### **GENERAL REVIEW**

The philosophy and orientation of the registrant is to develop and implement allocation strategies for its clients. All professional staff of the registrant are qualified to review an account and recommend an allocation plan. All accounts are monitored on an ongoing basis and interim reviews are triggered by changes in clients' financial situation, objectives, market movements, for example. Compliance and the IAR are responsible for reviewing accounts.

Monthly brokerage statements and/or quarterly account statements will be received depending upon which is acting as custodian.

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

### **CLIENT REFERRALS**

In addition to acting as a solicitor as discussed in Item 4 above, LSIA has also entered into various agreements with individuals or entities (referring parties) who refer clients to LSIA. In other words, LSIA employs solicitors to refer clients to LSIA. If a referred client enters into an agreement with LSIA, either a flat fee for the referral or a percentage of the investment fee is paid to the solicitor. It is generally no more than 1.00%.

Our firm does pay referral fees to solicitors for introducing clients to us. Whenever we pay a referral fee, we require the Solicitor to provide the prospective client with a copy of this document (our *Firm Brochure*) and a separate disclosure statement that includes the following information:

- the Solicitor's name and relationship with our firm;
- the fact that the Solicitor is being paid a referral fee;
- the amount of the fee; and
- whether the fee paid to us by the client will be increased above our normal fees in order to compensate the Solicitor.

The referral arrangement between any referring party and LSIA will not result in any charges to the client above the advisory fees charged by LSIA and agreed to by the client.

Pursuant to Rule 206(4)-1, in addition to LSIA's Disclosure Document, a Solicitor/Promotor Separate Written Disclosure", listing compensation to be paid to solicitor/promotor, is provided to the client prior to or at the signing of LSIA's Advisory Agreement.

## **Item 15 Custody**

The SEC has determined that Standard Letters of Authorization or "SLOAs" result in custody. The SLOA provides written and signed instructions from the client. These instructions can also include authorization to direct transfers to a third party on a specified time frame. The Investment Advisor or Custodian has no authority or ability to alter the clients written instructions and records are maintained. The client is notified by the Custodian in writing upon the initial SLOA set up and annually thereafter, until the client terminates the SLOA.

Under the Investment Advisers Act, registered investment advisors who maintain custody of client assets must comply with Advisor Rules regarding custody, including Adviser Rule 206(4)-2 ("Custody Rule"). LSIA does maintain custody of client assets, because the firm receives SLOAs from clients directing certain payments.

As part of this billing process, the client's custodian is advised of the amount of the fee to be deducted from that client's account. On at least a quarterly basis, the custodian is required to send to the client a statement showing all transactions within the account during the reporting period.

Because the custodian does not calculate the amount of the fee to be deducted, it is important for clients to carefully review their custodial statements to verify the accuracy of the calculation, among other things. Clients should contact us directly if they believe that there may be an error in their statement.

LSIA complies with the Custody Rule because it relies on certain "no-action" pronouncements from the SEC for firms using SLOA certificates. These pronouncements set forth certain criteria which LSIA must use before it qualifies as following the Rule. In each instance LSIA follows these criteria.

## **Item 16 Investment Discretion**

Some clients hire LSIA to provide discretionary asset management services, in which case the firm places trades in a client's account without contacting the client prior to each trade to obtain the client's permission.

Our discretionary authority includes the ability to do the following without contacting the client:

- Determine the security to buy or sell; and/or
- Determine the amount of the security to buy or sell

Clients give us discretionary authority when they sign a discretionary agreement with our firm and may limit this authority by giving us written instructions. Clients may also change/amend such limitations by once again providing us with written instructions.

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

As a matter of firm policy, LSIA does not vote proxies on behalf of clients. Therefore, although our firm provides investment advisory services relative to client investment assets, clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets. Clients are responsible for instructing each custodian of the assets, to forward to the client copies of all proxies and shareholder communications relating to the client's investment assets.

We will provide clients with consulting assistance regarding proxy issues if they contact us with questions at our principal place of business.

### **Item 18 Financial Information**

Under no circumstances do we require or solicit payment of fees in excess of \$1200 per client more than six months in advance of services rendered. Therefore, we are not required to include a financial statement.

As an advisory firm that maintains discretionary authority for client accounts, we are also required to disclose any financial condition that is reasonable likely to impair our ability to meet our contractual obligations. LSIA has no financial circumstances to report.

LSIA has not been the subject of a bankruptcy petition at any time during the past ten years.

### **Item 19 Not Applicable to LSIA**