

# FIRM BROCHURE

**March 24, 2023**



Larson Financial Group, LLC  
100 N Broadway, Suite 1700  
Saint Louis, MO 63102  
866-569-2450  
[www.larson.com](http://www.larson.com)

This brochure provides information about the qualifications and business practices of Larson Financial Group, LLC. If you would like more information or if you have any questions about the contents of this brochure, please call the phone number above or email [compliance@larsonfinancial.com](mailto:compliance@larsonfinancial.com). Larson Financial Group, LLC is a registered investment adviser with the U.S. Securities and Exchange Commission. This registration does not imply a certain level of skill or training. 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 Larson Financial Group, LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable CRD number for Larson Financial Group, LLC is 140599.

## ITEM 2 | MATERIAL CHANGES

This Firm Brochure dated 3/24/2023, is an update to Larson Financial Group, LLC's ("**LFG**") annual disclosure document.

Material changes since this brochure's last amendment dated March 16, 2021, include:

- Item 4 – Updated Regulatory Assets Under Management
- Item 10 – Updated financial industry affiliates ("LFH Subsidiaries") Larson Intrua Financial's Subsidiary's Primary Business

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## ITEM 4 | ADVISORY BUSINESS

Larson Financial Group, LLC ("**LFG**," "**we**" or "**us**") is a wholly-owned subsidiary of Larson Financial Holdings, LLC ("**LFH**"). LFG has been a SEC-registered investment advisor since 2006 and is headquartered in Saint Louis, Missouri. We provide financial planning and other investment advisory services to individual clients, organizations, trusts, and various for-profit and non-profit entities with a focus toward doctors and related businesses through investment advisors, some of which are employees and some of which are independent contractors. This Firm Brochure ("**Brochure**") discloses information about us and it is being provided pursuant to Securities and Exchange Commission ("**SEC**") rules.

We offer the following financial planning and advisory services to clients.

### INVESTMENT ADVISORY SERVICES AND MODEL PORTFOLIO MANAGEMENT

We provide financial planning services independently or in combination with investment management. Continuous advice is provided to clients regarding the investment of funds based on the client's individual needs. Through our Investment Advisor Representatives' ("**IAR**") personal discussions with clients and prospects, the IAR considers the client's individual objectives, time horizons, risk tolerance, liquidity needs, and overall portfolio, among other characteristics to help them establish specific goals and objectives. The client's prior investment history, family composition and background are also taken into consideration. . During the data-gathering process, From here a , a portfolio strategy is chosen for implementation and management.

Advisory accounts are managed on a discretionary or non-discretionary basis. Account supervision is guided by the client's stated objectives (e.g.: capital appreciation, growth, income, or growth and income), as well as tax considerations. Once the IAR recommends a portfolio, and the client agrees, the portfolio is managed based on the stated goals (e.g.: retirement, education, etc.). Securities may be held in the name of the custodian with individual ownership of all securities retained by the client. Clients may impose reasonable restrictions on investing in certain securities, types of securities, or industry sectors, but should understand that by restricting investments on which we provide advice, the client's portfolio may not contain the same investments or risk characteristics.

Investment recommendations are not limited to any specific product or service offered by a broker-dealer or insurance company and will generally include advice regarding the following securities:

- Exchange-listed securities
- Securities traded over-the-counter
- Certificates of deposit
- Municipal securities
- Pooled investment vehicles, private equity funds
- Variable and term life insurance
- Variable annuities
- Mutual fund shares and exchange-traded funds ("**ETFs**")
- Interests in businesses and partnerships

Because some types of investments involve certain additional degrees of risk, they will only be implemented/recommended when consistent with the client's stated investment objectives, tolerance for risk, liquidity and suitability.

We provide portfolio management services to clients using model asset allocation portfolios. Each portfolio is designed to meet a particular investment goal as outlined below. Your IAR may also recommend a certain "Equity Sleeve" or portfolio tilt based on your wants and circumstances. In addition, IARs may also recommend one of our more active strategies such as our Dividend Growth Stock Program, the Core and Explore Program, the Wealth Acorn Program, Core Capital Program, the Advance and Protect Stock Program, the Custom Program, Strategic 60, Strategic 80, Strategic 100 and Tactical Strategies (Diversified Bond, Diversified Equity, High Yield, Muni Bond Fund, Global Equity Blend, Global Style Box, Section Rotation, Alterra All Cap, Advisor Select, Disruptors and Tactical 25). We provide asset management services under both Wrap Fee Programs and Non-Wrap Fee Programs.

## MODEL ASSET ALLOCATION PROGRAM

<b><u>Larson Model Name</u></b>	<b><u>Equity/Debt Ratio</u></b>	<b><u>Primary Objective of Model</u></b>
Risk Averse I	20/80	Capital preservation
Risk Averse II	30/70	Capital preservation with modest amount of income
Conservative I	40/60	Income with a modest amount of growth
Conservative II	50/50	Income with increased amount of growth
Moderate I	60/40	Growth and income
Moderate II	70/30	Increased growth with a modest amount of income
Aggressive I	80/20	Growth
Aggressive II	90/10	Increased growth
Highly Aggressive	100/0	Maximum growth

<b><u>Equity Sleeve</u></b>	<b><u>Primary Objective of Sleeve</u></b>
Core Equity	Maximize growth with a purely passive portfolio; no factor tilts
Small Cap	Maximize Growth over the long-term utilizing small and value factor tilts
Value	Maximize Growth utilizing an overweighting to high growth stocks
Growth	Participate in market growth with an element of "safety" by focusing on high quality
Quality	stocks
Income	Maximize Income at all levels of risk
ESG	Participate in market growth while focusing on companies with strong a strong track record on Environmental, Social, and Governance metrics

The Model Asset Allocation Program and Custom Program may be non-wrap accounts (described herein) or wrap accounts depending on the type of account managed. The Dividend Growth Stock Program, Core and Explore Program, the Wealth Acorn Program, Core Capital Program, and Advance, Protect Stock Program Strategic 60, Strategic 80, Strategic 100 and Tactical Strategies (Diversified Bond, Diversified Equity, High Yield, Muni Bond Fund, Global Equity Blend, Global Style Box, Section Rotation, Alterra All Cap, Advisor Select, Disruptors and Tactical 25) are wrap accounts.

In the Wrap Fee Programs, we manage client accounts for a single fee that includes asset management services and custodial and transaction/commission costs. If you participate in our Wrap Fee Programs, we will provide you with a separate Wrap Fee Program Brochure explaining the Programs and the fees we receive for our wrap account services. If your non-wrap account is held with TD Ameritrade, Fidelity or Charles Schwab, you may also incur transaction charges and/or brokerage fees when purchasing or selling securities.

In the non-wrap Model Asset Allocation Program, assets are held in variable annuities, variable life insurance, in TD Ameritrade, Fidelity or Charles Schwab custodial accounts or in accounts held directly at a mutual fund. The Program may be utilized with variable annuity benefits coordination, which is designed for management of certain variable annuities with guaranteed living or death benefit riders, which impose restrictions on the investment of the annuities' sub-accounts.

In the non-wrap Model Asset Allocation Program, we invest your assets in mutual funds and/or exchange traded funds (ETFs), or variable sub-accounts in the case of variable annuities and variable life insurance. In the Wrap Model Asset Allocation Program, we may invest your assets in both mutual funds and exchange traded funds. In the Dividend Growth Stock Program, we may invest your assets in individual stocks, ETFs, mutual funds and/or cash. In the Core Fund, the Core and Explore and Advance and Protect Stock Program your accounts may be invested in mutual funds and exchange traded funds, structured products, and individual stocks and bonds. For Non-Wrap Custom Accounts which will be held at TD Ameritrade, Fidelity or Charles Schwab, we may invest your assets in mutual funds, exchange traded funds, structured products, options and individual stocks and bonds or any other type of investment we may deem suitable for you.

As part of our asset management services, we may recommend one or more third party investment adviser(s) to manage all or a portion of your account on a discretionary basis. The third-party investment adviser(s) may use one or more of their model portfolios to manage your account. We will regularly monitor the performance of your accounts managed by third

party investment advisers(s) and make recommendations to you as necessary. We may share in the fee charged by the third-party adviser(s) or in the alternative include the value of the assets managed by the third-party adviser(s) when determining our advisory fee.

In the Custom Program your portfolio will be custom designed based on your individual goals and objectives and we will monitor your portfolio's performance on an ongoing basis and will rebalance the portfolio as required by changes in market conditions and in your financial circumstances. We require you to grant our firm discretionary authority to manage your account. Discretionary authorization will allow our firm to determine the specific securities, and the amount of securities, to be purchased or sold for your account without your approval prior to each transaction.

Discretionary authority is typically granted by the asset management agreement you sign with our firm. For the Custom Program, you may limit our discretionary authority (for example, limiting the types of securities that can be purchased for your account) by providing our firm with your restrictions and guidelines in writing. Such restrictions/guidelines may affect the composition and performance of your portfolio and/or our ability to meet your investment objectives.

## **Tactical Strategies Programs**

### **Diversified Equity**

**Objective:** This strategy seeks out favorable trends in the global equity, commodity, and real estate markets.

**Methodology:** Up to 12 mutual funds and ETFs are used that represent the domestic small-cap, mid-cap, and large cap markets, developed international, emerging markets, real estate, and commodities.

**Management Style:** Tactical

**Account Minimum:** \$100,000

### **High Yield Bond**

**Objective:** This strategy seeks out favorable trends in high yield bonds.

**Methodology:** Up to 5 high yield bond mutual funds and ETFs are used.

**Management Style:** Tactical

**Account Minimum:** \$25,000

### **Muni Fund**

**Objective:** This strategy seeks out favorable trends in the Minnesota municipal bond market

**Methodology:** Up to 5 mutual funds and ETFs are used that represent various types of Minnesota municipal bonds.

**Management Style:** Tactical

**Account Minimum:** \$50,000

### **Diversified Bond**

**Objective:** This strategy seeks out favorable trends across the broad domestic bond market

**Methodology:** Up to 5 mutual funds or ETFs are used that represent various types of bonds.

**Management Style:** Tactical

**Account Minimum:** \$50,000

### **Global Equity Blend**

**Objective:** This strategy seeks out favorable trends in the global equity market.

**Methodology:** Up to 5 ETFs are used that represent the domestic small-cap, mid-cap, and large cap markets as well as developed international and emerging markets.

**Management Style: Tactical**

**Account Minimum:** \$75,000

### **Global Style Box**

**Objective:** This strategy seeks out favorable trends in the global equity market with a focus on the domestic market

**Methodology:** Up to 8 ETFs are used that represent the domestic small-cap, mid-cap, and large cap growth and value markets as well as developed international and emerging markets.

**Management Style:** Tactical

**Account Minimum:** \$100,000

### **Sector Rotation**

**Objective:** This strategy seeks out favorable trends in specific sectors in the domestic equity market.

**Methodology:** Up to 9 ETFs are used that represent the various sectors of the domestic markets.

**Management Style:** Tactical

**Account Minimum:** \$100,000

### **Advisor Select**

**Objective:** This strategy invests across a tailored selection of individual equities, mutual funds, and ETFs depending on the specific needs of the client's situation.

**Methodology:** After meeting with the client and establishing client's risk tolerance and financial objective, the advisor will create a customized strategy to fit the client's specific needs.

**Management Style:** Tactical

**Account Minimum:** \$5,000

### **Alterra All Cap**

**Objective:** This strategy invests in U.S. based companies across small, mid & large capitalizations.

**Methodology:** Up to 30 securities are utilized within this strategy. These stocks may be undervalued, have a healthy balance sheet and positive earnings.

**Management Style:** Tactical

**Account Minimum:** \$250,000

### **Disruptors**

**Objective:** This strategy seeks out favorable trends in select companies in the domestic equity market that have been determined to be working on products that could make significant changes to the sector they are part of.

**Methodology:** Up to 30 securities are utilized within this strategy. These companies have been identified to be producing or researching products that could have a material impact to the market they participate in. The basket of stocks is refreshed as needed.

**Management Style:** Tactical

**Account Minimum:** \$250,000

### **Strategic Strategies Programs**

#### **Strategic 60**



**Objective:** This strategy seeks to achieve long-term growth of capital with a consideration of current income.

**Methodology:** Around 12 mutual funds and ETFs are used that represent the domestic small-cap, mid-cap, and large-cap markets, developed international, emerging markets, real estate, commodities, and various bonds with a target equity exposure of 60%.

**Management Style:** Strategic

**Account Minimum:** \$5,000

### Strategic 80

**Objective:** This strategy seeks to achieve long-term growth of capital without regard for current income.

**Methodology:** Around 12 mutual funds and ETFs are used that represent the domestic small-cap, mid-cap, and large-cap markets, developed international, emerging markets, real estate, commodities, and various bonds with a target equity exposure of 80%.

**Management Style:** Strategic

**Account Minimum:** \$5,000

### Strategic 100

**Objective:** This strategy seeks to achieve maximum long-term growth of capital without regard for current income.

**Methodology:** Around 12 mutual funds and ETFs are used that represent the domestic small-cap, mid-cap, and large-cap markets, developed international, emerging markets, real estate, commodities, and various bonds with a target equity exposure of 100%.

**Management Style:** Strategic

**Account Minimum:** \$5,000

### Tactical Management

The Tactical strategies offered by LFG are each designed around a specific blend of assets for a participation in a particular segment of the investable market. We often use fundamental analysis to determine which securities should be utilized in the formation of the portfolio. Fundamental analysis involves analyzing individual companies and their industry groups, including a company's financial statements, details regarding the company's product line, the experience and expertise of the company's management, and the outlook for the company's industry. The resulting data is used to measure the true value of the company's stock compared to the current market value. The specific amount of investment exposure to these assets will then be dependent on a number of factors. Technical analysis, which involves studying past price patterns and trends in the financial markets to forecast the direction of both the overall market and specific asset, is predominately used in determining how much, if any, investment exposure should be given to each asset. Additional elements such as corporate actions, change in investment leadership, geopolitical actions, and other newsworthy events deemed impactful to a strategy will be considered as a reason to exit or avoid deploying capital into specific assets. At times, identifiable trends in the overall market and or specific assets may cause large percentages of cash to build within a strategy. This is expected and by design so that this capital can then be redeployed into the strategy when more favorable trends are identified. We make no claim that securities will be purchased at a lower or more favorable price at a later date than when the same asset was last sold. We may utilize commercially available software and databases to obtain additional information on securities that may be selected for the Portfolios. For some of the Programs/Portfolios, we rely on third-party services for research and for recommendations regarding asset allocation models or buy and sell indicators. We may use short-term trading (in general, selling securities within 30 days of purchasing the same securities) as an investment strategy when managing an Account(s). Short-term trading is not a fundamental part of our overall investment strategy, but we may use this strategy occasionally when we determine that it is suitable given your stated investment objectives and tolerance for risk. We may use investment strategies that involve buying and selling securities frequently in an effort to capture significant market gains and avoid significant losses during a volatile market. However, frequent trading can negatively affect investment performance, particularly through increased brokerage and other transactional costs and taxes.

## Strategic Management

For accounts utilizing Strategic Management we begin with a Modern Portfolio Theory ("MPT") approach. MPT is a theory of investing which attempts to maximize portfolio expected return for a given amount of portfolio risk, or equivalently minimize risk for a given level of expected return, by carefully choosing the proportions of various assets. MPT is a mathematical formulation of the concept of diversification in investing, with the aim of selecting a collection of investment assets that has collectively lower risk than any individual asset. The risk, return, and correlation measures used by MPT are mathematical statements about the future. Very often such expected values fail to take account of new circumstances which did not exist when the historical data were generated. Each strategy is constructed with a view to achieving certain objectives and risk profiles, and we will manage the Account'(s) assets to reflect the Portfolio which you select. The available Portfolios fall within one of the following three profiles:

- Growth & Income: Portfolios with a Growth & Income profile seek to achieve long-term growth of capital, with moderate current income. You should have a tolerance for moderate fluctuations in the value of the Account and be willing to accept the volatility associated with an equity portfolio. We recommend a time horizon of five years or longer.
- Growth: Portfolios with a Growth profile seek to achieve long-term growth of capital and generally without regard for current income. You should have a tolerance for moderately large fluctuations in the value of the Account and be willing to accept the volatility associated with an equity portfolio. We recommend a time horizon of five years or longer.
- Aggressive: Portfolios with an Aggressive profile seek to achieve maximum long-term growth of capital without regard for current income. You should have a tolerance for large fluctuations in the value of the Account and be willing to accept the volatility of a 100% equity portfolio. We recommend a time horizon of more than five years to maximize the opportunity for growth.

## Short-term Gains and Losses for Tax Purposes

You should note that if we effect short term transactions in your Account, these transactions might result in short term gains or losses for federal and state tax purposes. You should review the treatment of such tax consequences with your accountant or tax counsel.

## Periodic Reviews

To ensure that a portfolio remains suitable for a particular client and that the account continues to be managed in a manner consistent with the client's known financial circumstances when utilizing LFG's models, the IAR will

- Send periodic reminders to the client requesting any updated information regarding changes in the client's financial situation and investment objectives
- At least annually, contact the client to determine whether there have been any changes in the client's financial situation or investment objectives, and whether the client wishes to impose investment restrictions or modify existing restrictions
- Be reasonably available to consult with the client
- Maintain client suitability information in each client's file

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## SELECTION OF OTHER ADVISERS

We may recommend that you use the services of a third-party money manager ("TPMM") to manage all, or a portion of, your investment portfolio. After gathering information about your financial situation and objectives, we may recommend that you engage a specific TPMM or investment program. Factors that we take into consideration when making our recommendation(s) include, but are not limited to, the following: the TPMM's performance, methods of analysis, fees, your financial needs, investment goals, risk tolerance, and investment objectives. We will monitor the TPMM(s)' performance to ensure its management and investment style remains aligned with your investment goals and objectives.

The TPMM(s) will actively manage your portfolio and will assume discretionary investment authority over your account. We will assume discretionary authority to hire and fire TPMM(s) and/or reallocate your assets to other TPMM(s) where we

deem such action appropriate.

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## **IRA ROLLOVER CONSIDERATIONS**

We may recommend that a client withdraw assets from an employer-based retirement plan (i.e., 401k) and roll the assets over to an individual retirement account (IRA) to be managed by LFG. We will typically charge our standard portfolio management fee to manage the IRA. This presents a potential conflict of interest as LFG will charge a management fee that may be higher than expenses charged had the assets remained in the employer's (or former employer's) retirement plan. There may also be other advantages to keeping those assets with the employer's (or former employer's) retirement plan. Clients and prospective clients are encouraged to speak with their LFG advisor concerning the potential advantages and disadvantages of rolling over retirement plan assets into an IRA.

## **DEFINED BENEFIT AND DEFINED CONTRIBUTION CONSULTING SERVICES**

The primary clients for the services described in this section are defined benefit and defined contribution plans; however, these services are offered, where appropriate, to individuals and trusts, estates, and charitable organizations. Defined Benefit and Defined Contribution Consulting Services are comprised of four distinct services. Clients may choose to use any or all of these services.

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## **INVESTMENT POLICY STATEMENT PREPARATION ("IPS")**

An IAR will meet with the client, in person or over the telephone, to determine an appropriate investment strategy which reflects the plan sponsor's stated investment objectives for management of the overall plan. If appropriate and at the discretion of the IAR, they will prepare a written IPS detailing those needs and goals, including an encompassing policy under which these goals are to be achieved. The IPS also lists the criteria for selection of investment vehicles as well as the procedures and timing interval for monitoring of investment performance.

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## **SELECTION OF INVESTMENT VEHICLES**

An IAR may assist plan sponsors in constructing appropriate asset allocation models. The Investment Analysis team will then review various mutual funds (both index and managed) to determine which investments are appropriate to implement within the client's IPS. Clients can choose to transfer most of the fiduciary burden onto the firm by signing a 3(38) Service Agreement, or the client can share the fiduciary burden with the firm by signing a 3(21) Service Agreement. Under a 3(38) arrangement, LFG will select and monitor all plan investments using the IPS as a guideline. Under a 3(21) arrangement, the client will share with LFG the responsibility for selecting and monitoring plan investments using the IPS as a guideline.

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## **MONITORING OF INVESTMENT PERFORMANCE**

LFG Investment Analysis team monitors client investments continually. Although we are not involved in any way in the purchase or sale of these investments, the IAR and the Investment Analysis team monitor the plans' investment options and will make recommendations as market factors and plan needs dictate.

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## **EMPLOYEE COMMUNICATIONS**

For defined benefit and defined contribution plan clients with individual plan participants exercising control over assets in their own account ("self-directed plans"), educational support and investment workshops designed for the plan participants may also be provided. The nature of the topics to be covered will be determined by the plan sponsor and IAR under the guidelines established in ERISA Section 404(c). The educational support and investment workshops will NOT provide plan participants with individualized, tailored investment advice or individualized, tailored asset allocation recommendations.

## **FINANCIAL PLANNING**

IARs provide financial planning services. Financial planning is 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 utilizing this service receive a customized financial plan designed to help achieve their financial goals and objectives.

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

- **GENERAL:** The IAR may review family records, employment details, budgeting, personal liability, estate information and financial goals
- **TAX & CASH FLOW:** The IAR may coordinate services with client's tax adviser(s) and or analyze a 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:** The IAR may analyze investment alternatives and their effect on a client's portfolio
- **INSURANCE:** The IAR may review existing policies to ensure proper coverage for life, health, disability, long-term care, liability, home and automobile
- **RETIREMENT:** The IAR may analyze current strategies and investment plans to help a client achieve his or her retirement goals
- **DEATH & DISABILITY:** The IAR may review a client's designated beneficiaries, cash needs at death, income needs of surviving dependents, estate planning, and disability insurance coverage
- **ESTATE:** The IAR may coordinate services with clients' legal counsel regarding their existing estate plan and/or other long-term strategies, including trusts, wills, estate tax, powers of attorney, asset protection plans, and other long-term considerations. The services provided by the IAR may include setting and/or changing beneficiaries, transferring assets into and/or out of trusts, gathering data on estate assets, and other services as needed in support of the client's estate plan.

The IAR gathers required information through in-depth personal interviews. Information gathered includes the client's current financial status, employment, tax status, future goals, investment time horizon, returns objectives, and attitudes towards risk. Implementation of financial plan recommendations is entirely at the client's discretion. LFG and its IARs do not provide tax or legal advice or services. Should the client choose to implement the recommendations made, it is suggested the client work closely with their attorney and accountant.

Typically, the financial plan is delivered to the client within six months of the financial planning agreement's date, if all information needed to prepare the financial plan has been provided. The financial plan may be composed of a number of illustrations, calculations, communications and other documents that collectively compose the comprehensive plan.

## AMOUNT OF MANAGED ASSETS

As of 12/31/2023, LFG managed \$1,936,800,000 of clients' assets on a discretionary basis and \$399,000,000 on a non-discretionary basis.

## ITEM 5 | FEES AND COMPENSATION

### INVESTMENT ADVISORY SERVICES AND MODEL PORTFOLIO MANAGEMENT

Our annual fees for our investment advisory services and model portfolio management are based upon a percentage of assets under management and generally range from 0.70% to 1.75%. The annualized fees are charged in advance on a quarterly basis as a percentage of assets under management based on the balance at end of billing period, and are either deducted from client assets or invoiced per the client's request, per the following schedule:

Model Asset Allocation Program:

<u>Assets Under Management</u>	<u>Annual Fee</u>
\$0 - \$250,000	1.75%
\$250,001 - \$500,000	1.50%
\$500,001 - \$750,000	1.25%
\$750,001 - \$1,000,000	1.00%
\$1,000,001 - \$2,000,000	0.90%
\$2,000,001 - \$3,000,000	0.80%
\$3,000,001 - \$5,000,000	0.70%
\$5,000,001 and above	Negotiable

### Other Portfolio Management Programs:

In our other programs, we charge an annual fee of up to 2.25% of the value of your account for asset management services depending on the specific strategy used and we have implemented a \$600 annual service fee for certain accounts. This minimum fee may be waived or reduced in our sole discretion.

If the portfolio management agreement is executed at any time other than the first day of a calendar quarter, our fees will apply on a pro rata basis, which means that the advisory fee is payable in proportion to the number of days in the quarter for which you are a client. Our advisory fee is negotiable, depending on individual client circumstances.

At our discretion, we may combine the account values of family members living in the same household to determine the applicable advisory fee. For example, we may combine account values for you and your minor children, joint accounts with your spouse, and other types of related accounts. Combining account values may increase the asset total, which may result in your paying a reduced advisory fee based on the available breakpoints in our fee schedule stated above.

**Limited Negotiability of Advisory Fees:** Although we have established the aforementioned fee schedule, we retain the discretion to negotiate alternative fees on a client-by-client basis. Client facts, circumstances and needs are considered in determining the fee schedule. These include the complexity of the client needs, assets to be placed under management, anticipated future additional assets, related accounts, portfolio style, account composition, and reports, among other factors. In certain circumstances, LFG may agree to coordinate services with the client's other advisers and LFG may agree to cover some or all of the fee for that adviser's advice or service on behalf of the client. The specific annual fee schedule is identified in the contract between LFG and each client. Discounts, not generally available to advisory clients, may be offered to family members and friends of our associated persons.

We encourage you to reconcile our invoices with the statement(s) you receive from the qualified custodian. If you find any inconsistent information between our invoice and the statement(s) you receive from the qualified custodian, call our main office number located on the cover page of this brochure.

### DEFINED BENEFIT AND DEFINED CONTRIBUTION CONSULTING SERVICES FEES

Fees for Defined Benefit and Defined Contribution Consulting Services are based on a percentage of assets under advisement, according to the following schedule:

<u>Assets Under Management</u>	<u>Annual Fee</u>
\$0 - \$250,000	1.75%
\$250,001 - \$500,000	1.50%
\$500,001 - \$750,000	1.25%
\$750,001 - \$1,000,000	1.00%
\$1,000,001 - \$2,000,000	0.90%
\$2,000,001 - \$3,000,000	0.80%
\$3,000,001 - \$5,000,000	0.70%
\$5,000,001 and above	Negotiable

Plan sponsors are invoiced as agreed upon, in advance monthly or at the beginning of each calendar quarter.

### FINANCIAL PLANNING FEES

For financial planning services, we charge either an hourly basis or a per plan basis (fixed fee). You and your Representative will together determine which billing method will be used. Our hourly rate ranges from \$75 to \$300 and is negotiable based on a variety of factors including, but not limited to, the complexity of your financial situation and the scope of services provided. The hourly fee will be disclosed to you prior to services being provided and will also be included in the client agreement. An estimate of the number of hours needed to complete the requested services will also be provided to you. If more time is needed to complete the requested services than originally estimated, the IAR will not proceed with any additional work until we receive permission from you.

Our fixed fee generally ranges from \$1,500 to \$20,000 and is negotiable based upon a variety of factors including, but not limited to, the complexity of your financial situation and the scope of services provided. The fee will be disclosed to you prior to services being provided and will also be included in the client agreement.

Financial planning fees may be payable in advance, or upon completion of the services or a combination payment. If you elect a combination payment, your IAR will have the sole discretion to determine the amount of the retainer (up to half the agreed upon fee). The retainer will be due at the time of signing the client agreement with the remainder due upon completion of the services.

We will not require prepayment of a fee more than six months in advance and in excess of \$1,200.

The services we provide typically end when we present the plan to you and we will not provide any additional services unless you request us to do so, or unless you have retained our services to provide you with periodic asset allocation recommendations on outside accounts. You may terminate the financial planning agreement by providing written notice to our firm. You will be charged for services rendered prior to the termination of the agreement. If you have pre-paid advisory fees that we have not yet earned, you will receive a prorated refund of those fees. Charges are prorated based on the number of hours of services provided and/or the time and effort expended.

With either a prorated charge or a prorated refund, we will provide you with a detailed statement summarizing the charges/refund. Any owed fees will be due upon receipt of the billing statement.

We may provide certain financial planning services to new clients of the firm at no charge for purposes of introducing the firm's services. We may also provide certain financial planning services to existing clients at no charge at the discretion of your IAR.

## GENERAL INFORMATION

We are committed to providing excellent personal financial planning and advisory services to all clients. However, should the relationship dissolve, clients should understand the following:

### TERMINATION OF THE ADVISORY RELATIONSHIP

A client agreement may be canceled at any time, by either party, for any reason upon receipt of written notice. As disclosed above, certain fees are paid in advance of services provided. Upon termination of any account, any prepaid, unearned financial planning fees paid over the prior twelve months or investment management fees charged but unearned will be promptly refunded upon client's written request. In calculating a client's reimbursement of fees, LFG will pro rate the reimbursement according to the number of days remaining in the billing period.

### MUTUAL FUND AND OTHER PRODUCT LEVEL FEES

All fees paid to LFG for investment advisory services are separate and distinct from the internal fees and expenses charged by mutual funds, ETFs and other products to their investors. These fees and expenses are described in each fund's prospectus or other offering documents. These fees will generally include a management fee, other fund expenses, and a possible distribution fee. If the fund also imposes sales charges, a client may pay an initial or deferred sales charge. A client could invest in a mutual fund, ETF or other product directly, without using our services. In that case, the client would not receive the services we provide which are designed, among other things, to assist the client in determining which mutual fund or funds are most appropriate to each client's financial condition and objectives. Accordingly, the client should review both the fees charged by the funds and our fees to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided. LFG's revenues are not influenced based on the class of mutual fund purchased. LFG may only charge fees for investment advice about products for which we and/or our related persons have not received any commissions or 12b-1 fees for the previous two years, or conversely, investment advice about products for which we and/or our related persons receive commissions or 12b-1 fees, however, only when such fees are used to offset LFG's advisory fees.

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## ADDITIONAL FEES AND EXPENSES

In addition to advisory fees, clients are also responsible for the fees and expenses charged by custodians and imposed by broker dealers, including any transaction charges imposed by a broker dealer with which an independent investment manager affects transactions for the client's account(s). Please refer to the "Brokerage Practices" section (Item 12) of this Form ADV for additional information.

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## ERISA ACCOUNTS

LFG is deemed to be a fiduciary to advisory clients that are employee benefit plans or individual retirement accounts (IRAs) pursuant to the Employee Retirement Income and Securities Act ("**ERISA**"), and regulations under the Internal Revenue Code of 1986 (the "**Code**"), respectively. As such, we are subject to specific duties and obligations under ERISA and the Code that include among other things, restrictions concerning certain forms of compensation. To avoid engaging in prohibited transactions, we may only charge fees for investment advice about products for which we and/or our related persons do not receive any commissions or 12b-1 fees, or conversely, investment advice about products for which we and/or our related persons receive commissions or 12b-1 fees, however, only when such fees are used to offset LFG's advisory fees.

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## ADVISORY FEES IN GENERAL

Clients should note that similar advisory services may (or may not) be available from other registered (or unregistered) investment advisors for similar, greater, or lower fees.

## ITEM 6 | PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

LFG does not charge performance-based fees.

## ITEM 7 | TYPES OF CLIENTS

We provide investment advice to the following types of clients:

- Individuals (other than high net worth individuals)
- High net worth individuals
- Pension and profit-sharing plans (other than plan participants)
- Charitable organizations
- Corporations or other entities not listed above

## ITEM 8 | METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

Our investment strategies and advice may vary depending upon each client's specific financial situation. As such, we determine investments and allocations based upon your predefined objectives, risk tolerance, time horizon, financial information, liquidity needs and other various suitability factors. Your restrictions and guidelines may affect the composition of your portfolio. **It is important that you notify us immediately with respect to any material changes to your financial circumstances, including for example, a change in your current or expected income level, tax circumstances, or employment status.**

We will not perform quantitative or qualitative analysis of individual securities. Instead, we will advise you on how to allocate your assets among various classes of securities or third-party money managers. We primarily rely on investment model portfolios and strategies developed by the third-party money managers and their portfolio managers. We may replace/recommend replacing a third-party money manager if there is a significant deviation in characteristics or performance from the stated strategy and/or benchmark.

We may use one or more of the following methods of analysis or investment strategies when providing investment advice to you :

**Technical Analysis** - involves studying past price patterns, trends and interrelationships in the financial markets to assess risk-adjusted performance and predict the direction of both the overall market and specific securities.

**Risk:** The risk of market timing based on technical analysis is that our analysis may not accurately detect anomalies or predict future price movements. Current prices of securities may reflect all information known about the security and day-to-day changes in market prices of securities may follow random patterns and may not be predictable with any reliable degree of accuracy.

**Fundamental Analysis** - involves analyzing individual companies and their industry groups, such as a company's financial statements, details regarding the company's product line, the experience and expertise of the company's management, and the outlook for the company and its industry. The resulting data is used to measure the true value of the company's stock compared to the current market value.

**Risk:** The risk of fundamental analysis is that information obtained may be incorrect and the analysis may not provide an accurate estimate of earnings, which may be the basis for a stock's value. If securities prices adjust rapidly to new information, utilizing fundamental analysis may not result in favorable performance.

**Modern Portfolio Theory** - a theory of investment which attempts to maximize portfolio expected return for a given amount of portfolio risk, or equivalently minimize risk for a given level of expected return, by carefully diversifying the proportions of various assets.

**Risk:** Market risk is that part of a security's risk that is common to all securities of the same general class (stocks and bonds) and thus cannot be eliminated by diversification.

**Long-Term Purchases** - securities purchased with the expectation that the value of those securities will grow over a relatively long period of time, generally greater than one year.

**Risk:** Using a long-term purchase strategy generally assumes the financial markets will go up in the long-term which may not be the case. There is also the risk that the segment of the market that you are invested in or perhaps just your particular investment will go down over time even if the overall financial markets advance. Purchasing investments long-term may create an opportunity cost - "locking-up" assets that may be better utilized in the short-term in other investments.

**Short-Term Purchases** - securities purchased with the expectation that they will be sold within a relatively short period of time, generally less than one year, to take advantage of the securities' short-term price fluctuations.

**Risk:** Using a short-term purchase strategy generally assumes that we can predict how financial markets will perform in the short-term which may be very difficult and will incur a disproportionately higher amount of transaction costs compared to long-term trading. There are many factors that can affect financial market performance in the short-term (such as short-term interest rate changes, cyclical earnings announcements, etc.) but may have a smaller impact over longer periods of times.

**Option Writing** - a securities transaction that involves selling an option. An option is a contract that gives the buyer the right, but not the obligation, to buy or sell a particular security at a specified price on or before the expiration date of the option. When an investor sells a call option, he or she must deliver to the buyer a specified number of shares if the buyer exercises the option. When an investor sells a put option, he or she must pay the strike price per share if the buyer exercises the option and will receive the specified number of shares. The option writer/seller receives a premium (the market price of the option at a particular time) in exchange for writing the option.

**Risk:** Options are complex investments and can be very risky, especially if the investor does not own the underlying stock. In certain situations, an investor's risk can be unlimited.

**Tax Considerations** - Our strategies and investments may have unique and significant tax implications. However, unless we specifically agree otherwise, and in writing, tax efficiency is not our primary consideration in the management of your assets. Regardless of your account size or any other factors, we strongly recommend that you consult with a tax professional regarding the investing of your assets.

Custodians and broker-dealers must report the cost basis of equities acquired in client accounts. Your custodian will default to the First-In First-Out ("FIFO") accounting method for calculating the cost basis of your investments. You are responsible for contacting your tax advisor to determine if this accounting method is the right choice for you. If your tax advisor believes another accounting method is more advantageous, provide written notice to our firm immediately and we will alert you



account custodian of your individually selected accounting method. Decisions about cost basis accounting methods will need to be made before trades settle, as the cost basis method cannot be changed after settlement.

**Risk of Loss** - Investing in securities involves risk of loss that you should be prepared to bear. We do not represent or guarantee that our services or methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to market corrections or declines. We cannot offer any guarantees or promises that your financial goals and objectives will be met. Past performance is in no way an indication of future performance.

**Other Risk Considerations** - When evaluating risk, financial loss may be viewed differently by each client and may depend on many different risks, each of which may affect the probability and magnitude of any potential losses. The following risks may not be all-inclusive but should be considered carefully by a prospective client before retaining our services.

**Liquidity Risk:** The risk of being unable to sell your investment at a fair price at a given time due to high volatility or lack of active liquid markets. You may receive a lower price or it may not be possible to sell the investment at all.

**Credit Risk:** Credit risk typically applies to debt investments such as corporate, municipal, and sovereign fixed income or bonds. A bond issuing entity can experience a credit event that could impair or erase the value of an issuer's securities held by a client.

**Inflation and Interest Rate Risk:** Security prices and portfolio returns will likely vary in response to changes in inflation and interest rates. Inflation causes the value of future dollars to be worth less and may reduce the purchasing power of a client's future interest payments and principal. Inflation also generally leads to higher interest rates which may cause the value of many types of fixed income investments to decline.

**Horizon and Longevity Risk:** The risk that your investment horizon is shortened because of an unforeseen event, for example, the loss of your job. This may force you to sell investments that you were expecting to hold for the long term. If you must sell at a time that the markets are down, you may lose money. Longevity Risk is the risk of outliving your savings. This risk is particularly relevant for people who are retired or are nearing retirement.

#### **Recommendation of Particular Types of Securities**

We primarily recommend Mutual Funds, ETFs, TAMPs, and Individual Securities. However, we may advise on other types of investments as appropriate for you since each client has different needs and different tolerance for risk. Each type of security has its own unique set of risks associated with it and it would not be possible to list here all of the specific risks of every type of investment. Even within the same type of investment, risks can vary widely. However, in very general terms, the higher the anticipated return of an investment, the higher the risk of loss associated with the investment.

**Money Market Funds:** A money market fund is technically a security. The fund managers attempt to keep the share price constant at \$1/share. However, there is no guarantee that the share price will stay at \$1/share. If the share price goes down, you can lose some or all of your principal. The U.S. Securities and Exchange Commission ("SEC") notes that "While investor losses in money market funds have been rare, they are possible." In return for this risk, you should earn a greater return on your cash than you would expect from a Federal Deposit Insurance Corporation ("FDIC") insured savings account (money market funds are not FDIC insured). Next, money market fund rates are variable. In other words, you do not know how much you will earn on your investment next month. The rate could go up or go down. If it goes up, that may result in a positive outcome. However, if it goes down and you earn less than you expected to earn, you may end up needing more cash. A final risk you are taking with money market funds has to do with inflation. Because money market funds are considered to be safer than other investments like stocks, long-term average returns on money market funds tends to be less than long term average returns on riskier investments. Over long periods of time, inflation can eat away at your returns.

**Certificates of Deposit:** Certificates of deposit ("CD") are generally a safe type of investment since they are insured by the Federal Deposit Insurance Company ("FDIC") up to a certain amount. However, because the returns are generally low, there is risk that inflation outpaces the return of the CD. Certain CDs are traded in the marketplace and not purchased directly from a banking institution. In addition to trading risk, when CDs are purchased at a premium, the premium is not covered by the FDIC.

**Municipal Securities:** Municipal securities, while generally thought of as safe, can have significant risks associated with them including, but not limited to: the credit worthiness of the governmental entity that issues the bond; the stability of

the revenue stream that is used to pay the interest to the bondholders; when the bond is due to mature; and, whether or not the bond can be "called" prior to maturity. When a bond is called, it may not be possible to replace it with a bond of equal character paying the same amount of interest or yield to maturity.

**Bonds:** Corporate debt securities (or "bonds") are typically safer investments than equity securities, but their risk can also vary widely based on the financial health of the issuer; the risk that the issuer might default; when the bond is set to mature; and, whether or not the bond can be "called" prior to maturity. When a bond is called, it may not be possible to replace it with a bond of equal character paying the same rate of return.

**Stocks:** There are numerous ways of measuring the risk of equity securities (also known simply as "equities" or "stock"). In very broad terms, the value of a stock depends on the financial health of the company issuing it. However, stock prices can be affected by many other factors including, but not limited to the class of stock (for example, preferred or common); the health of the market sector of the issuing company; and the overall health of the economy. In general, larger, better established companies ("large cap") tend to be safer than smaller start-up companies ("small cap") are but the mere size of an issuer is not, by itself, an indicator of the safety of the investment.

**Mutual Funds and Exchange Traded Funds:** Mutual funds and exchange traded funds ("ETF") are professionally managed collective investment systems that pool money from many investors and invest in stocks, bonds, short-term money market instruments, other mutual funds, other securities, or any combination thereof. The fund will have a manager that trades the fund's investments in accordance with the fund's investment objective. While mutual funds and ETFs generally provide diversification, risks can be significantly increased if the fund is concentrated in a particular sector of the market, primarily invests in small cap or speculative companies, uses leverage (i.e., borrows money) to a significant degree, or concentrates in a particular type of security (i.e., equities) rather than balancing the fund with different types of securities. ETFs differ from mutual funds since they can be bought and sold throughout the day like stock and their price can fluctuate throughout the day. The returns on mutual funds and ETFs can be reduced by the costs to manage the funds. Also, while some mutual funds are "no load" and charge no fee to buy into, or sell out of, the fund, other types of mutual funds do charge such fees which can also reduce returns. Mutual funds can also be "closed end" or "open end". So-called "open end" mutual funds continue to allow in new investors indefinitely whereas "closed end" funds have a fixed number of shares to sell which can limit their availability to new investors.

ETFs may have tracking error risks. For example, the ETF investment adviser may not be able to cause the ETF's performance to match that of its Underlying Index or other benchmark, which may negatively affect the ETF's performance. In addition, for leveraged and inverse ETFs that seek to track the performance of their Underlying Indices or benchmarks on a daily basis, mathematical compounding may prevent the ETF from correlating with performance of its benchmark. In addition, an ETF may not have investment exposure to all of the securities included in its Underlying Index, or its weighting of investment exposure to such securities may vary from that of the Underlying Index. Some ETFs may invest in securities or financial instruments that are not included in the Underlying Index, but which are expected to yield similar performance.

**Leveraged Exchange Traded Funds:** Leveraged Exchange Traded Funds ("Leveraged ETFs" or "L-ETF") seeks investment results for a single day only, not for longer periods. A "single day" is measured from the time the L-ETF calculates its net asset value ("NAV") to the time of the L-ETF's next NAV calculation. The return of the L-ETF for periods longer than a single day will be the result of each day's returns compounded over the period, which will very likely differ from multiplying the return by the stated leverage for that period. For periods longer than a single day, the L-ETF will lose money when the level of the Index is flat, and it is possible that the L-ETF will lose money even if the level of the Index rises. Longer holding periods, higher index volatility and greater leverage both exacerbate the impact of compounding on an investor's returns. During periods of higher Index volatility, the volatility of the Index may affect the L-ETF's return as much as or more than the return of the Index. Leveraged ETFs are different from most exchange-traded funds in that they seek leveraged returns relative to the applicable index and only on a daily basis. The L-ETF also is riskier than similarly benchmarked exchange-traded funds that do not use leverage. Accordingly, the L-ETF may not be suitable for all investors and should be used only by knowledgeable investors who understand the potential consequences of seeking daily leveraged investment results.

**Leveraged ETF Leveraged Risk** - The L-ETF obtains investment exposure in excess of its assets in seeking to achieve its investment objective — a form of leverage — and will lose more money in market environments adverse to its daily objective than a similar fund that does not employ such leverage. The use of such leverage could result in the total loss of an investor's investment. For example: a 2X fund will have a multiplier of two times (2x) the Index. A single day movement in the Index approaching 50% at any point in the day could result in the total loss of a shareholder's investment if that movement is contrary to the investment objective of the L-ETF, even if the Index subsequently moves in an opposite direction, eliminating all or a portion of the earlier movement. This would be the case with any such single day movements in the Index, even if the Index maintains a level greater than zero at all times.

**Leveraged ETF Compounding Risk** - Compounding affects all investments but has a more significant impact on a leveraged fund. Particularly during periods of higher Index volatility, compounding will cause results for periods longer than a single day to vary from the stated multiplier of the return of the Index. This effect becomes more pronounced as volatility increases.

**Leveraged ETF Use of Derivatives** - The L-ETF obtains investment exposure through derivatives. Investing in derivatives may be considered aggressive and may expose the L-ETF to greater risks than investing directly in the reference asset(s) underlying those derivatives. These risks include counterparty risk, liquidity risk and increased correlation risk (each as discussed below). When the L-ETF uses derivatives, there may be imperfect correlation between the value of the reference asset(s) and the derivative, which may prevent the L-ETF from achieving its investment objective. Because derivatives often require only a limited initial investment, the use of derivatives also may expose the L-ETF to losses in excess of those amounts initially invested. The L-ETF may use a combination of swaps on the Index and swaps on an ETF that is designed to track the performance of the Index. The performance of an ETF may not track the performance of the Index due to embedded costs and other factors. Thus, to the extent the L-ETF invests in swaps that use an ETF as the reference asset, the L-ETF may be subject to greater correlation risk and may not achieve as high a degree of correlation with the Index as it would if the L-ETF only used swaps on the Index. Moreover, with respect to the use of swap agreements, if the Index has a dramatic intraday move that causes a material decline in the L-ETF's net assets, the terms of a swap agreement between the L-ETF and its counterparty may permit the counterparty to immediately close out the transaction with the L-ETF. In that event, the L-ETF may be unable to enter into another swap agreement or invest in other derivatives to achieve the desired exposure consistent with the L-ETF's investment objective. This, in turn, may prevent the L-ETF from achieving its investment objective, even if the Index reverses all or a portion of its intraday move by the end of the day. Any costs associated with using derivatives will also have the effect of lowering the L-ETF's return.

**Commercial Paper:** Commercial paper ("CP") is, in most cases, an unsecured promissory note that is issued with a maturity of 270 days or less. Being unsecured the risk to the investor is that the issuer may default. There is a less risk in asset based commercial paper (ABCP). The difference between ABCP and CP is that instead of being an unsecured promissory note representing an obligation of the issuing company, ABCP is backed by securities. Therefore, the perceived quality of the ABCP depends on the underlying securities.

**Variable Annuities:** A variable annuity is a form of insurance where the seller or issuer (typically an insurance company) makes a series of future payments to a buyer (annuitant) in exchange for the immediate payment of a lump sum (single-payment annuity) or a series of regular payments (regular-payment annuity). The payment stream from the issuer to the annuitant has an unknown duration based principally upon the date of death of the annuitant. At this point, the contract will terminate and the remainder of the funds accumulated forfeited unless there are other annuitants or beneficiaries in the contract. Annuities can be purchased to provide an income during retirement. Unlike fixed annuities that make payments in fixed amounts or in amounts that increase by a fixed percentage, variable annuities, pay amounts that vary according to the performance of a specified set of investments, typically bond and equity mutual funds. Many variable annuities typically impose asset-based sales charges or surrender charges for withdrawals within a specified period. Variable annuities may impose a variety of fees and expenses, in addition to sales and surrender charges, such as mortality and expense risk charges; administrative fees; underlying fund expenses; and charges for special features, all of which can reduce the return. Earnings in a variable annuity do not provide all the tax advantages of 401(k)s and other before-tax retirement plans. Once the investor starts withdrawing money from their variable annuity, earnings are taxed at the ordinary income rate, rather than at the lower capital gains rates applied to other non-tax-deferred vehicles which are held for more than one year. Proceeds of most variable annuities do not receive a "step-up" in cost basis when the owner dies

like stocks, bonds and mutual funds do. Some variable annuities offer "bonus credits." These are usually not free. In order to fund them, insurance companies typically impose mortality and expense charges and surrender charge periods. In an exchange of an existing annuity for a new annuity (so-called 1035 exchanges), the new variable annuity may have a lower contract value and a smaller death benefit; may impose new surrender charges or increase the period of time for which the surrender charge applies; may have higher annual fees; and provide another commission for the broker.

**Real Estate:** Real estate is increasingly being used as part of a long-term core strategy due to increased market efficiency and increasing concerns about the future long-term variability of stock and bond returns. In fact, real estate is known for its ability to serve as a portfolio diversifier and inflation hedge. However, the asset class still bears a considerable amount of market risk. Real estate has shown itself to be very cyclical, somewhat mirroring the ups and downs of the overall economy. In addition to employment and demographic changes, real estate is also influenced by changes in interest rates and the credit markets, which affect the demand and supply of capital and thus real estate values. Along with changes in market fundamentals, investors wishing to add real estate as part of their core investment portfolios need to look for property concentrations by area or by property type. Because property returns are directly affected by local market basics, real estate portfolios that are too heavily concentrated in one area or property type can lose their risk mitigation attributes and bear additional risk by being too influenced by local or sector market changes.

**Real Estate Investment Trust:** A real estate investment trust ("REIT") is a corporate entity which invests in real estate and/or engages in real estate financing. A REIT reduces or eliminates corporate income taxes. REITs can be publicly or privately held. Public REITs may be listed on public stock exchanges. REITs are required to declare 90% of their taxable income as dividends, but they actually pay dividends out of funds from operations, so cash flow has to be strong or the REIT must either dip into reserves, borrow to pay dividends, or distribute them in stock (which causes dilution). After 2012, the IRS stopped permitting stock dividends. Most REITs must refinance or erase large balloon debts periodically. The credit markets are no longer frozen, but banks are demanding, and getting, harsher terms to re-extend REIT debt. Some REITs may be forced to make secondary stock offerings to repay debt, which will lead to additional dilution of the stockholders. Fluctuations in the real estate market can affect the REIT's value and dividends.

**Limited Partnerships:** A limited partnership is a financial affiliation that includes at least one general partner and a number of limited partners. The partnership invests in a venture, such as real estate development or oil exploration, for financial gain. The general partner has management authority and unlimited liability. The general partner runs the business and, in the event of bankruptcy, is responsible for all debts not paid or discharged. The limited partners have no management authority and their liability is limited to the amount of their capital commitment. Profits are divided between general and limited partners according to an arrangement formed at the creation of the partnership. The range of risks are dependent on the nature of the partnership and disclosed in the offering documents if privately placed. Publicly traded limited partnership have similar risk attributes to equities. However, like privately placed limited partnerships their tax treatment is under a different tax regime from equities. You should speak to your tax adviser in regard to their tax treatment.

**Warrants:** A warrant is a derivative (security that derives its price from one or more underlying assets) that confers the right, but not the obligation, to buy or sell a security – normally an equity – at a certain price before expiration. The price at which the underlying security can be bought or sold is referred to as the exercise price or strike price. Warrants that confer the right to buy a security are known as call warrants; those that confer the right to sell are known as put warrants. Warrants are in many ways similar to options. The main difference between warrants and options is that warrants are issued and guaranteed by the issuing company, whereas options are traded on an exchange and are not issued by the company. Also, the lifetime of a warrant is often measured in years, while the lifetime of a typical option is measured in months. Warrants do not pay dividends or come with voting rights.

**Options Contracts:** Options are complex securities that involve risks and are not suitable for everyone. Option trading can be speculative in nature and carry substantial risk of loss. It is generally recommended that you only invest in options with risk capital. An option is a contract that gives the buyer the right, but not the obligation, to buy or sell an underlying asset at a specific price on or before a certain date (the "expiration date"). The two types of options are calls and puts:

A call gives the holder the right to buy an asset at a certain price within a specific period of time. Calls are similar to having

a long position on a stock. Buyers of calls hope that the stock will increase substantially before the option expires.

A put gives the holder the right to sell an asset at a certain price within a specific period of time. Puts are very similar to having a short position on a stock. Buyers of puts hope that the price of the stock will fall before the option expires.

Selling options is more complicated and can be even riskier.

The option trading risks pertaining to options buyers are:

- Risk of losing your entire investment in a relatively short period of time.
- The risk of losing your entire investment increases if, as expiration nears, the stock is below the strike price of the call (for a call option) or if the stock is higher than the strike price of the put (for a put option).
- European style options which do not have secondary markets on which to sell the options prior to expiration can only realize its value upon expiration.
- Specific exercise provisions of a specific option contract may create risks.
- Regulatory agencies may impose exercise restrictions, which stops you from realizing value.

The option trading risks pertaining to options sellers are:

- Options sold may be exercised at any time before expiration.
- Covered Call traders forgo the right to profit when the underlying stock rises above the strike price of the call options sold and continues to risk a loss due to a decline in the underlying stock.
- Writers of Naked Calls risk unlimited losses if the underlying stock rises.
- Writers of Naked Puts risk unlimited losses if the underlying stock drops.
- Writers of naked positions run margin risks if the position goes into significant losses. Such risks may include liquidation by the broker.
- Writers of call options could lose more money than a short seller of that stock could on the same rise on that underlying stock. This is an example of how the leverage in options can work against the option trader.
- Writers of Naked Calls are obligated to deliver shares of the underlying stock if those call options are exercised.
- Call options can be exercised outside of market hours such that effective remedy actions cannot be performed by the writer of those options.
- Writers of stock options are obligated under the options that they sold even if a trading market is not available or that they are unable to perform a closing transaction.
- The value of the underlying stock may surge or ditch unexpectedly, leading to automatic exercises.

Other option trading risks are:

- The complexity of some option strategies is a significant risk on its own.
- Option trading exchanges or markets and option contracts themselves are open to changes at all times.
- Options markets have the right to halt the trading of any options, thus preventing investors from realizing value.
- Risk of erroneous reporting of exercise value.
- If an options brokerage firm goes insolvent, investors trading through that firm may be affected.
- Internationally traded options have special risks due to timing across borders.

Risks that are not specific to options trading include market risk, sector risk and individual stock risk. Option trading risks are closely related to stock risks, as stock options are a derivative of stocks.

**PIPES:** In a Private Investment in Public Equity ("PIPE") transaction, investors typically purchase securities directly from a publicly traded company in a private placement. Depending on the structure of the transaction, this can be done at a premium to or at a discount from the market price of the company's common stock. Because the sale of the securities is not pre-registered with the U.S. Securities and Exchange Commission ("SEC"), the securities are "restricted" and cannot be immediately resold by the investors into the public markets. Accordingly, the company will usually agree as part of the PIPE transaction to register the restricted securities with the SEC. Thus, the PIPE transaction can offer the company the

speed and predictability of a private placement, while providing investors with a nearly liquid security. Risks of investing in PIPES include but may not be limited to substantial entry requirements, limited liquidity, limited investor control, potential for unfunded commitments, and loss of investment.

**Derivatives:** Derivatives are types of investments where the investor does not own the underlying asset. There are many different types of derivative instruments, including, but not limited to, options, swaps, futures, and forward contracts. Derivatives have numerous uses as well as various risks associated with them, but they are generally considered an alternative way to participate in the market. Investors typically use derivatives for three reasons: to hedge a position, to increase leverage, or to speculate on an asset's movement. The key to making a sound investment is to fully understand the characteristics and risks associated with the derivative, including, but not limited to counterparty, underlying asset, price, and expiration risks. The use of a derivative only makes sense if the investor is fully aware of the risks and understands the impact of the investment within a portfolio strategy. Due to the variety of available derivatives and the range of potential risks, a detailed explanation of derivatives is beyond the scope of this disclosure.

**Structured Products:** A structured product, also known as a market-linked product, is generally a pre-packaged investment strategy based on derivatives, such as a single security, a basket of securities, options, indices, commodities, debt issuances, and/or foreign currencies, and to a lesser extent, swaps. Structured products are usually issued by investment banks or affiliates thereof. They have a fixed maturity and have two components: a note and a derivative. The derivative component is often an option. The note provides for periodic interest payments to the investor at a predetermined rate, and the derivative component provides for the payment at maturity. Some products use the derivative component as a put option written by the investor that gives the buyer of the put option the right to sell to the investor the security or securities at a predetermined price. Other products use the derivative component to provide for a call option written by the investor that gives the buyer of the call option the right to buy the security or securities from the investor at a predetermined price. A feature of some structured products is a "principal guarantee" function, which offers protection of principal if held to maturity. However, these products are not always Federal Deposit Insurance Corporation insured; they may only be insured by the issuer, and thus have the potential for loss of principal in the case of a liquidity crisis, or other solvency problems with the issuing company. Investing in structured products involves a number of risks including but not limited to: fluctuations in the price, level or yield of underlying instruments, interest rates, currency values and credit quality; substantial loss of principal; limits on participation in any appreciation of the underlying instrument; limited liquidity; credit risk of the issuer; conflicts of interest; and other events that are difficult to predict.

**Private Placements:** A private placement (non-public offering) is an illiquid security sold to qualified investors and are not publicly traded nor registered with the Securities and Exchange Commission.

**Risk:** Private placements generally carry a higher degree of risk due to illiquidity. Most securities that are acquired in a private placement will be restricted securities and must be held for an extended amount of time and therefore cannot be sold easily. The range of risks are dependent on the nature of the partnership and are disclosed in the offering documents.

**Cryptocurrency/Cryptocurrency Funds:** Cryptocurrency is a digital representation of value that functions as a medium of exchange, a unit of account, or a store of value, but it does not have legal tender status. Cryptocurrencies are sometimes exchanged for U.S. dollars or other currencies around the world, but they are not generally backed or supported by any government or central bank. Cryptocurrency Funds are typically pooled investment vehicles set up as corporate entities or Trusts which invest in cryptocurrencies or in companies that engage in the cryptocurrency business.

**Risk:** Cryptocurrency's value is completely derived by market forces of supply and demand, and they are more volatile than traditional currencies. The value of cryptocurrency may be derived from the continued willingness of market participants to exchange fiat currency for cryptocurrency, which may result in the potential for permanent and total loss of value of a particular cryptocurrency should the market for that cryptocurrency disappear. Cryptocurrencies are not covered by either FDIC or SIPC insurance. Legislative and regulatory changes or actions at the state, federal, or international level may adversely affect the use, transfer, exchange, and value of cryptocurrency. Additionally, purchasing cryptocurrencies or cryptocurrency funds comes with a number of other risks, including volatile market price swings or flash crashes, fraud, market manipulation, and cybersecurity risks. In addition, cryptocurrency markets and exchanges are not regulated with the same controls or customer protections available in equity, option, futures, or foreign exchange investing. There is no

assurance that a person who accepts a cryptocurrency as payment today will continue to do so in the future.

## CYBERSECURITY RISKS

The computer systems, networks and devices used by LFG, service providers to LFG and our clients to carry out routine business operations employ a variety of protections designed to prevent damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches. Despite the various protections utilized, systems, networks or devices potentially can be breached. A client could be negatively impacted as a result of a cybersecurity breach. Cybersecurity breaches can include unauthorized access to systems, networks, or devices; infection from computer viruses or other malicious software code; and attacks that shut down, disable, slow or otherwise disrupt operations, processes and website functionality. Cybersecurity breaches may cause disruptions and impact business operations, potentially resulting in financial losses to a client; impediments to trading; the inability by us and other service providers to transact business; violations of applicable privacy and other laws; regulatory fines, penalties, reputational damage, reimbursement or other compensation costs, or additional compliance costs, as well as the inadvertent release of confidential information. Similar adverse consequences could result from cybersecurity breaches affecting issuers of securities in which a client invests; governmental and other regulatory authorities; exchange and other financial market operators, banks, brokers, dealers and other financial institutions and other parties. In addition, substantial costs may be incurred by these entities in order to prevent any cybersecurity breaches in the future.

## ITEM 9 | DISCIPLINARY INFORMATION

An IAR, without admitting or denying the findings, consented to the sanctions and to the entry of findings that from February 2012 to November 2013, that he corresponded with six customers about variable universal life insurance (“**VULI**”) policies, comparing the policies to buying term life insurance and investing the difference in a taxable brokerage account, and also sending reprints of articles about VULI policies to some of the customers. However, the comparisons did not contain all of the required disclosures and illustrations. None of LFG’s principals had approved the reprints. The correspondence and reprints also contained certain inaccurate or incomplete statements that he failed to clarify or qualify.

## ITEM 10 | OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Certain management personnel and LFG IARs are separately licensed as registered representatives of Larson Financial Securities, LLC (“**LFS**”), an affiliated broker-dealer. These individuals, in their separate capacity, can affect securities transactions for which they will receive separate, yet customary compensation. LFG’s management or associates also have ownership in LFH. LFH’s subsidiaries include the following, along with each subsidiary’s primary business description:

<b><u>LFH Subsidiary</u></b>	<b><u>Subsidiary’s Primary Business</u></b>
Larson Financial Securities, LLC.....	Registered Broker-Dealer
Larson Capital Management, LLC.....	Registered Investment Adviser
Larson Tax Partners, LLC .....	Accounting company
Larson Commercial Real Estate, LLC, (f/k/a MedRealty, LLC) .....	Real Estate Brokerage
Doctors Without Quarters, LLC .....	Student loan advisory company
Doctors Only, LLC (aka Larson Network Services).....	Coordinates with other companies to provide shared “back office” services across the affiliate network
Larson Intrua Financial, LLC.....	Holding company for LFH’s investment in Intrua Financial Holdings, LLC. Intrua Financial Holdings is the primary owner of Intrua Financial, LLC a Registered Investment Adviser

Additionally, Larson Financial Leasing, LLC (an auto leasing company) and Branson Lake Properties, LLC (a vacation resort) are owned by Paul Larson, the principal owner of LFH. Mr. Larson is also associated with the Larson Financial Foundation and the Warrior Relief Fund. Paul D. Larson, LFG’s principal and majority owner of LFH, is a director of Larson Financial Foundation (“**LFF**”). LFF is a 501(c)(3) non-profit organization and was created with the purpose of stimulating economic

development in distressed areas of under-developed locations. It seeks to accomplish this by creating for profit businesses that meet a critical need in those areas. Clients are advised that LFF and the companies that it starts are separate and distinct entities from LFG and that the Firm's relationship with LFF should not be construed as a recommendation to invest in any LFF companies. Warrior Relief Fund is a 501(c)(3) non-profit organization and was created for the purpose of providing relief and support to those within the community who face unexpected emergency, disaster, or hardship.

The services offered by the above affiliated companies are separate and distinct from LFG's advisory services. Clients are advised that the Firm's advisory associates may receive referral compensation if affiliated company services are engaged by the client. Furthermore, clients are advised that the recommendation for using affiliated company services may represent a conflict of interest. The Firm emphasizes in its engagement agreements that all clients have complete discretion in deciding whether or not to use the services of an affiliated company or invest therein. None of the affiliated companies have the authority to sign checks or otherwise disburse funds on any advisory client's behalf.

Clients are advised that Larson Capital Management, LLC ("**LCM**"), which registered as an investment advisor in 2019, sponsors and manages a series of private equity funds (the "**LCM Funds**"). While an IAR may discuss an LCM Fund or a Private Fund with an LFG client, clients should understand that in doing so, the IAR is acting solely in his/her capacity as an LFS representative, and the IAR's corresponding compensation resulting from recommending an LCM Fund or a Private Fund presents a conflict of interest. Therefore, any LFG client investing in an LCM Fund or a Private Fund must execute an acknowledgment of such conflict, in addition to other conflicts of interest explained in the LCM Fund's offering documents.

IARs of LFG, as independent contractors or employees, are also agents for various insurance companies. As such, these individuals are able to receive separate, yet customary commission compensation resulting from implementing product transactions on behalf of advisory clients. Clients, however, are not under any obligation to engage these individuals when considering implementation of insurance recommendations. The implementation of any or all recommendations is solely at the discretion of the client.

Clients should be aware that the receipt of additional compensation by LFG and its management persons or IARs may create a conflict of interest that may impair the objectivity of the Firm and these individuals when making advisory recommendations. LFG endeavors at all times to put the interest of its clients first as part of the fiduciary duty as an investment advisor. The following steps are taken to address this conflict:

1. Disclosure to clients the existence of all material conflicts of interest, including the potential for the Firm and associated persons to earn compensation from advisory clients in addition to the Firm's advisory fees;
2. Disclosure to clients that they are not obligated to purchase recommended investment or insurance products from associated persons or affiliated companies of LFG;
3. LFG collects, maintains and documents accurate, complete and relevant client background information, including the client's financial goals, objectives and risk tolerance;
4. LFG's supervisory personnel conduct reviews of client account(s) to verify that recommendations made to a client meet their stated objectives;
5. Requires that IARs seek prior approval of any outside business activity so that it may be ensured that any conflicts of interests in such activities are properly addressed;
6. Monitors IARs' reported outside business activities; and,
7. Provide education to IARs regarding the responsibilities of a fiduciary, including the need for having a reasonable and independent basis for the investment advice provided to clients.

LFG's and its IARs' conflicts of interest are addressed in part through LFG's Code of Ethics, Written Supervisory Procedures and continuing education and training. All IARs receive ongoing continuing education which include courses on ethics. Annually, IARs and employees attest to having read, understood and agree to abide by the Code of Ethics which imposes numerous duties upon our IARs.

## ITEM 11 | CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

We have adopted a Code of Ethics ("**Code**") which sets forth ethical standards of business conduct that are required of access persons, including compliance with applicable federal securities laws. LFG and associated personnel owe a duty of



loyalty, fairness and good faith towards clients, and have an obligation to adhere not only to the specific provisions of the Code but to the general principles that guide the Code.

The Code includes policies and procedures for the review of quarterly securities transaction reports as well as initial and annual securities holding reports that must be submitted by our access persons. Among other things, the Code also requires the prior approval of any acquisition of securities in a limited offering (e.g., private placement) or an initial public offering. The Code also provides for oversight, enforcement and recordkeeping provisions. Under the Code, LFG and IARs are prohibited from engaging in principal transactions (trading on our behalf) and are prohibited from engaging in agency cross transactions (transactions between our clients, except where all investors in a Private Fund have consented to such transactions in advance, as described in the Funds Brochure).

The Code further includes our policy prohibiting the use of material non-public information. All associated persons are reminded that such information may not be used in a personal or professional capacity. A copy of the Code is available to advisory clients and prospective clients. A copy may be requested by email sent to [compliance@larsonfinancial.com](mailto:compliance@larsonfinancial.com), or by calling (866) 569-2450.

The Code is designed to assure that the personal securities transactions, activities and interests of associated persons 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 associated persons to invest for their own accounts. LFG and IARs may buy or sell for their personal accounts securities that are identical to or different from those recommended to 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.

Our policy is that no IAR may purchase or sell any security prior to a transaction(s) being implemented for an advisory client account, thereby preventing such associated person(s) from benefiting from transactions placed on behalf of advisory accounts.

As these situations represent actual or potential conflicts of interest, the following policies and procedures have been established for implementing our Code:

1. No principal, employee or independent contractor of LFG may put his or her own interest above the interest of an advisory client;
2. No principal, employee or independent contractor of LFG 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 association unless the information is also available to the investing public;
3. No principal, employee or independent contractor may purchase or sell any security prior to a transaction(s) being implemented for an advisory account. This prevents such persons from benefiting from transactions placed on behalf of advisory accounts;
4. We require prior approval for any IPO or private placement investments by our principals, employees or independent contractors;
5. A list of all reportable securities holdings for LFG and anyone associated with its advisory practice that has access to advisory recommendations ("access person") is maintained. These holdings are reviewed on a regular basis by the Chief Compliance Officer or his/her designee;
6. All clients are fully informed that IARs may receive separate commission compensation when effecting transactions in their capacity as LFS registered representatives;
7. Clients can decline to implement any advice rendered, except in situations where we are granted discretionary authority;
8. All of our principals, employees and independent contractors must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices;
9. The Code must be reviewed and acknowledged by each supervised person and access person annually;
10. Code violations must be reported to senior management; and,
11. Any individual in violation of any of the above restrictions may be subject to discipline up to and including termination.

As disclosed in Item 10 of this Brochure, certain IARs are separately registered as securities representatives of LFS and licensed as insurance agents 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

Currently, LFG exclusively utilizes its affiliate LFS as broker-dealer for client implementations. Clients may include any limitations on discretionary authority in their Investment Policy Statement. Clients may change/amend these limitations as required. Such amendments must be provided to LFG in writing.

## PRODUCT SPONSORS

Fund companies like Dimensional Fund Advisors (“DFA”) and First Trust Portfolios, L.P. and its affiliate First Trust Advisors, L.P. (Collectively “First Trust”) as well as insurance agencies and carriers such as Nationwide Life and Annuity Insurance Company provide assistance and economic support directly to LFG in the form of technology, marketing allowances as well as in the production of seminars, conferences, educational events, including providing educational speakers and sponsoring and exhibiting at conferences hosted by LFG or LFG’s affiliates. When warranted, these companies may also provide subject matter experts for client meetings. These services are valuable and are a substantial direct meaningful economic benefit to LFG. The services and support present a conflict of interest as LFG could have an incentive to recommend one of these providers or expand use of a provider as a result of services and other benefits provided. Without these services, LFG would be required to purchase the same or similar services at its own expense. The fees that LFG charges will not be reduced by the value of the services received. These providers engage in providing services to LFG in their sole discretion and at their own expense primarily for educational and training purposes, and LFG does not pay any fees to these providers for the support services. LFG’s receipt of services does not diminish its duty to act in the best interests of its clients. In addition to Support Services, on limited occasions, these companies may also provide customary business entertainment to LFG personnel. LFG also receives software from DFA, in forming asset allocation strategies and producing performance reports. On limited occasions, certain LFG professionals are invited by custodians, service providers, record-keepers, or fund companies to speak/present or attend a strategic planning meeting, that organizations conference or an industry conference for which that speaker or attendee will be reimbursed for travel expenses and receive a free conference attendance. This is an economic benefit for LFG to receive reimbursement for travel expenses and free attendance, however, neither LFG nor its affiliates have made any commitment to direct business to any of these companies as a result of the reimbursement of travel expenses and free conference attendance.

While we are under no obligation to recommend the use of products from certain companies, the use of DFA or First Trust funds aligns with our core investment beliefs which are to provide clients access to quality investments, tools and research while keeping expenses down. Further, these benefits are typically provided to LFG at the Company level. Thus, this provides a level of separation from the IAR who is making the recommendation which provides some mitigation to the conflict of interest.

## CUSTODIANS

### TD Ameritrade, Inc.

We participate in the institutional advisor program (the “**Program**”) offered by TD Ameritrade Institutional. TD Ameritrade Institutional is a division of TD Ameritrade Inc., member SIPC (“**TD Ameritrade**”), an unaffiliated SEC-registered broker-dealer and FINRA member. TD Ameritrade offers services to independent investment advisors which include custody of securities, trade execution, clearance and settlement of transactions. We receive some benefits from TD Ameritrade through participation in the Program. (Please see the disclosure under Item 14. Below.) TD Ameritrade may be recommended to clients for custody and brokerage services. However, there is no direct link between our participation in the Program and the investment advice given to clients, although we may receive economic benefits through participation in the Program that are typically not available to TD Ameritrade retail investors.

These benefits include the following products and services (provided without cost or at a discount): duplicate client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving

advisor participants; the ability to have advisory fees deducted directly from client accounts; access to an electronic communications network for client order entry and account information; access to mutual funds with no transaction fees and to certain Institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to us by third party vendors. TD Ameritrade may also pay for business consulting and professional services received by our related persons and may also pay or reimburse expenses (i.e., including travel, lodging, meals) for our personnel to attend conferences or meetings relating to the program. Some of the products and services made available by TD Ameritrade through the program may benefit us but may not benefit client accounts. These products or services may assist the firm in managing and administering client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help us manage and further develop our business enterprise. The benefits we receive through participation in the Program do not depend on the amount of brokerage transactions directed to TD Ameritrade. Clients should be aware, however, that the receipt of economic benefits by LFG or related persons in and of itself may create a potential conflict of interest and may indirectly influence recommendations of TD Ameritrade for custody and brokerage services.

Our receipt of additional services does not diminish the duty to act in the best interests of LFG clients, including seeking best execution of trades for client accounts.

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### **Charles Schwab & Co., Inc. ("Schwab")**

We may recommend that clients establish brokerage accounts with the Schwab Institutional division of Schwab, a FINRA registered broker-dealer, member SIPC, to maintain custody of clients' assets and to effect trades for their accounts. Although advisors may recommend that clients establish accounts at Schwab, it is the client's decision to custody assets with Schwab. LFG is independently owned and operated and not affiliated with Schwab.

Schwab provides us with access to its institutional trading and custody services, which are typically not available to Schwab retail investors. These services generally are available to independent investment advisors on an unsolicited basis, at no charge to them so long as a total of at least \$10 million of the advisor's clients' assets are maintained in accounts at Schwab Institutional. These services are not contingent upon LFG committing to Schwab any specific amount of business (assets in custody or trading commissions). Schwab's brokerage services include the execution of securities transactions, custody, research, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

For LFG client accounts maintained in its custody, Schwab generally does not charge separately for custody services but is compensated by account holders through commissions and other transaction-related or asset-based fees.

Schwab Institutional also makes available to us other products and services that benefit us but may not directly benefit clients' accounts. Many of these products and services may be used to service all or some substantial number of client accounts, including accounts not maintained at Schwab. Schwab may make available, arrange and/or pay third-party vendors for the types of services rendered to us. Schwab Institutional may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to us. Schwab Institutional may also provide other benefits such as educational events or occasional business entertainment of our personnel. In evaluating whether to recommend or require that clients custody their assets at Schwab, consideration of the availability of some of the foregoing products and services and other arrangements as part of the total mix of factors reviewed and not solely on the nature, cost or quality of custody and brokerage services provided by Schwab, which may create a potential conflict of interest.

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### **National Financial Services, LLC and Fidelity Brokerage Services, LLC**

We have an arrangement with National Financial Services LLC, and Fidelity Brokerage Services LLC (together with all affiliates, "**Fidelity**") through which Fidelity provides LFG with their "platform" services. The platform services include, among others, brokerage, custodial, administrative support, record keeping and related services that are intended to support intermediaries like LFG in conducting business and in serving the best interests of clients but that may also benefit the Firm.

Fidelity charges brokerage commissions and transaction fees for affecting certain securities transactions (i.e., transactions fees are charged for certain no-load mutual funds, commissions are charged for individual equity and debt securities transactions). Fidelity enables LFG to obtain many no-load mutual funds without transaction charges and other no-load funds at nominal transaction charges. Fidelity's commission rates are generally considered discounted from customary retail commission rates. However, the commissions and transaction fees charged by Fidelity may be higher or lower than those charged by other custodians and broker-dealers. As part of the arrangement, Fidelity also makes available to us, at no additional charge to us, certain research and brokerage services, including research services obtained by Fidelity directly from independent research companies, as selected by LFG (within specified parameters). These research and brokerage services presently include services such as research and are used by us to manage accounts for which investment discretion is maintained.

We may also receive reimbursement for educational meetings. As a result of receiving such services for no additional cost, there may be an incentive to continue to use or expand the use of Fidelity's services. This potential conflict of interest was examined when we chose to enter into the relationship with Fidelity and we determined that the relationship is in the best interests of our clients and satisfies our obligations, including the duty to seek best execution. A client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where it's determined 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 is not 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 the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, while we will seek competitive rates, to the benefit of all clients, the lowest possible commission rates may not necessarily be obtained for specific client account transactions. Although the investment research products and services that may be received will generally be used to service all of our clients; a brokerage commission paid by a specific client may be used to pay for research that is not used in managing that specific client's account. LFG and Fidelity are not affiliated.

## TRADE ERRORS

LFG has implemented procedures designed to prevent trade errors. However, trade errors cannot always be avoided. In all situations where the client does not cause the trade error, the client will be made whole and LFG will absorb any loss resulting from the trade error if the error was caused by the firm. If the error is caused by the Custodian, the Custodian will be responsible for covering all trade error costs. In cases where the client causes the trade error, the client will be responsible for any loss resulting from the correction. Depending on the specific circumstances of the trade error, the client may not be able to receive any gains generated as a result of the error correction. In accordance with Custodians' policy, if an investment gain results from the correcting trade, the gain will be donated to charity. LFG does not benefit or profit from trade errors.

## ITEM 13 | REVIEW OF CLIENT ACCOUNTS

### CLIENT INVESTMENT ADVISORY SERVICES AND MODEL PORTFOLIO MANAGEMENT

#### REVIEWS

Client portfolios are continually monitored by the Investment Analysis Team to ensure the current allocations are in line with the target allocations as defined by client objectives and risk tolerance. Client accounts are reviewed at least annually by the Investment Advisor Representative with the client, but many times this is done on a quarterly basis. More frequent reviews may be triggered by material changes in variables such as the client's individual circumstances, the market events, political or economic environment.

#### REPORTS

In addition to the monthly statements and confirmations of transactions that clients receive from their custodian(s), quarterly reports summarizing portfolio performance, balances and holdings managed are also provided by LFG.

### DEFINED CONTRIBUTION AND DEFINED BENEFIT PLAN CONSULTING SERVICES

#### REVIEWS

The Investment Analysis team will review the client's IPS when the client advises of a change in circumstances regarding the needs of the plan. Periodic reviews of the portfolio models are performed by the Investment Analysis Team.

## REPORTS

In addition to the quarterly statements clients receive from their Third-Party Administrator, quarterly reports summarizing account performance, balances and holdings are also provided to the plan administrator.

## FINANCIAL PLANNING SERVICES

### REVIEWS

While reviews of financial plans may occur at different stages depending on the nature of terms of the specific engagement, typically reviews of a client's financial plan are performed on an annual basis by the IAR; more frequent reviews may be conducted in appropriate circumstances or as specifically requested by the client.

### REPORTS

Financial planning clients will receive a financial plan from their IAR. The completed financial plan may be provided through electronic means. Additional reports will not typically be provided unless otherwise requested by the client. The financial plan may be composed of a number of illustrations, calculations, communications and other documents that collectively compose the comprehensive plan.

## ITEM 14 | CLIENT REFERRALS AND OTHER COMPENSATION

LFG has a referral arrangement with Doctors Only, LLC (“DO”). No direct compensation is paid to DO for referrals. However, both LFG and DO disclose the relationship to clients and prospects. LFG does pay membership fees to DO for shared back-office support services; however, no part of such fee is related to any referrals. Both DO and LFG are wholly-owned by LFH as described under Item 10 of this Brochure. IARs that make referrals to the DO network are indirectly compensated. Such compensation is based strictly on a percentage of a discretionary fund determined by DO and the basis of the percentage is the number of referrals and is in no way related to the value or other characteristics of the referred party's potential business.

LFG maintains a concierge agreement with Paramount Bank. LFG has negotiated special bank account interest rates which may not be available to other retail investors through Paramount Bank. Paramount Bank is unaffiliated with LFG and is a bank regulated entity. Paramount Bank will pay a concierge fee to LFG for Clients referred to Paramount for loan and deposit products. LFG will share a portion of this fee with IARs who are the primary IAR servicing the Client. LFG is under no obligation to recommend Paramount Bank and LFG Clients are under no obligation to use or continue to use Paramount Bank's services or products. However, this arrangement creates a conflict of interest.

Mylo, LLC (“Mylo”), an insurance brokerage, recently completed an asset purchase of LFG's affiliate MedInsure Group, LLC's book of business. Pursuant to the terms of the purchase agreement, compensation is received back to LFH as a royalty marketing agreement on new and existing business. LFH will share this compensation with LFG and the IAR. This arrangement creates a conflict of interest. However, LFG IARs are under no obligation to address Client's property and casualty insurance concerns and LFG Clients are under no obligation to use or to continue to use Mylo's services or products.

## SOLICITOR ARRANGEMENTS

We may pay a portion of ongoing investment advisory and financial planning fees to individuals who refer clients to our firm. These persons are commonly called “Solicitors.” Any arrangements we may have with a Solicitor will be in compliance with SEC Rule 206(4)-1 (the “Marketing Rule”) under the Investment Advisers Act of 1940 (the “Act”). We will not engage any Solicitors who are disqualified from acting as a Solicitor under the Marketing Rule. For example, we will not pay a Solicitor a referral fee to any person who has been barred or prohibited from acting as an investment adviser or broker-dealer or convicted within the past ten years of certain felonies or misdemeanors.

Additionally, from time to time, we may give a gift certificate of nominal value in appreciation for a Client referral.

We have entered into solicitor agreements with an affiliate, Doctors Without Quarters, LLC (which is wholly owned by LFH), as well as other third-party firms or persons in which we compensate such persons or firms for client referrals. The fees paid to these referral sources do not affect the fees clients pay to us. In each instance, a written agreement exists between LFG and the referral source. At the time of a referral, prospective advisory clients will receive our Brochure and a Solicitor's Disclosure Document.

As disclosed under Item 12. above, we participate in TD Ameritrade's institutional customer program and we may recommend TD Ameritrade to clients for custody and brokerage services. There is no direct link between our participation in the Program and the investment advice we give to our clients, although we receive economic benefits through our participation in the Program that are typically not available to TD Ameritrade retail investors. As part of our fiduciary duties to clients, we endeavor at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by LFG or its related persons in and of itself creates a potential conflict of interest and may indirectly influence our choice of TD Ameritrade for custody and brokerage services.

LFG receives client referrals from Charles Schwab & Co., Inc. ("Schwab") through LFG's participation in Schwab Advisor Network® ("**the Service**"). The Service is designed to help investors find an independent investment advisor. Schwab is a broker-dealer independent of and unaffiliated with LFG. Schwab does not supervise Advisor and has no responsibility for LFG management of clients' portfolios or Advisor's other advice or services. LFG pays Schwab fees to receive client referrals through the Service. LFG participation in the Service raises potential conflicts of interest described below.

LFG pays Schwab a **Participation Fee** on all referred clients' accounts that are maintained in custody at Schwab and a separate one-time Transfer Fee on all accounts that are transferred to another custodian. The Transfer Fee creates a conflict of interest that encourages LFG to recommend that client accounts be held in custody at Schwab. The Participation Fee paid by LFG is a percentage of the value of the assets in the client's account. LFG pays Schwab the Participation Fee for so long as the referred client's account remains in custody at Schwab. The Participation Fee and any Transfer fee is paid by LFG and not by the client. LFG has agreed not to charge clients referred through the Service fees or costs greater than the fees or costs LFG charges clients with similar portfolios who were not referred through the Service.

The Participation and Transfer Fees are based on assets in accounts of LFG clients who were referred by Schwab and those referred clients' family members living in the same household. Thus, LFG will have incentives to recommend that client accounts and household members of clients referred through the Service maintain custody of their accounts at Schwab.

#### AFFILIATE BROKER DEALER

Our IARs, acting in their capacity as Registered Representatives of LFS, may receive commissions, including 12b-1 fees, from the sale of investment products, insurance products and other services through our affiliate broker-dealer, during the implementation of a financial plan. Thus, creating the potential for a conflict of interest. Such potential conflicts are addressed through the annual update of this Brochure as well as through implementation of the Code of Ethics, Written Supervisory Procedures and continuing education and training. Disclosure of firm and advisor relationships and financial incentives are made to the client. Processes are in place to ensure that any recommended products are suitable for the specific client. The relationship with the affiliated broker-dealer and the financial incentives are expressly disclosed. Further, LFG does not charge investment advisory fees to commissionable products implemented through LFS. Clients are also notified that they are not under any obligation to implement advisory recommendations or utilize a particular provider. The implementation of any and all recommendations is solely at the client's discretion.

#### ITEM 15 | CUSTODY

LFG is deemed to have custody of client's funds and securities because a Related Person is deemed to have custody at LFG's affiliate, LCM, and because LFG has the ability to maintain client login information. We do not have physical custody of any of your funds and/or securities. Your funds and securities will be held with a bank, broker-dealer, or other qualified custodian to ensure the safety of those funds and securities. We comply with all of the provisions of the SEC Rules regarding custody, including 201(b) and (c), which requires an annual surprise audit by an accountant registered with the Public Company Accounting Oversight Board ("**PCAOB**").

While LFG does not act as a qualified custodian, adopting a "custody" status allows LFG to maintain client login information. We can then provide full service when reallocations of funds and securities are needed, as well as receive data downloads for report generating purposes. Custody status also gives us the ability to accept credit cards as a means of payment for advisory services.

As discussed above under "Fees and Compensation," where authorized by the client, we directly debit advisory fees from client accounts. 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 by LFG, it is important for clients to carefully review their custodial statements to verify the accuracy of the calculation, among other things. Clients should contact their IAR directly if they believe that there may be an error in their statement.

In addition to the periodic statements that clients receive directly from their custodians, IARs also send account statements directly to clients on a periodic basis. Clients are urged to carefully compare the information provided on these statements to ensure that all account transactions, holdings and values are correct and current. Clients should rely on the statement(s) from their qualified custodian(s) as the most accurate source of information with regard to funds and securities being held.

## ITEM 16 | INVESTMENT DISCRETION

Some client accounts are managed on a non-discretionary basis. However, during the application process, clients usually grant us limited discretionary trading authority. Clients may limit, change or amend this authority by providing written instructions. Limited discretionary trading authority includes the ability to do the following without contacting the client:

- Determine the security to buy or sell;
- Determine the amount of the security to buy or sell; and,
- Determine when to buy or sell.

## ITEM 17 | VOTING CLIENT SECURITIES

As a matter of firm policy, LFG and IARs do not vote proxies on behalf of clients and We do not offer any consulting assistance regarding proxy issues to clients. Therefore, although we may provide investment advisory services to client respecting their investments, clients maintain exclusive responsibility for: (i) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted, and (ii) 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.

## ITEM 18 | FINANCIAL INFORMATION

We have not filed a bankruptcy petition at any time in the past ten years.

## ITEM 19 | REQUIREMENTS FOR STATE REGISTERED ADVISERS

We are a federally registered investment adviser; therefore, we are not required to respond to this item.

## ITEM 20 | ADDITIONAL INFORMATION

### CLASS ACTION LAWSUITS

We do not determine if securities held by you are the subject of a class action lawsuit or whether you are eligible to participate in class action settlements or litigation nor do we initiate or participate in litigation to recover damages on your behalf for injuries as a result of actions, misconduct, or negligence by issuers of securities held by you.