



## **Litman Gregory Wealth Management, LLC**

Form ADV Part 2A Brochure

[www.lgam.com](http://www.lgam.com)

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This Brochure provides information about the qualifications and business practices of Litman Gregory Wealth Management, LLC ("LGWM"). If you have any questions about the contents of this brochure, please contact LGWM at (925) 253-5206 and/or [compliance@lgam.com](mailto:compliance@lgam.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority. Additional information about LGWM is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

LGWM is a registered investment adviser with the SEC. Registration of an investment adviser does not imply any certain level of skill or training.

## ITEM 2 - MATERIAL CHANGES

This Brochure dated August 10, 2023, contains the following material change since the last amendment to this Brochure dated May 15, 2023.

- As of August 1, 2023, LGWM has an office space in Clayton, MO.

In addition, we have made clarifying updates throughout this brochure. We recommend that you review this brochure in its entirety.

LGWM will provide you with a new Brochure as necessary based on changes or new information, at any time. Currently, our Brochure may be requested by contacting us at [compliance@lgam.com](mailto:compliance@lgam.com).

This Brochure is not:

- **an offer or agreement to provide advisory services to any person**
- **a complete discussion of the features, risks or conflicts associated with any account**
- **an offer to sell interests (or a solicitation of an offer to purchase interests) in any fund**

As required by the Investment Advisers Act of 1940, as amended (“Advisers Act”), LGWM provides this Brochure to current and prospective clients prior to or in connection with such person’s consideration or execution of an investment management agreement with LGWM.

Although this publicly available Brochure describes investment advisory services and products of LGWM, persons who receive this Brochure (whether or not from LGWM) should be aware that it is designed solely to provide information about LGWM as necessary to respond to certain disclosure obligations under the Advisers Act.

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## ITEM 4 - ADVISORY BUSINESS

### A. Introduction - General Description

Litman Gregory Wealth Management, LLC (“LGWM”, “Advisor”, or the “firm”) provides investment management services to a variety of clients (“Clients”). See *item 7 “Type of Clients”*. Services are provided in accordance with LGWM’s investment management agreement and account supervision is guided by the Investment Policy Statement of the Client. As of December 31, 2022, LGWM had assets under management of approximately \$1.993 billion on behalf of approximately 426 clients.

LGWM was founded in 1987 and registered with the SEC in 1995. LGWM is wholly owned by iM Square Holding 9 LLC which is beneficially owned by IM Square SAS, a Paris-based investment and development platform dedicated to the asset management business (“iM Square”). (Please see Form ADV Part 1, Schedule A for complete ownership information.) iM Square also holds equity interests in certain other investment management firms (“iM Square Affiliates”). Further information on iM Square and the iM Square Affiliates is provided in Item 10, “Other Financial Industry Activities and Affiliations” section of this Brochure.

LGWM principal executive officers are Jeffrey Seeley, CEO, Jennifer Ceccarelli, COO, and Kathlyne Kiaie, CCO. LGWM has a Wealth Management Governance Committee which is chaired by Jeffrey Seeley. LGWM also has a Wealth Management Investment Committee whose goal is to evaluate the investment and portfolio selections and implementation process used within the LGWM Client portfolios. Please see item 8 - “Methods of Analysis.”

Our primary charge is to grow and protect our clients’ long-term assets, while supporting their ongoing financial goals. We believe that intensive fundamental research and a disciplined process are critical to that investment success. We are focused on creating and managing globally diversified portfolios based on rigorous asset class analysis and demanding due diligence on investment opportunities such as alpha-driven active managers, index funds, select private investments, and on a more limited basis, select single stock securities.

Furthermore, no investment strategy would be complete without incorporating each Client’s investment objectives and time horizon as well as their investment values, preferences, and other individual circumstances. We’ve found that considering these factors is critical to the success and staying power of our relationship.

### B. Types of Advisory Services Offered

We provide advisory services to our Clients via a separately managed account, on either a discretionary or nondiscretionary basis.

We prepare an investment strategy for our Clients by determining our Client’s long-term and short-term financial needs and objectives, risk tolerance or risk-aversion, and tax status. The investment strategy is based on information provided to us by our Clients, financial records, responses to our questionnaires and personal interviews. We design each Client’s investment portfolio based on a thorough evaluation of the individual goals and objectives of the Client.

Assets in Transition Services (AIT). In certain circumstances and at the request of the Client, we will incorporate non-core assets that clients transition into the portfolio. In evaluating these assets, our focus is on the overall portfolio and includes two primary considerations:

- Taxes: Determining capital gains tax burden will be the first consideration for non-core assets transitioned for portfolio management and will guide our recommendation regarding these assets.

- Portfolio Diversification: Position size and materiality of the assets relative to the total portfolio will be the second consideration in advising these assets.

Issue-specific research does not play a primary role in our advisement of Client transitioned non-core assets. Pending evaluation of taxes and diversification, we typically recommend selling or reducing non-core assets, transitioning them into a separate account for ongoing management by a third-party manager and/or moving to a self-directed status.

In certain situations, we recommend independent investment managers (“Independent Managers”), whose investment strategies fit within specified asset classes to manage a portion of clients’ portfolios through separate accounts. We obtain a Client’s written consent before engaging an Independent Manager.

### **C. Availability of Tailored Services for Individual Clients - Investment Policy Statement**

We work with each Client to develop an Investment Policy Statement (“IPS”) and/or asset allocation plan that establishes the framework for prudent management of their investment portfolio. The IPS describes the asset allocations recommended to meet the stated investment objective and outlines the philosophy and approach that govern our portfolio management. Clients may impose restrictions on investing in certain securities or certain types of securities.

Third Party Manager Separately Managed Accounts. For clients that wish to personally customize their holdings to exclude themes, industries or securities they find objectionable or to include themes, industries or securities they wish to support, we offer Separately Managed Account (SMA) options through a third-party manager. Third Party SMAs enable clients to own individual securities directly (versus purchasing a pooled vehicle like a fund or ETF). Because the client owns securities directly, the client can influence what is included. We work with the Third-Party manager to help clients explore the options and tradeoffs as the client defines the priorities for their Third Party SMA holdings. In addition, our partner has the option of adding proxy voting and shareholder actions in support of ESG practices. Your LGWM advisor can tell you more about our third-party party provider and the costs associated.

### **D. Wrap Fee Programs**

Not applicable to LGWM.

### **E. Client Assets Under Management**

As of 12/31/2022, LGWM had approximately \$1,992,719,165 Client assets under management. As of that date, LGWM managed \$1,648,440,292 on a discretionary basis, and \$344,278,873 on a non-discretionary basis.

## **ITEM 5 - FEES AND COMPENSATION**

### **A. Advisory Fees and Compensation**

Under our current fee schedule, the asset-based fee varies, typically ranging from .25% up to 1.50% of a Client’s assets and comprises of a mix of tiered fee schedules and flat fee schedules.

We allow for some flexibility in our fee structure depending on individual circumstances. We also have inherited fee schedules of legacy clients from acquired firms. In certain situations, we also charge a separate fee for certain unmanaged, self-directed assets on which we advise and/or include in our consolidated performance reporting. As a result of the variety of factors involved with establishing a

fee structure and rate, certain clients pay higher fees than other clients with the same level of assets under management. Fees are generally lower for clients with higher amounts of assets under management.

LGWM has negotiated lower fees schedules for certain clients, such as charitable organizations or employees' family members and friends. Fees may be waived on accounts of LGWM employees and their family members ("proprietary accounts".)

LGWM at times works with clients on a per-project basis, in which case fees are agreed upon and documented prior to the engagement. Such fees are set on an hourly or project basis and will vary based on the scope, duration, nature and complexity of the work.

## B. Payment of Fees

In cases where LGWM is responsible for billing the Client, Client accounts are typically billed quarterly in advance and pro-rated for partial periods, contributions and withdrawals. At the Client's direction, LGWM either deducts the fees directly from the Client's account or bills the Client the fees owed. In most cases, LGWM sends the Client an invoice showing the amount of the fees, the net asset value of Client's assets on which the fees are based, and the specific manner in which the fees were calculated. Fees may be negotiable based on account size and other considerations.

## C. Other Fees and Expenses

In addition to our fees, clients generally incur separate custodian, brokerage and transaction costs. *Please see Item 12 for information about LGWM's brokerage practices.*

Mutual funds or other pooled investment vehicles in which LGWM invests the Client accounts charge management and other fees, which are borne by the Client and are in addition to the investment management fees the Client pays to Advisor as described above.

**Independent Managers.** Independent Managers and, in certain situations the platforms through which they are engaged, also charge management and other related fees, which are also borne by the Client and are in addition to the investment management fees the Client pays to LGWM. Independent Managers charge separate fees, based on either the individual Client's assets under their management or a percentage of all of our clients' aggregate assets under their management. The Independent Manager Fees may be charged monthly or quarterly, in advance or in arrears, as determined by each Independent Manager's respective billing practices. Further, in connection with the management of Client accounts, the Independent Manager may also cause the Client to incur custody fees, securities brokerage fees and other associated transaction-based expenses, which are also separate from LGWM's fees and borne directly by the Client. The specific fees charged by an Independent Manager are disclosed to and agreed upon by a Client before that Independent Manager is engaged to manage a portion of a Client's account. LGWM is not entitled to and does not receive any portion of the additional fees and expenses associated with the use of any Independent Managers.

**Affiliated Funds.** Fees charged by LGWM in connection with investments in investment funds sponsored or managed by other investment advisers in which iM Square SAS, a beneficial owner of Litman Gregory Wealth Management, LLC has a direct or indirect ownership interest (collectively, "**Affiliated Funds**") will be charged two layers of fees with the exception of ERISA or IRA accounts which Client assets invested in these funds will be removed from the net market value of the Client account when calculating its management fee in order to comply with applicable legal requirements.

**iM Global Partner Fund Management Funds ("iMGPFM Funds").** In the case where LGWM Client assets are invested iMGPFM Funds, LGWM will offset the net fees retained by iM Global Partners Fund Management, LLC after payment of sub-advisory fees, application of fee waivers and payments in

support of contractual expense limitation agreements. As a result, we believe our financial incentive to use the iMGPFM Funds is mitigated.

Additionally, there are breakpoints in the fee schedules of most of the **iMGPFM Funds** which are triggered as the assets of the iMGPFM Funds increase. While fee breakpoints do not apply at the current asset levels of the iMGPFM Funds, the breakpoints would serve to reduce the net fees retained by iMGPFM as assets in the iMGPFM Funds increase. LGWM believes that the management fee offset and fee breakpoints substantially mitigate our financial incentives for investing Client assets in iMGPFM Funds. Further information and specific detail with regards to these breakpoints are provided to Clients in “Schedule of iMGPFM Funds” at account inception and may be requested in advance.

Clients have the option to purchase investment products that LGWM recommends through other brokers or agents that are not affiliated with LGWM.

*See Item 12 of this Brochure for more information regarding Brokerage Practices.*

#### **D. Prepayment of Fees**

We receive from each Client a quarterly fee, payable in advance.

A Client will obtain a refund for any pre-paid fees if the advisory contract is terminated before the end of the billing period. When providing a refund, we will take the pre-paid quarterly fee, divide it by the number of days in the quarter, and refund the amount that corresponds to any unused days in that billing quarter.

If you make a contribution of capital to your account(s) on a date other than the first day of a calendar quarter, then you will be charged a prorated portion of the fee for that calendar quarter with respect to the contribution based on the number of days remaining in that calendar quarter.

If you make a distribution from your account(s) on a date other than the first day of a calendar quarter, then you will receive a credit for the prorated portion of the fee for that calendar quarter with respect to the distribution based on the number of days remaining in that calendar quarter.

To the extent assets deposited or withdrawn from an account during a billing period that result in a custodian initiated calculated fee in excess of \$50 fee per transaction, the management fee will be prorated accordingly, as reflected during the following billing cycle. The management fee will not, however, be adjusted for deposits or withdrawals that result in a calculated fee of less than \$50 per transaction.

The market value of the Client’s account will be calculated gross of any margin positions and the corresponding fee payable by the Client will be increased by the use of margin. As a result, in addition to understanding and assuming the additional principal risks associated with the use of margin, clients authorizing margin are advised of the potential conflict of interest whereby the Client’s decision to employ margin shall correspondingly increase the management fee payable to the firm. Accordingly, the decision as to whether to employ margin is left to the discretion of Client. Depending on individual circumstances the fee based on the use of margin may be waived.

#### **E. Additional Compensation and Conflicts of Interest**

Neither LGWM nor its employees receive commissions or service fees for the sale of securities or other investment products that are recommended or chosen for a Client account.

In some cases, LGWM may deem it appropriate to invest separate account assets in one or more Affiliated Funds and or iMGPFM Funds.

**Affiliated Funds.** Fees charged by LGWM in connection with investments in investment funds sponsored or managed by other investment advisers in which iM Square SAS, a beneficial owner of Litman Gregory Wealth Management, LLC has a direct or indirect ownership interest (collectively, “**Affiliated Funds**”) will not be offset and such clients will be charged two layers of fees with the exception of ERISA or IRA accounts which Client assets invested in these funds will be removed from the net market value of the Client account when calculating its management fee in order to comply with applicable legal requirements. The fact that LGWM and an affiliated investment adviser will each collect fees in connection with investments in Affiliated Funds creates a conflict of interest in that LGWM will have a material financial interest in recommending or selecting Affiliated Funds for a client. LGWM seeks to mitigate this conflict of interest by independently conducting investment due diligence and analysis that LGWM believes is reasonably designed to ensure that an investment in an Affiliated Fund is in the best interest of the client.

**iMGPFM Funds.** A conflict of interest exists when LGWM invests Client assets in iMGPFM Funds due to the fact that LGWM and iMGPFM are both beneficially owned by iM Square.

LGWM seeks to substantially mitigate this conflict by offsetting the net fees retained by iMGPFM after payment of sub-advisory fees, application of fee waivers and payments in support of contractual expense limitation agreements. This fee offset effectively serves as a discount to the total expenses of the iMGPFM Funds that would have been borne by clients if clients had invested in the iMGPFM Funds separately. While fee breakpoints do not apply at the current asset levels of the iMGPFM Funds, the breakpoints would serve to reduce the net fees retained by iMGPFM as assets in the iMGPFM Funds increase.

Accordingly, LGWM believes that the management fee offset and fee breakpoints substantially mitigate our financial incentives for investing Client assets in iMGPFM Funds.

All fees paid to LGWM for investment advisory services are separate from the fees and expenses that mutual funds charge to their shareholders. A mutual fund’s fees and expenses are described in the fund’s prospectus, and generally include a management fee and other fund expenses and may include initial and contingent sales charges, asset-based sales charges, service fees and/or distribution fees (“Rule 12b-1 fees”). Rule 12b-1 fees are paid by a mutual fund to compensate for providing distribution-related, administrative and other services, and are automatically deducted directly from the fund’s assets. Some mutual fund complexes offer multiple share classes of the same mutual fund, and some share classes have higher expenses, which may include Rule 12b-1 fees, while other share classes of the same fund have lower expenses, with or without Rule 12b-1 fees.

Clients should not assume that they will be invested in the share class with the lowest possible expense ratio. Clients do not, in many cases, pay charges directly; rather, these charges are deducted from a fund’s assets and therefore reduce a Client’s investment returns.

**The foregoing discussion in Item 5 represents LGWM’s basic compensation arrangements. Fees and other compensation are generally not negotiable and arrangements with any particular Client will vary, in LGWM’s sole discretion. Although LGWM believes its fees are competitive, lower fees for comparable services are available from other investment advisers.**

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

LGWM does not charge any performance-based fees (fees based on a share of capital gains or capital appreciation of the assets of a Client). The Independent Managers we engage for Clients do not charge any performance-based fees.

LGWM manages multiple Client accounts, including accounts with different fee arrangements. The management of multiple Client accounts creates a conflict of interest because LGWM may have an



incentive to favor one Client account over another. Accordingly, LGWM has adopted and implemented policies and procedures intended to address conflicts of interest that may arise relating to the management of multiple Client accounts. In particular, LGWM reviews investment decisions for the purpose of ensuring that all accounts with substantially similar investment objectives are treated equitably. The performance of similarly managed accounts is also regularly compared to determine whether there are any unexplained significant discrepancies.

To the extent orders are aggregated, the Client orders are price-averaged and allocated in accordance with the aggregated order; provided, that the aggregated order may be allocated on a different basis for reasons including but not limited to partially filled orders and to avoid odd lots or excessively small allocations. These areas are monitored by LGWM's Chief Compliance Officer.

## ITEM 7 - TYPES OF CLIENTS

We offer investment management services to the following Client types:

- Individuals (including high net worth individuals); multigenerational families (includes trusts, estates, IRAs and 401(k) plans)
- Pension and profit-sharing plans
- Charitable organizations (including non-profits)
- Corporations

### Minimum Account Sizes

For private Client accounts, LGWM generally impose a \$3,000,000 minimum initial investment requirement but generally reserves the right, in its discretion, to impose a higher minimum or to waive this minimum.

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

### A. Investment Strategies and Methods of Analysis

LGWM utilizes a variety of methods and strategies to make investment decisions and recommendations. Overall portfolio strategic asset allocations are derived for a range of risk profiles based on rigorous historical asset class analysis and forward-looking asset class assessments and assumptions. The strategic allocation may be tactically adjusted based on our assessment and analysis of shorter-to-medium term (one to five-plus year) expected return opportunities and risk scenarios.

Implementation of portfolio asset allocations are based on deeply researched individual investment options, which can include a mix of fixed-income and equity mutual funds and ETFs, as well as separate accounts managed by Independent Managers that invest directly in individual securities. These fixed-income and equity investments can vary by the sector, size, quality, and geographic location of the issuer.

Additionally, as appropriate, we may invest in marketable (liquid) and private alternative investments or strategies, such as real estate funds, arbitrage funds, commodity futures funds, absolute-return-oriented funds, private equity, venture capital, distressed debt, hedge funds, and privately held investments.

Our investment committee which includes members of the LGWM wealth advisory team and the IMGPFM asset management team, meets quarterly to discuss the state of financial markets, asset class and manager developments, research recommendations and issues related directly to the implementation of our Clients' investment strategies.

**ESG Investments.** We seek to understand firms' and managers' motivations for offering an ESG strategy, portfolio management techniques and their potential impact on the portfolio, performance and on ESG issues themselves.

On the quantitative end of the spectrum, firms specialize in identifying ESG-related opportunities and risks by analyzing a great deal of non-financial company and industry data at the global level and then giving each company a numerical score or ranking. On the extreme qualitative end, analysts travel the globe to assess the materiality of ESG considerations. They may undertake exclusionary screening to eliminate products or industries, best-in-class screening (only investing in companies with strong ESG performance relative to industry peers) or thematic investing such as in renewable energy. We view engagement as a critical component of managers' efforts to advance ESG best practices among the companies they own so spend time understanding their practices regarding activist-type resolutions or through other shareholder engagement such as proxy voting.

For asset classes where we have not yet identified high-conviction active managers that meet our high hurdle, we rely on ESG index funds or passive ESG exchange-traded funds (ETFs). These products provide a low-cost way to access our ESG criteria, and the iMGPFM research team has conducted in-depth due diligence on the sponsor firms to gain insights into their ongoing commitment to these ESG products. For ETF and index fund investments, we seek to understand:

- Sponsor quality and commitment to sustainability
- Construction methodology
- Criteria by which ESG factors are assessed (including which data providers are used to determine ESG-related security eligibility and how securities are ranked according to ESG characteristics)
- Tracking error relative to appropriate benchmarks
- Liquidity
- Expenses

We believe the current ESG index fund landscape that we are investing in can be characterized by two broad buckets: (1) strategies that simply screen out the worst ESG offenders/exposures and (2) those that screen but also go a step further by increasing their exposure to best-in-class ESG companies.

**Investing in securities involves risk of loss that clients should be prepared to bear. These risks may materially and adversely affect investment performance and could cause investors to lose substantial amounts of money. A potential Client should discuss with our representatives any questions they have before opening an account.**

## **B. Material Risks Relating to Investment Strategies**

The following summary identifies the material risks related to LGWM's investment strategies and should be carefully evaluated before making an investment with LGWM; however, the following does not intend to identify all possible risks of an investment with LGWM or provide a full description of the identified risks.

We invest for our Client accounts primarily in mutual funds, closed-end funds and private investment funds ("Funds".) The Funds we select for our clients may invest in a variety of assets, including, but not limited to, equity and fixed-income securities, options, futures, other derivatives, rights, warrants, private securities, non-U.S. securities, real estate, ETFs, money market instruments and other cash equivalents. On a more limited basis, we may invest for our Client accounts debt securities, private privately placed securities and single stock securities. Independent Managers we engage to manage accounts for our private clients may also invest in such instruments, directly or indirectly.

**Investing in securities and other assets involves risk of loss that clients should be prepared to bear. Clients' accounts may not meet their investment objectives, generate any income or increase in value.**

The risks below apply generally to Client accounts managed by LGWM, other fund managers and Independent Managers. References to “managers” include both Independent Managers and managers of funds in which our clients invest.

### C. Risks Associated with Securities Recommendations

**Buy and Hold.** LGWM engages in a buy and hold investment strategy wherein the LGWM buys securities and holds them for a relatively longer period of time, regardless of short-term factors such as fluctuations in the market or volatility of the stock price.

**Information Sources.** We select funds and securities for our clients’ accounts based in part on information and data that fund managers and issuers make available to us or file with various government agencies, or that we obtain from other sources. We can never learn all relevant information about a manager, fund or security and are not in a position to confirm the completeness, genuineness or accuracy of information and data that we receive. In some cases, complete and accurate information is not readily available. Further, we may misinterpret or incorrectly analyze the information that we have. These and other factors may cause us to (a) invest clients’ assets in funds and securities or engage Independent Managers at times that will lead to losses in the clients’ portfolios or not invest in particular funds or securities at times that would have resulted in gains in clients’ portfolios had we caused them to invest. Fund managers and Independent Managers are subject to the same limitations on their ability to obtain and correctly assess information about investments.

**Equity Securities.** The value of equity securities fluctuates in response to issuer, political, market, and economic developments. Fluctuations can be dramatic over the short term as well as long term, and different parts of the market and different types of equity securities can react differently to these developments. For example, large cap stocks can react differently from small cap stocks, and “growth” stocks can react differently from “value” stocks. Issuer, political, or economic developments can affect a single issuer, issuers within an industry or economic sector or geographic region, or the market as a whole. Changes in the financial condition of a single issuer can impact the market as a whole. Terrorism and related geo-political risks have led, and may in the future lead, to increased short-term market volatility and may have adverse long-term effects on world economies and markets generally.

**Exchange Traded Funds (“ETFs”).** ETFs represent shares of ownership in either funds or unit investment trusts that hold portfolios of common stocks, bonds or other instruments, which are designed to generally correspond to the price and yield performance of an underlying index. A primary risk factor relating to ETFs is that the general level of stock or bond prices may decline, thus affecting the value of an equity or fixed income ETF, respectively. An ETF may also be adversely affected by the performance of the specific sector or group of industries on which it is based. Moreover, although ETFs are designed to provide investment results that generally correspond to the price and yield performance of their underlying indices, ETFs may not be able to exactly replicate the performance of the indices because of various sources of tracking error, including their expenses and a number of other factors.

**Real Estate.** We may recommend that clients invest in investment funds that invest directly or indirectly in real estate. Real estate investments are subject to the numerous risks, including, but not limited to, adverse changes in general economic and local market conditions, adverse developments in employment or local economic performance, changes in supply of or demand for similar or competing properties, unfavorable changes in applicable taxes, governmental regulations or interest rates, and lack of available financing. Real estate funds that improve and operate real properties as well as buying and selling them are subject to additional risks, such as the inability to maintain rental rates and occupancy levels in highly competitive markets, unavailability or increases in the cost of insurance, unexpected increases in the costs of refurbishment and improvements, unfavorable rent control laws, and costs of complying with environmental regulations. Any or all of these factors may cause real estate investments to be unprofitable or less profitable than anticipated, or significantly extend the time they must be held.

**REITs.** REITs in which LGWM invests Client accounts are affected by underlying real estate values, which may have an exaggerated effect to the extent that REITs in which the investment adviser invests concentrate investments in particular geographic regions or property types. Investments in REITs are also subject to the risk of interest rate volatility. Further, rising interest rates will cause investors in REITs to demand a higher annual yield from future distributions, which will in turn decrease market prices for equity securities issued by REITs. REITs are subject to risks inherent in operating and financing a limited number of projects because they are dependent upon specialized management skills, and have limited diversification. REITs depend generally on their ability to generate cash flow to make distributions to investors.

**Risks of Fund Managers and Independent Managers.** The managers of the funds we select, and the Independent Managers, have sole responsibility for making investment decisions on behalf of the funds and accounts they manage. They and their principals have various levels of experience. A manager's performance may depend on the investment decisions of one or a few individuals; if they cease to be employed by the manager, the manager's performance could be materially and adversely affected. Managers also manage other accounts, including other vehicles in which they or their principals may have an interest; this may increase the level of competition for the same trades they might otherwise make for the funds or accounts they manage for our clients. This could make it difficult or impossible to take or liquidate positions for our clients' funds or accounts at a price indicated by a manager's strategy. The managers and their principals may use trading methods, policies and strategies for their other accounts that differ from those they employ on behalf of the funds and accounts they manage for our clients. Therefore, notwithstanding our extensive due diligence to those managers and their investment results, the performance they achieve for our clients may be less than the performance of their other funds and accounts. Clients considering investing in a private fund recommended by LGWM should review that fund's offering memorandum carefully and in its entirety before deciding to invest.

**Limited Liquidity of Investments.** Certain investment funds, including real estate, fixed income, venture capital and closed-end funds, that LGWM recommends for clients are generally illiquid, with very limited or non-existent transfer and withdrawal rights; investors may not be able to liquidate or transfer such investments even in an emergency. Fund managers and Independent Managers may invest in securities that trade at a low volume and that are relatively illiquid. These may include, among others, private securities, secured debt securities, real estate, and certain publicly traded equity securities, particularly those with small capitalizations. Manager may not be able to liquidate these investments promptly if needed. In addition, sales of those securities in an illiquid market could depress their market value. Illiquid securities may include privately placed or "restricted" securities that are subject to substantial holding periods or may not be traded in public markets. Restricted securities generally are difficult or impossible to sell at prices comparable to the market prices of similar securities that are publicly traded. No assurance can be given that any restricted securities will become registered so as to be eligible to be traded on a public market.

**Valuation Risks.** Some investments may be difficult to value, including interests in private funds and other private securities. The managers generally determine the value of such investments in good faith. Any misvaluation could adversely affect investors, including causing them to pay LGWM and the other managers higher fees than they would pay if the valuations were accurate.

**Multiple Layers of Fees and Expenses.** In addition to LGWM's management fees, clients bear the management fees and other expenses charged by the mutual funds and private funds in which their accounts are invested (including fees and expenses charged by the iMGPFM Funds and expenses charged by the Affiliated Funds as defined below in Item 10) and clients whose accounts are invested with Independent Managers bear the fees of those managers and the other expenses of those accounts. LGWM evaluates the fee level of all investments it selects and may have access to lower cost share classes or other lower-cost structures that may not be available to clients investing on their own. However, the multiple layers of fees and expenses may result in a higher cost of investment than would be the case if a Client were to invest directly in those funds, accounts

managed by Independent Managers, or securities or other assets in which any of those funds and accounts invest. Investment returns are net of all applicable fees. (When we invest our Client's assets in mutual funds managed by our affiliate, however, we reduce our management fees by the management fees the mutual funds pay to our affiliate.)

**Lack of Monitoring of Independent Managers' Investments for Clients.** Independent Managers make all investment decisions for the accounts they manage for our clients. However, we have limited access to reports of Independent Managers' Client portfolios and do not have access to Independent Manager's daily operations. Accordingly, we are not able to, and do not, review or evaluate individual securities transactions that Independent Manager's engage in for our clients. LGWM's oversight of Client accounts managed by Independent Managers is limited to evaluations of the managers' firms, strategies and overall performance based on information collected from due diligence meetings and information requests. We are not able to supervise the day-to-day individual investment decisions that determine the performance of accounts managed by Independent Managers. The investment success of any account managed by an Independent Manager depends solely on the investment acumen of its investment personnel. The same is true for the funds in which we invest our clients' assets, and their managers.

**Mismanagement or Malfeasance; Institutional Risks.** Clients are subject to the risk of fraud, mismanagement or malfeasance by managers. In addition, the brokerage firms, banks or other financial institutions that hold securities in clients' funds and accounts may experience financial difficulties and other problems that impair their operational capabilities and materially and adversely affect the value and liquidity of clients' accounts.

**Risks Relating to Investments by Independent Managers.** Independent Managers strategies are subject to a number of material risks including Active Management Risk, Equity Risk, Income Market Risk, Municipal Bond Market Risk and Interest Rate Risk. A list of risks associated with each Independent Manager are disclosed in that Independent Manager's own disclosure documents, including its Form ADV Part 2A, that are available to our clients.

**Risks Relating to Alternative Investments.** Alternative Investments Managers may invest in a wide range of instruments using a variety of investment strategies, which pose multiple risks in addition to those discussed here. For example, they may sell securities short, which involves a finite opportunity for appreciation but a theoretically unlimited risk of loss, entails special costs relating to borrowing securities, and may require sales of portfolio securities on unfavorable terms to meet collateral requirements. Alternative Investment Managers may also borrow on margin and enter into options, futures, swaps and other derivative contracts, which similarly create additional costs and risks relating to collateral requirements. Use of leverage and derivatives is highly speculative, increases volatility and may result in losses that greatly exceed the amount invested because they create a high level of exposure relative to the actual amounts invested. Alternative Investments may also be subject to numerous other risks, including, for example, risks of potential illiquid positions, counterparty default, portfolio concentration, and investments in early-stage companies. A list of risks associated to each Alternative Investment are disclosed in the respective fund's offering memorandum.

**Trading Risks.** The process of trading securities is complex and subject to error. Managers may make trade errors, and the terms of their agreements with the funds and clients may not require them to bear the costs of such errors or to reimburse the funds or clients for resulting losses. Trades are generally placed electronically. If an electronic trading system or component fails, it may not be possible to enter new orders, execute existing orders or modify or cancel orders, and order priority may be lost. Any such event may cause material losses for a fund or Client account.

**General Risks of Non-U.S. Investments.** Managers and Funds may invest in securities of non-U.S. companies, which involves unusual risk not typically associated with investing in U.S. companies. These may include, for example: less public information available regarding issuers; lower accounting, auditing and financial reporting standards applicable to issuers; less regulation of

issuers, exchanges and brokers; and political risks associated with the countries in which such securities are traded and the countries where the issuers are located. Other countries' economies may differ unfavorably from the U.S. economy in gross national product growth, inflation, savings and capital reinvestment rates, resource self-sufficiency and balance of payments positions, and in other respects. The value and marketability of investments in some countries may be materially and adversely affected by expropriation or confiscatory taxation, limitations on removing funds or other assets, political or social instability, or diplomatic developments.

**Risks of Investing with ESG Strategies.** We believe there is no common series of factors and criteria to be used to evaluate how sustainable an investment is. Not having a common framework has led us to consider various approaches to identify and consider sustainability risks, that may result in the application of different standards for each recommended investment. ESG factors are subject to the bias of the managers, who adapt them in relation to different asset classes, portfolio constructions and investment objectives. Due to the absence of well-defined standards and to the existence of different approaches towards sustainable practices, ESG data is intrinsically based on a qualitative and discretionary assessment, which may cause the data to be inaccurate. Elements of subjectivity are part of the collection and interpretation of ESG data, and this could contribute to making the comparison between ESG integrated strategies difficult. Investors should be aware of the fact that evaluation they may do on some types of ESG factors may be consistently different from the approach selected by a manager. Third-party providers of ESG data may apply different frameworks, who could lead to incomplete, inaccurate or unavailable data. ESG criteria integration may also carry the risk of missing market opportunities when making decisions towards assets exclusion due to non-financial reasons. This incertitude about data gathering may adversely affect portfolios relying on such data for the investment decision process. Sustainable finance frameworks and the consequent approaches are in an evolving stage, changes in investment decision-making processes that integrate ESG factors could occur over time, from incorporation of new data or technics or due to new regulatory developments. Taking ESG considerations into account when making investment decisions may cause the Client's investment to underperform investment strategies that do not consider ESG factors. LGWM may forgo otherwise attractive investment opportunities or increase or decrease the Client's exposure to certain types of issuers or certain sectors due to the consideration of ESG factors.

**Socially Responsible Investing Risk.** As described in Item 8 above, SMAs offered by LGWM seek to allow clients the flexibility to personally customize their holdings to exclude themes, industries or securities they find objectionable or to include themes, industries or securities they wish to support (e.g., a socially responsible investment strategy). A socially responsible investment strategy may underperform investment strategies that do not consider socially responsible investing factors. The account may forgo otherwise attractive investment opportunities or increase or decrease exposure to certain types of issuers or certain sectors due to the consideration of socially responsible investing factors. In addition, information used in evaluating an investment may be incomplete, inaccurate or unavailable, which could adversely affect the ability to apply socially responsible investing criteria.

**Limitation on Liability of Managers.** LGWM and other managers generally are not liable to clients for investment losses unless they breach their fiduciary duty. Managers' agreements with brokers, custodians, administrators, auditors and other service providers may also contain provisions that limit the liability of and indemnify those parties and their affiliates.

**Risks of Self-Directed Assets Transferred by Clients.** Clients may occasionally transfer securities they acquired independently of LGWM into accounts that are linked to accounts managed by LGWM. Those assets are not part of the assets LGWM manages, even if they are included in reports compiled by LGWM. LGWM may, but is not obligated to, take those assets into account in assessing a Client's asset allocation. The clients retain sole investment discretion over those assets, and LGWM bears no responsibility for any investment decisions relating to them. A Client's action or inaction with respect to those assets may be inconsistent with the investment strategy the Client has asked LGWM to implement and may negatively counteract any positive investment results in

the accounts LGWM manages.

**Risks of Transitioned Securities.** Clients occasionally transition AIT securities into their managed accounts that are not “core assets” that we recommend, with the understanding that we will typically seek to dispose of those securities and invest the proceeds in securities that we have researched and that are part of the core holdings we recommend for their selected strategy. In evaluating transitioned securities for eventual sale, we take into account the tax consequences to the Client and effects on portfolio diversification. Security specific research does not play a primary role in our advisement. Accordingly, we sell AIT securities at times and at prices that are less advantageous to the Client than if we had researched and evaluated them individually.

**Adverse Tax Consequences.** Some investments made by LGWM and managers may create adverse tax consequences to our clients.

**Regulatory Risks Related to Investment Advisers and Private Investment Funds.** Various federal, state and international proposals have been made to increase the regulation of investment advisers and private investment funds. In addition, the regulatory and tax environment for derivative securities and related instruments is evolving and may be subject to modification by government or judicial action which may adversely affect the value of clients’ and funds’ investments. Actual regulatory and tax changes are impossible to predict, but any such changes may adversely affect clients.

**Interest Rate Risks.** Generally, the value of fixed-income securities changes inversely with changes in interest rates. As interest rates rise, the market value of fixed-income securities tends to decrease. Conversely, as interest rates fall, the market value of fixed-income securities tends to increase. This risk is greater for long-term securities than for short-term securities.

### **Additional Risks Relating to the Adviser**

**Cybersecurity Risk.** The information and technology systems of the Advisor and of key service providers to the Advisor and its clients, including banks, broker-dealers, custodians and their affiliates, may be vulnerable to potential damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches, usage errors by their respective professionals, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes and earthquakes. For instance, cyber-attacks may interfere with the processing or execution of the Advisor’s transactions, cause the release of confidential information, including private information about clients, subject the Advisor or its affiliates to regulatory fines or financial losses, or cause reputational damage. Additionally, cyber-attacks or security breaches (e.g., hacking or the unlawful withdrawal or transfer of funds), affecting any of the Advisor’s key service providers, may cause significant harm to the Advisor, including the loss of capital. Similar types of cybersecurity risks are also present for issuers of securities in which the Advisor may invest. These risks could result in material adverse consequences for such issuers and may cause the Advisor’s investments in such issuers to lose value. Although the Advisor has implemented various measures designed to manage risks relating to these types of events, if these systems are compromised, become inoperable for extended periods of time or cease to function properly, it may be necessary for the Advisor to make a significant investment to fix or replace them and to seek to remedy the effect of these issues. The failure of these systems and/or of disaster recovery plans for any reason could cause significant interruptions in the operations of the Advisor or its Client accounts and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information, which may result in identity theft.

**Systems and Operational Risk.** The Advisor relies on certain financial, accounting, data processing and other operational systems and services that are employed by the Advisor and/or by third party service providers, including custodians, broker dealers, as well as other investment

advisers. Many of these systems and services require manual input and are susceptible to error. These programs or systems may be subject to certain defects, failures or interruptions. For example, the Advisor and its clients could be exposed to errors made in the confirmation or settlement of transactions, from transactions not being properly booked, evaluated or accounted for or related to other similar disruptions in the clients' operations. In addition, despite certain measures established by the Advisor and third party service providers to safeguard information in these systems, the Advisor, clients and their third party service providers are subject to risks associated with a breach in cybersecurity which may result in damage and disruption to hardware and software systems, loss or corruption of data and/or misappropriation of confidential information. Any such errors and/or disruptions may lead to financial losses, the disruption of the Client trading activities, liability under applicable law, regulatory intervention or reputational damage.

**Effects of Health Crises and Other Catastrophic Events.** Health crises, such as pandemic and epidemic diseases, as well as other catastrophes that interrupt the expected course of events, such as natural disasters, war or civil disturbance, acts of terrorism, power outages and other unforeseeable and external events, and the public response to or fear of such diseases or events, have and may in the future have an adverse effect on clients' investments and the Advisor's operations. For example, any preventative or protective actions that governments may take in respect of such diseases or events may result in periods of business disruption, inability to obtain raw materials, supplies and component parts, and reduced or disrupted operations for Client portfolio companies. In addition, under such circumstances the operations, including functions such as trading and valuation, of the Advisor and other service providers could be reduced, delayed, suspended or otherwise disrupted. Further, the occurrence and pendency of such diseases or events could adversely affect the economies and financial markets either in specific countries or worldwide.

**The foregoing list of risk factors does not purport to be a complete enumeration or explanation of the risks involved in an investment with LGWM. Prospective Clients should read the entire Brochure as well as other materials that may be provided by LGWM and consult with their own advisers prior to engaging LGWM's services.**

## **ITEM 9 - DISCIPLINARY INFORMATION**

This item is inapplicable.

## **ITEM 10 - OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

### **A. Management Persons as Registered Broker Dealers**

iM Global US Distributors LLC ("iM Distributors") is a FINRA member broker dealer. iM Distributors and the LGWM are both beneficially owned by iM Square SAS. Jeff Seeley, LGWM's CEO is a registered principal and Managing Principal of iM Distributors.

### **B. Management Persons as Commodities Traders**

Not applicable to LGWM.

### **C. Material Relationship with Industry Participant Related Persons**

**Affiliated Funds.** LGWM recommends clients to invest in investment funds sponsored or managed by other investment advisers in which iM Square SAS, a beneficial owner of Litman Gregory Wealth Management, LLC has a direct or indirect ownership interest (collectively, "Affiliated Funds").

The fact that LGWM and an Affiliated Fund will each collect fees in connection with investments in Affiliated Funds creates a conflict of interest in that LGWM will have a material financial interest in



recommending or selecting Affiliated Funds for a Client. LGWM seeks to mitigate this conflict of interest by conducting investment due diligence and analysis that LGWM believes is reasonably designed to ensure that an investment in an Affiliated Fund is in the best interest of the Client.

**iM Global Partner Fund Management.** iM Global Partner Fund Management LLC (“iMGPFM”) and Litman Gregory Wealth Management, LLC are both beneficially owned by iM Square. iMGPFM provides investment research, shared personnel, office and general and administrative services to LGWM.

**iM Global Partner Fund Management Funds.** LGWM recommends clients to invest in investment funds managed by iMGPFM in which iM Square SAS, a beneficial owner of Litman Gregory Wealth Management, LLC has indirect ownership interest (collectively, “iMGPFM Funds”).

LGWM’s investment of Client assets with iMGPFM Funds will result in layering of fees for clients, who will be subject to fees imposed by both LGWM and iMGPFM Funds. LGWM reduces the fees it receives from this arrangement to avoid its clients being subject to duplicative fees.

#### **D. Material Conflicts of Interest Relating to other Investment Advisers**

In certain situations, we recommend **Independent Managers** whose investment strategies fit within specified asset classes to manage a portion of clients’ portfolios through direct separate accounts.

Independent Managers invest directly, on a discretionary basis, in securities within the specified asset class using strategies consistent with the Client’s Investment IPS, which may also include cash management services. We obtain a Client’s written consent before engaging an Independent Manager. For discretionary Client accounts, we determine the timing and amount of allocations of a Client’s assets in and out of the separate account, both to maintain the appropriate allocation of the Client’s portfolio to that asset class, and to reflect our ongoing assessment of the Independent Manager’s performance relative to other investment options in that asset class.

### **ITEM 11 - CODE OF ETHICS, Participation or Interest in Client Transactions and Personal Trading**

#### **A. Code of Ethics**

LGWM has adopted a Code of Ethics (the “Code”) pursuant to Rule 204A-1 under the Advisers Act. LGWM believes that high ethical standards are essential if LGWM is to earn and maintain the confidence of LGWM’s clients.

The Code is designed to: (i) establish guidelines for professional conduct and personal trading procedures; (ii) prevent improper personal trading by LGWM employees; (iii) prevent improper use of material, non-public information about securities recommendations made by LGWM or securities holdings of Clients; (iv) identify conflicts of interest; and (v) provide a means to resolve any actual or potential conflict in favor of LGWM Clients, and other areas as described fully in the Code.

Compliance with the Code is a condition of employment. All of our employees must acknowledge the terms of the Code of Ethics annually, or as amended.

Any employee found to have engaged in improper or unlawful activity faces appropriate administrative and legal action. It is the responsibility of each employee to ensure that they and those they manage are conducting business professionally and are complying with the procedures and policies governing LGWM’s collective responsibility. Any employee becoming aware of others engaged in wrongdoing or improper conduct must immediately report such activity to their manager and/or LGWM’s CCO. Failure to do so may result in additional action being taken against that individual.

The following highlights some of the provisions of LGWM Code of Ethics:

- Employees can invest in specified types of securities subject to pre-clearance.
- No short-term trading (employees are required to hold eligible securities for at least 30 days with certain exceptions).
- Brokerage provision of duplicate copies of brokerage statements and confirmations to the firm's CCO, or the electronic equivalent.
- Employee provision of Initial Holdings Reports, Quarterly Transaction Reports, and Annual Certification and Holdings Reports, which LGWM's compliance department reviews for trading activity.
- Requirement that personal transactions be consistent with the Code of Ethics in a manner that avoids any actual or potential conflict of interest.
- Any employee not in observance of the above may be subject to discipline.

LGWM has adopted policies and procedures governing gifts and business entertainment, which includes quarterly disclosure of gifts and business entertainment in excess of certain de minimis thresholds and pre-clearance by the Chief Compliance Officer prior to giving/receiving gifts above a certain de minimis threshold.

LGWM, or its related persons, in the course of their investment management and other activities (e.g., board service), may come into possession of confidential or material nonpublic information about issuers, including issuers in which LGWM or its related persons have invested or seek to invest on behalf of clients. LGWM is prohibited from improperly disclosing or using such information for its own benefit or for the benefit of any other person, regardless of whether such other person is a Client. LGWM maintains and enforces written policies and procedures that prohibit the communication of such information to persons who do not have a legitimate need to know such information and to assure that LGWM is meeting its obligations to its clients and remains in compliance with applicable law. In certain circumstances, LGWM may possess certain confidential or material, nonpublic information that, if disclosed, might be material to a decision to buy, sell or hold a security, but LGWM will be prohibited from communicating such information to the Client or using such information for the Client's benefit. In such circumstances, LGWM will have no responsibility or liability to the Client for not disclosing such information to the Client (or the fact that LGWM possesses such information), or not using such information for the Client's benefit, as a result of following LGWM's policies and procedures designed to provide reasonable assurances that it is complying with applicable law.

All employees must acknowledge the terms of the Code annually, and whenever it has been amended.

## **B. Conflicts of Interest in Connection with Recommendations and Transactions**

As discussed in Item 10 of this brochure, LGWM recommends clients to invest in the iMGPFM Funds and the Affiliated Funds.

This practice creates a conflict of interest in that LGWM will have a material financial interest in recommending or selecting iMGPFM Funds and the Affiliated Funds for a Client.

With respect to the iMGPFM Funds, LGWM seeks to mitigate this conflict by offsetting the fees paid to iM Global Partners Fund Management, LLC, the affiliated manager of the iMGPFM Funds.

Additionally, LGWM seeks to mitigate this conflict of interest by conducting investment due diligence and analysis that LGWM believes is reasonably designed to ensure that an investment in an iMGPFM Fund and the Affiliated Fund is in the best interest of the Client.

LGWM maintains policies regarding the aggregation of purchase and sale orders and the allocation of investments (please see Item 12, "Brokerage Practices") that are reasonably designed to ensure that LGWM and its personnel service all Clients in a manner consistent with the duties an adviser owes to

its Clients and applicable law and without considering the ownership, compensatory or other pecuniary or financial interests of LGWM or its personnel.

**Charitable Contributions to Certain Non-Profit Investors.** Some of LGWM's Clients are non-profit, charitable or educational institutions. From time to time, LGWM or its employees make charitable contributions to these organizations. It could be a conflict of interest if any such contributions were made in order to influence an institution to become or remain a Client of LGWM. However, these contributions are not made for that purpose, and given their amount and nature, LGWM does not believe that they have that effect.

**Resolution of Conflicts of Interest.** In the case of all conflicts of interest, LGWM's determination as to which factors are relevant, and the resolution of such conflicts, will be made using LGWM's best judgment, but in its sole discretion. LGWM seeks to address these potential conflicts through the use of:

- A robust Code of Ethics (which is described in Item 11.A, above).
- Annual requirement that Employees complete a questionnaire detailing their other activities and potential conflicts.
- Requirement that Employees pre-clear outside business activities (other than outside activities related to charities, non-profit organizations/clubs, civic/trade organizations).
- Disclosure of potential conflicts of interests and risks in this Form ADV.

Clients or prospective clients can request a copy of our Code of Ethics policy by contacting us at [compliance@lgam.com](mailto:compliance@lgam.com)

### **C. Investing Personal Money in the Same Securities as Clients**

Our managers, members, and employees may from time to time buy or sell securities recommended to clients, which creates a conflict of interest. The firm attempts to minimize this conflict by the adoption and enforcement of a robust Code of Ethics policy that includes employee personal trading limitations as outlined above.

### **D. Trading Securities at/around the Same Time as Client Securities**

Our personnel may generally invest in securities suitable for Client accounts only if there is sufficient availability of those securities after all clients for whom they are appropriate have had the opportunity to purchase them.

A complete copy of LGWM's current Code of Ethics is available by sending a written request to: [compliance@lgam.com](mailto:compliance@lgam.com).

The CCO has granted in the past, and may grant in the future, exceptions to the 'Code of Ethics Personal Trading Restrictions' and 'Code of Ethics Personal Trading Preclearance' requirements outline above.

## **ITEM 12 - BROKERAGE PRACTICES**

### **A. Brokerage Practices, Generally**

Unless otherwise directed by a Client, we recommend that clients maintain their investment accounts managed by us at Charles Schwab & Co. (Schwab) or Fidelity Investments (Fidelity) collectively ("Preferred Custodians".) We execute the vast majority of our trades through Schwab and Fidelity and they provide us with access to institutional trading, custody, and a variety of other services, many of which are typically not available to retail investors. Preferred Custodians generally do not charge separately for custody services but are, among other types of compensation, compensated by account

holders through commissions with respect to certain transactions, interest in uninvested cash, fees on money market and other funds, payment for order flow and other transaction-related or asset-based fees for certain securities trades that are executed through Schwab or Fidelity. Clients should refer to their agreement with Schwab or Fidelity for details regarding the costs and fees charged by Schwab or Fidelity. The provision of products and services to us is currently not contingent upon us maintaining any specific level of Client assets in custody at Preferred Custodians or generating any specific level of commissions for Preferred Custodians.

Additionally, Preferred Custodians often offer our clients 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. Schwab and Fidelity often offer to us products and services that assist us in managing and administering clients' accounts, such as software and other technology that: (i) provide access to Client account data (such as trade confirmations and account statements); (ii) facilitate trade execution and allocate aggregated trade orders for multiple Client accounts; (iii) provide research, pricing, and other market data; (iv) facilitate payment of management fees from Client accounts, and (v) assist with back-office functions, recordkeeping, and Client reporting. In addition, at times we receive services to help manage and further develop our business. This can include access to publications or complimentary attendance at industry events. Preferred Custodians sometimes make available, arrange and/or pay third-party vendors for services delivered to us. Preferred Custodians at times discount or waive fees they 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 our us. Preferred Custodians may also provide other benefits such as educational events or occasional business entertainment of our employees and Client referrals.

We monitor transaction results to evaluate the quality of execution provided by Preferred Custodians we use, determine that compensation rates are competitive, and otherwise evaluate the reasonableness of the compensation paid to Preferred Custodians in light of all the factors described above.

### **A.1 Research and Client Commission Management**

We do not currently use direct commission dollars generated by our clients' accounts (i.e., "soft dollars" or "CSAs") to pay for research or other goods and services.

### **A.2. Brokerage for Client Referrals**

Not applicable to LGWM.

### **A.3. Directed Brokerage**

At times, because of a prior relationship between a Client and one or more Financial Institutions<sup>1</sup> or for other reasons, a Client instructs us to execute securities transactions for its account with or through one or more Financial Institutions designated by the Client. When using a Financial Institution designated by a Client, we do not negotiate the terms and conditions (including, but not limited to, commission rates) relating to services provided by such Financial Institution. We are not responsible for obtaining for that Client from any such Financial Institution the best prices or any particular commission rates for transactions with or through that Financial Institution. That Client may not participate in aggregated security transactions as described herein and may trade after such aggregated orders and receive less favorable execution. A Client must promptly inform us in writing if that Client desires that we cease executing transactions through any Financial Institution previously designated by the Client.

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<sup>1</sup> Financial institutions include but are not limited to any broker-dealers we recommend, broker-dealers directed by the Client, trust companies, banks etc.

When we engage an Independent Manager to manage a portion of a Client's assets, a separate custodial account is established for that Client. The Independent Manager is granted investment discretion over that separate custodial account and discretion to choose the brokers that execute trades for that separate custodial account. Such accounts are generally maintained at Schwab and it is expected that the Independent Managers will use Schwab to execute most of the trades for the accounts. The Independent Manager is responsible for best execution of these trades. The Client is responsible for the brokerage, custodial and other expenses of the account. At the Client's election, Schwab charges either transaction-based commissions or fixed asset-based fees for executing trades for these accounts.

## **B. Aggregation of Securities Transactions**

LGWM aggregates Client sale and purchase orders for securities with similar orders being made simultaneously for other Clients, if, in LGWM's reasonable judgment, such aggregation is reasonably likely to result generally in reduced market impact and/or lower per-share brokerage commission costs.

In many instances, the purchase or sale of securities for some of LGWM's Clients will be effected simultaneously with the purchase or sale of like securities for other of LGWM's Clients. Such transactions can be made at slightly different prices, due to the volume of securities purchased or sold. Pursuant to LGWM's policies regarding the aggregation of transactions for Clients' accounts, each Client will be charged or credited, as the case may be, the average transaction price of all securities purchased or sold in such transactions. As a result, the transaction price might be more or less favorable to a Client than it would have been if similar transactions were not being executed concurrently for other accounts or if the Client paid the actual (as opposed to average) transaction price for its purchase/sale.

Nevertheless, it is not always possible to execute all trades in the same security for all Clients simultaneously, or to purchase enough of a given security to satisfy all Client account needs. Further, at times account situations prevent the Client from participating in the execution of a trade of a particular security among similar investment styles. In general, Client accounts with risk parameters that fit a particular security will receive allocations ahead of Client accounts with less well-matched risk parameters. After executing an aggregated securities transaction, a documented allocation statement specifying the participating Client accounts and how the transactions were allocated among those Client accounts will be maintained in our records. When making firm-wide investment strategy changes, we will use a fair and equitable method to sort Client relationships for portfolio review and trade execution. We will make a reasonable effort to complete firm-wide investment strategy trading in clients' portfolios in a reasonable amount of time.

LGWM or its related persons may also participate in an aggregated order. Proprietary accounts may be included in any aggregated securities transaction. "Proprietary Account" means (1) a securities investment or trading account held in the name of an employee or any of his or her family members, or of which that employee or any of his or her family members has beneficial ownership, or (2) a proprietary investment or trading account maintained for the firm or its employees, except that the term "Proprietary Account" does not include any such account to which we serve as an investment adviser.

## **Transaction Error Policy**

LGWM seeks to avoid transaction errors. However, errors might occur in connection with LGWM's management of a Client account, and LGWM has the following policies and procedures in place that address the identification and correction of transaction errors.

LGWM generally considers a transaction error to have occurred if there has been a deviation from the applicable standard of care in the placement, execution, or settlement of a trade for a Client

account resulting in a loss to the account that is determined by LGWM, in its sole discretion and pursuant to its transaction errors procedures, to be the fault of LGWM.

LGWM seeks to identify, escalate, and correct transaction errors promptly. Upon detection/notification of a transaction error, the CCO will promptly investigate the circumstances of the transaction error to determine:

- Whether a Client account suffered any actual or potential loss as a result;
- Where the responsibility of the transaction error lies; and
- Whether there has been any breach of the Client's guidelines or applicable law.

Based on the CCO's own review, the CCO will supervise and give guidance on the correction of the transaction error. In general, LGWM has an obligation to place transactions correctly and must bear the cost of correcting the transaction error that it is responsible for when placing a transaction for a Client account.

LGWM makes its determinations regarding transaction errors on a case-by-case basis.

Not all mistakes or other issues will be considered transaction errors, and not all mistakes or other issues will be considered compensable to the Client account.

When LGWM determines that a transaction error has occurred, LGWM, in its discretion, will determine the amount of any reimbursement to an affected Client account.

The calculation of the amount of any loss will depend on the particular facts surrounding the transaction error, and the methodology used by LGWM to calculate the loss might vary.

LGWM can, in its discretion, net a Client's gains and losses from a single transaction error or a series of transactions related to a transaction error and compensate the Client account for the net loss.

If LGWM determines there has been a loss as a result of a transaction error, but the amount of loss is considered de minimis, LGWM generally will not reimburse a Client for the loss.

## **ITEM 13 - REVIEW OF ACCOUNTS**

### **A. Frequency and Nature of Periodic Review and Who Makes Those Reviews**

Our investment adviser representatives review each of their respective Client accounts at least once per quarter to ensure conformity with the stated strategy and Client needs and to implement any necessary strategy changes.

### **B. Factors that Will Trigger a Non-Periodic Review of Client Accounts**

More frequent reviews can be triggered by factors such as cash flows in or out of an account, asset class changes within a strategy, and manager changes within a strategy.

### **C. Client Reports**

Qualified Custodians and Financial Institutions provide monthly or quarterly written reports directly to Clients. These reports are automatically generated.

LGWM also provides quarterly written reports to Clients. Our reports generally contain total portfolio holdings, summary of accounts list with values, asset allocation, and performance on a time-weighted basis by quarter-to-date, year-to-date, five-year, 10-year and since-inception and are generated automatically.

## ITEM 14 - CLIENT REFERRALS AND OTHER COMPENSATION

### A. Economic Benefits Provided by Third Parties

LGWM receives an economic benefit from Schwab or Fidelity in the form of the support, products and services it makes available to us and other independent investment advisers that have their clients maintain accounts at their institutions. These products and services, how they benefit LGWM, and the related conflicts of interest are described above in Item 12. The availability to us of such products and services is not based on us giving particular investment advice, such as buying particular securities for our clients or a certain level of Client Commissions.

### B. Compensation to Non-Advisory Personnel for Client Referrals

Not applicable.

## ITEM 15 - CUSTODY

Clients will receive account statements from their Financial Institution or other Qualified Custodian and Clients should carefully review those statements.

LGWM also sends quarterly statements directly to Clients in addition to those sent by the Financial Institution or Qualified custodian. Clients should compare these quarterly statements they receive with those received from LGWM.

LGWM does not directly or indirectly hold Clients' funds or securities.

LGWM discretionary Clients' accounts are held in custody by unaffiliated, Qualified Custodians, but LGWM can access many Clients' accounts (by Client request) through its ability to debit advisory fees. For this reason LGWM is considered to have custody of Client assets.

In certain instances, LGWM is deemed, under federal securities laws, to have custody of certain Client accounts by virtue of LGWM's specific investment advisors' roles as trustees to certain accounts and password access to certain Client accounts. In such cases, the assets are maintained by independent, unaffiliated qualified custodians and are subject to an annual surprise custody examination in compliance with Rule 206(4)2 under the Investment Advisers Act.

LGWM is also deemed, under federal securities laws, to have custody of certain Client accounts based on the existence of standing letters of authorization ("SLOAs") authorizing LGWM to direct Client assets from certain accounts to Client-approved third parties. In such cases, the assets are maintained by independent, unaffiliated qualified custodians. In lieu of an annual custody examination, LGWM meets certain prescribed regulatory requirements with respect to such accounts.

Clients should be aware of their responsibility to verify the accuracy of the fee calculation submitted to the custodian by LGWM, as the custodian will not determine whether the fee has been properly calculated.

## ITEM 16 - INVESTMENT DISCRETION

LGWM provides investment advisory services on a discretionary basis to clients. Please see Item 4 for a description of any limitations clients may place on LGWM's discretionary authority.

Clients must complete an Investment Management Agreement at the beginning of the relationship giving us discretionary authority to determine, without obtaining the consent of the Client: (i) which

securities are brought or sold, (ii) the total amount of the securities bought or sold, and (iii) the Financial Institution used to buy and sell securities, and the rates paid for securities transactions.

We do not have discretion to engage Independent Managers for clients. Before we engage an Independent Manager for a Client, the Client must sign an Independent Manager Authorization that supplements its Investment Management Agreement. Although technically both we and the Independent Managers typically have investment discretion over Client accounts that are managed by Independent Managers, we generally exercise our discretion only for the purpose of transferring Client assets into and out of those accounts and over the amount of a Client's assets allocated to such an account. Absent extraordinary circumstances, we do not participate in or monitor the Independent Managers' investment decisions, and they have sole responsibility for managing the assets we allocate to them.

### ITEM 17 - VOTING CLIENT SECURITIES

We generally have the authority to vote proxies (except to the extent that a Client instructs us otherwise in writing) relating to securities in our clients' managed accounts. Additionally, Independent Managers will generally be responsible for voting proxies for securities under their management, as such solicitations will not be addressed by LGWM. For proxies that we do vote, we will vote as we deem appropriate in accordance with our written policies and procedures. These policies and procedures outline pre-determined guidelines for voting many typical proxy proposals. However, each proxy issue will be considered individually so that we can determine what we believe would be in the Client's best interest.

Where a proxy proposal raises a material conflict of interest between the interests of us and our Client, including proxies of funds managed by us or its affiliates (e.g., iMGPFM Funds and/or the Affiliated Funds), we seek to avoid material conflicts of interest by applying our pre-determined proxy voting guidelines in an objective and consistent manner across Client accounts. If we have discretion to deviate from, or do not have specific guidelines with respect to, the proposal in question, we will cast the proxies in the same proportion as the other shareholders of the issuer who are not affiliated with us have done, to the extent we have available information from the issuer or its agent to permit that form of voting. This form of voting is known as shadow or mirror voting. To the extent that shadow voting is not available on a timely basis, we will abstain from voting the securities held in that Client's account; provided, however, that if we determine that it is in a Client's best interest to vote the proxy, we will forward the proxy voting materials to the Client.

The following are some, but not all, circumstances where we will limit our role in voting proxies, (i) Limited Value. We may abstain from voting a Client proxy based upon a conclusion that the effect on a client's economic interests or the value of the portfolio holding is indeterminable or insignificant and (ii) Costs exceed benefits. We may abstain from voting a Client proxy if we believe that the costs of voting the proxy exceed the expected benefit to the Client of voting the proxy.

Clients can obtain a copy of our proxy voting policies and procedures and information on how we have voted the Client's securities by contacting us at [compliance@lgam.com](mailto:compliance@lgam.com).

### ITEM 18 - FINANCIAL INFORMATION

We have no financial commitment that impairs our ability to meet contractual and fiduciary commitments to clients, and we have not been the subject of a bankruptcy proceeding.



## ADDITIONAL INFORMATION

### Business Continuity Plan

LGWM has developed and periodically tests its Business Continuity Plan, which outlines how it would respond to events that could significantly disrupt its business. Due to the fact that the timing and impact of potential disasters and disruptions are unpredictable, we recognize the need for flexibility in responding to actual events if and when they occur. With that in mind, we are providing you with this information on our business continuity plan.

**Contacting Us** – If after a significant business disruption, you cannot contact us as you usually do at (415) 461-8999, you should call one of our alternative numbers: (925) 254-8999 or go to our website at <http://www.lgam.com>.

If you are a separately managed account Client and cannot access us through those means, you should contact your Charles Schwab or Fidelity custodian directly.

Should a significant business disruption occur, LGWM intends to respond quickly by safeguarding our employees and property, conducting rapid financial and operational assessments, protecting LGWM's books and records, and implementing emergency measures to allow our customers to transact business. LGWM's Business Continuity Plan addresses data backup and recovery; all mission-critical systems; financial and operational assessments; alternative communications with customers, employees and regulators; alternate physical location of employees; communication with critical suppliers, bank and regulatory reporting institutions; and ensuring Clients prompt access to their funds and securities if LGWM were unable to continue its business.

Significant business disruptions can vary in their scope—such as affecting only LGWM, a single building housing LGWM, the business district where LGWM is located, the city where LGWM is located (Walnut Creek or Larkspur) or an entire region (the Bay Area). Within each of these areas, the severity of the disruption can also vary from minimal to severe. In a disruption to only LGWM or a building housing LGWM, LGWM will transfer its operations to a local site when needed and expects to recover and resume business within four hours. In a disruption affecting LGWM's business district, city, or region, LGWM will transfer operations to a site outside of the affected area and expects to recover and resume business within four hours. This recovery objective might be negatively affected by the unavailability of external resources and circumstances beyond our control. Orders and requests for funds and securities could be delayed during this period. In either situation, LGWM plans to continue its business, transferring operations to an alternate site if necessary, and will notify customers through our website at [www.lgam.com](http://www.lgam.com) or by pre-recorded message on our main phone line at (925) 254-8999 on how to contact LGWM. If the significant business disruption is so severe that it prevents LGWM from remaining in business, LGWM will ensure our customers' prompt access to their funds and securities.

If you have questions about LGWM's business continuity planning, please contact us at [compliance@lgam.com](mailto:compliance@lgam.com)

### Privacy Policy

Litman Gregory Wealth Management, LLC:

- collects non-public personal information about its Clients from the following sources:
  - information received from Clients on applications or other forms, and
  - information about Clients' transactions with LGWM, its affiliates or others;
- does not disclose any non-public personal information about their Clients or former Clients to anyone, except as required by law;
- restricts access to non-public personal information about Clients to its employees who need to know that information to provide services to Clients; and

- maintains physical, electronic and procedural safeguards that comply with federal standards to guard Clients' and investors' personal information.