



## **Lifestyle Asset Management, Inc**

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### **FORM ADV PART 2A Disclosure Brochure**

**February 4, 2025**

This brochure provides information about the qualifications and business practices of Lifestyle Asset Management, Inc. If you have any questions about the contents of this brochure, please contact us at 281-612-2035. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Lifestyle Asset Management, Inc. is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable IARD/CRD number for Lifestyle Asset Management, Inc. is 157450.

Lifestyle Asset Management, Inc. is a registered investment adviser. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training

## **Item 2 Summary of Material Changes**

Form ADV Part 2 requires registered investment advisers to amend their brochure when information becomes materially inaccurate. If there are any material changes to an adviser's disclosure brochure, the adviser is required to notify you and provide you with a description of the material changes.

Since our last annual updating amendment on March 15, 2024, we have the following material changes to report:

Item 4 has been updated to include outsourcing of trading signals and models from a third party

Item 4 has been updated to include new models

Item 10 has been updated to include that some representatives are also insurance-licensed

## Item 3 Table of Contents

Item 2 Summary of Material Changes .....	2
Item 3 Table of Contents .....	3
Item 4 Advisory Business .....	4
Item 5 Fees and Compensation.....	11
Item 6 Performance-Based Fees and Side-By-Side Management.....	15
Item 7 Types of Clients.....	15
Item 8 Methods of Analysis, Investment Strategies and Risk of Loss .....	15
Item 9 Disciplinary Information .....	17
Item 10 Other Financial Industry Activities and Affiliations.....	18
Item 11 Code of Ethics, Participation or Interest in Client Transactions and Personal Trading .....	18
Item 12 Brokerage Practices .....	19
Item 13 Review of Accounts .....	21
Item 14 Client Referrals and Other Compensation .....	21
Item 15 Custody .....	21
Item 16 Investment Discretion .....	22
Item 17 Voting Client Securities.....	22
Item 18 Financial Information .....	22
Item 19 Requirements for State-Registered Advisers .....	22
Item 20 Additional Information .....	23

## Item 4 Advisory Business

### Description of Services and Fees

Lifestyle Asset Management, Inc. is a registered investment adviser based in Friendswood, Texas. We are organized as a sub-Chapter S corporation under the laws of the State of Texas. We have been providing investment advisory services since 2011. Michael Wegner is our principal owner. Currently, we offer the following investment advisory services, which are personalized to each individual client:

- **Portfolio Management Services**
- **Pension Consulting Services**
- **Sub-Advisory and Third Party Manager Services**
- **Financial Planning and Consulting Services**

The following paragraphs describe our services and fees. Please refer to the description of each investment advisory service listed below for information on how we tailor our advisory services to your individual needs. As used in this brochure, the words "we", "our" and "us" refer to Lifestyle Asset Management, Inc., and the words "you", "your" and "client" refer to you as either a client or prospective client of our firm. Also, you may see the term Associated Person throughout this brochure. As used in this brochure, our Associated Persons are our firm's officers, employees, and all individuals providing investment advice on behalf of our firm.

### Portfolio Management Services

We offer discretionary and, at our option, non-discretionary portfolio management services. Our investment advice is tailored to meet our clients' needs and investment objectives. If you retain our firm for portfolio management services, we will meet with you to determine your investment objectives, risk tolerance, and other relevant information (the "suitability information") at the beginning of our advisory relationship. We will use the suitability information we gather to develop a strategy that enables our firm to give you continuous and focused investment advice and/or to make investments on your behalf. As part of our portfolio management services, we will invest your assets using a predefined strategy, or according to one or more model portfolios developed by our firm. Once we construct an investment portfolio for you or select a model portfolio, 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.

If you participate in our discretionary portfolio management services, 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 investment advisory agreement you sign with our firm, a power of attorney, or trading authorization forms. You may limit our discretionary authority (for example, limiting the types of securities that can be purchased or sold for your account) by providing our firm with your restrictions and guidelines in writing. If you enter into non-discretionary arrangements with our firm, we must obtain your approval prior to executing any transactions on behalf of your account.

## **Portfolio Lineup**

### **Individual Equity Separate Accounts (\$100,000 minimum)**

#### **1. LSAM Legacy GARP**

The objective of the LSAM Legacy GARP Portfolio is growth of capital. The portfolio seeks its objective by normally investing at least 90% of its assets in common stocks of global companies that have improving fundamentals (based on growth criteria) and whose stock is reasonably valued or undervalued by the market (based on value criteria). At least 80% of the portfolio is invested in common stocks of global companies with market capitalizations of \$5 billion or above. This portfolio is appropriate for investors with a time horizon of ten years or greater. Risk level is considered to be aggressive.

#### **2. LSAM Large-Cap GARP**

The objective of the LSAM Large-Cap GARP Portfolio is growth of capital. The portfolio seeks its objective by normally investing at least 90% of its assets in common stocks of U.S based companies that have improving fundamentals (based on growth criteria) and whose stock is reasonably valued or undervalued by the market (based on value criteria). At least 80% of the portfolio is invested in common stocks of U.S. based companies with market capitalizations of \$5 billion or above. This portfolio is appropriate for investors with a time horizon of ten years or greater. Risk level is considered to be aggressive.

#### **3. LSAM Equity-Income**

The objective of the LSAM Equity-Income portfolio is growth of capital with an equally essential objective of current income. The portfolio seeks its objective by normally investing at least 90% of its assets in common stocks of global companies that have strong growth potential, and in addition, high sustainable dividend yields. This portfolio is appropriate for investors with a time horizon of ten years or greater. Risk level is considered to be aggressive.

#### **4. LSAM ALL-CAP 30**

The objective of the LSAM ALL-CAP 30 Portfolio is growth of capital. The portfolio seeks to meet its objective by normally investing at least 90% of its assets in common stocks of global companies that have sustained better than average rates of growth in both revenue and operating income. At least 80% of the portfolio is invested in common stocks of global companies with market capitalizations over \$1 billion. This portfolio is appropriate for investors with a time horizon of ten years or greater. Risk level is considered to be aggressive.

### **Custom Total Return Portfolios (\$500K minimum)**

#### **1. LSAM Total Return Growth**

The objective of the LSAM Total Return Growth portfolio is to obtain long-term capital appreciation. Under normal market conditions, the portfolio is invested in diversified allocations of domestic and international equities and bonds, alternative investments and money market funds. This Total Return portfolio is customized on a client-by-client basis, and utilizes individual stocks, individual bonds, mutual funds and Exchange-Trade Funds, as well

as other investments that are appropriate for meeting the objective of the portfolio. The portfolio is appropriate for investors with a time horizon of seven to ten years. Risk level is considered to be moderately aggressive.

Typical allocation: 70% - 90% equity + alternative assets / 10% - 30% fixed income + cash

## **2. LSAM Total Return Balanced Growth**

The objective of the LSAM Total Return Balanced Growth portfolio is to produce moderate growth of capital with a secondary objective of current income. Under normal market conditions, the portfolio is invested in diversified allocations of domestic and international equities and bonds, alternative investments and money market funds. This Total Return portfolio is customized on a client-by-client basis, and utilizes individual stocks, individual bonds, mutual funds and Exchange-Trade Funds, as well as other investments that are appropriate for meeting the objective of the portfolio. The portfolio is appropriate for investors with a time horizon of five to seven years. Risk level is considered moderate.

Typical allocation: 50% - 70% equity + alternative assets / 30% - 50% fixed income + cash

## **3. LSAM Total Return Balanced Income**

The objective of the LSAM Total Return Balanced Income portfolio is to produce current income with a secondary goal of moderate growth of capital. Under normal market conditions, the portfolio is invested in diversified allocations of domestic and international equities and bonds, alternative investments and money market funds. This Total Return portfolio is customized on a client-by-client basis, and utilizes individual stocks, individual bonds, mutual funds and Exchange-Trade Funds, as well as other investments that are appropriate for meeting the objective of the portfolio. The portfolio is appropriate for investors with a time horizon of three to five years. Risk level is considered low to moderate.

Typical allocation: 30% - 50% equity + alternative assets / 50% - 70% fixed income + cash

### **Fund Allocation Portfolios (\$50,000 minimum)**

#### **1. LSAM Aggressive Growth**

The objective of the LSAM Aggressive Growth portfolio is to obtain long-term capital appreciation without regard for current income. Under normal market conditions, the portfolio is invested in mutual fund and Exchange-Traded Fund allocations of domestic and international equities, alternative investments and money market funds. This portfolio is appropriate for investors with a time horizon of ten years or greater. Risk level is considered to be aggressive.

Typical allocation: 90% - 100% equity + alternative assets / 0% - 10% fixed income + cash

#### **2. LSAM Growth**

The objective of the LSAM Growth portfolio is to obtain long-term capital appreciation. Under normal market conditions, the portfolio is invested in mutual fund and Exchange-Traded Fund allocations of domestic and international equities and bonds, alternative investments and money market funds. This portfolio is designed for investors seeking long-term growth with

moderate risk and is appropriate for investors with a time horizon of seven to ten years. Risk level is considered to be moderately aggressive.

Typical allocation: 75% - 85% equity + alternative assets / 15% - 25% fixed income + cash.

### **3. LSAM High Income**

The objective of the LSAM High Income portfolio is to produce current income without regard to volatility in the value of the holdings. Under normal market conditions, the portfolio is invested in diversified mutual fund and Exchange-Traded Fund allocations of domestic and international equities, bonds, and Real Estate Investment Trusts (REITs), alternative investments, covered call strategies, and money market funds. This portfolio is designed for investors seeking high current income with moderate risk and is appropriate for investors with a time horizon of seven to ten years. Risk level is considered to be moderately aggressive.

Typical allocation: 20% – 25% equity + alternative assets / 75% – 85% fixed income + cash.

### **4. LSAM Balanced Growth**

The objective of the LSAM Balanced portfolio is to produce moderate growth of capital with a secondary objective of current income. Under normal market conditions, the portfolio is invested in mutual fund and Exchange-Traded Fund allocations of domestic and international equities and bonds, alternative investments and money market funds. This portfolio is appropriate for investors with a time horizon of five to seven years. Risk level is considered moderate.

Typical allocation: 55% - 65% equity + alternative assets / 35% - 45% fixed income + cash

### **5. LSAM Retirement Income**

The objective of the LSAM Retirement Income portfolio is to produce moderate growth of capital with an equal secondary objective of current income. Under normal market conditions, the portfolio is invested in diversified mutual fund and Exchange-Traded Fund allocations of domestic and international equities and bonds, alternative investments and money market funds. This portfolio is appropriate for investors with a time horizon of five to seven years. Risk level is considered moderate.

Typical allocation: 55% – 65% equity + alternative assets / 35% – 45% fixed income + cash

### **6. LSAM Balanced Income**

The objective of the LSAM Balanced Income portfolio is to produce current income with a secondary goal of minimal to moderate growth of capital. Under normal market conditions, the portfolio is invested in diversified mutual fund and Exchange-Traded Fund allocations of domestic and international bonds, alternative investments, equities and money market funds. This portfolio is appropriate for investors with a time horizon of three to five years. Risk level is considered low to moderate.

Typical allocation: 35% - 45% equity + alternative assets / 55% - 65% fixed income + cash

### **7. LSAM Conservative**

The objective of the LSAM Conservative portfolio is to preserve capital and produce current income with a secondary goal of minimal growth of capital. Under normal market conditions, the portfolio is invested in diversified mutual fund and Exchange-Traded Fund allocations of domestic and international bonds, alternative investments, equities and money market funds. This portfolio is appropriate for investors with a time horizon of less than three years. Risk level is considered low.

Typical allocation: 15% – 25% equity + alternative assets / 75% – 85% fixed income + cash

## **8. LSAM Bond**

The objective of the LSAM Bond portfolio is to preserve capital and produce current income. Under normal market conditions, the portfolio is invested in diversified mutual fund and Exchange-Traded Fund allocations of domestic and international bonds, alternative investments, and money market funds. This portfolio is appropriate for investors with a time horizon of less than three years. Risk level is considered low.

Typical allocation: 20% – 30% equity + alternative assets / 70% – 80% fixed income + cash

## **Trading Signals and Models**

Our firm may outsource trading signals and models to third-party providers to enhance the effectiveness and efficiency of our investment strategies when we see fit. In such cases, the third-party provider is carefully selected based on their expertise, track record, and alignment with our fiduciary responsibility to clients. The firm maintains oversight of all outsourced services, ensuring that the models and signals align with the firm's investment objectives and client goals. We regularly review the performance of these third-party services and maintain the right to adjust or discontinue their use if necessary to act in the best interest of our clients.

## **Pension Consulting Services**

We offer pension consulting services to employee benefit plans and their fiduciaries based upon the needs of the plan and the services requested by the plan sponsor or named fiduciary. In general, these services may include an existing plan review and analysis, plan-level advice regarding fund selection and investment options, education services to plan participants, investment performance monitoring, and/or ongoing consulting. These pension consulting services are either non-discretionary or discretionary and advisory in nature. For non-discretionary pension consulting, the ultimate decision to act on behalf of the plan shall remain with the plan sponsor or other named fiduciary.

We may also assist with participant enrollment meetings and provide investment-related educational seminars to plan participants on such topics as:

- Diversification
- Asset allocation
- Risk tolerance
- Time horizon

Our educational seminars may include other investment-related topics specific to the particular plan.



We may also provide additional types of pension consulting services to plans on an individually negotiated basis. All services, whether discussed above or customized for the plan based upon requirements from the plan fiduciaries (which may include additional plan-level or participant-level services) shall be detailed in a written agreement and be consistent with the parameters set forth in the plan documents.

Either party to the pension consulting agreement may terminate the agreement upon 30-days' written notice to the other party. The pension consulting fees will be prorated for the quarter in which the termination notice is given and any unearned fees will be refunded to the client.

### **Advisory Services to Retirement Plans**

As disclosed above, we offer various levels of advisory and consulting services to employee benefit plans ("Plan") and to the participants of such plans ("Participants"). The services are designed to assist plan sponsors in meeting their management and fiduciary obligations to Participants under the Employee Retirement Income Securities Act ("ERISA"). Pursuant to adopted regulations of the U.S. Department of Labor under ERISA Section 408(b)(2), we are required to provide the Plan's responsible plan fiduciary (the person who has the authority to engage us as an investment adviser to the Plan) with a written statement of the services we provide to the Plan, the compensation we receive for providing those services, and our status (which is described below).

The services we provide to your Plan are described above, and in the service agreement that you have previously signed with our firm. Our compensation for these services is described below, at Item 5, and also in the service agreement. We may, with consent of the Plan, and in accordance with Plan documents, bill out-of-pocket expenses (such as overnight mailings, messenger, translation fees, etc.) at cost. We do not reasonably expect to receive any other compensation, direct or indirect, for the services we provide to the Plan or Participants. Nonetheless, if we receive any other compensation for such services, we will (i) offset the compensation against our stated fees, and (ii) we will promptly disclose the amount of such compensation, the services rendered for such compensation and the payer of such compensation to you.

In providing services to the Plan and Participants, our status is that of an investment adviser registered with the State of Texas and other state securities authorities and we are not subject to any disqualifications under Section 411 of ERISA. In performing fiduciary services, we are acting either as a non-discretionary fiduciary of the Plan as defined in Section 3(21) under ERISA, and/or as a discretionary fiduciary of the plan as defined in Section 3(38) under ERISA.

### **Sub-Advisory Services**

We maintain referral relationships with various unaffiliated registered investment advisers ("referring advisers"), whereby these advisers refer clients to us for asset management services. Under such arrangements, we will actively manage the client's portfolio, and we will assume investment discretion and trading authority over the managed account. The referring advisers will not manage or obtain investment discretion or trading authority over the assets in your account. However, under the terms of the agreement signed with the referring advisers, they may assume discretionary authority to terminate the relationship with our firm and reallocate assets to other advisers for management services. You should review each referring adviser's agreement and disclosure brochure carefully for specific information on their services. You should contact the referring advisers directly with questions regarding their services.

We also provide models and buy/sell signals to registered investment advisers subscribers on an individual basis whereby an RIA firm may engage us directly to provide a model (including updates or rebalancing thereto) for a fixed fee which is charged quarterly. These buy/sell signals are indicators regarding the timing of different investments. A buy is an indicator that the price, momentum, and/or other factors imply a particular security should be bought. A sell signal is the opposite, and is an indicator that a particular security should be sold. Signals take into account various fundamental and technical factors. There is no guarantee of the accuracy of any signal, and acting on signals may produce gains and/or losses. Recipient subscribers are under no obligation to act on any of the signals provided by Lifestyle Asset Management, Inc. The agreement with each advisor is for one year and is renewed annually. The fee for this service is negotiated on a case by case basis with each investment adviser and is not based on the amount of assets the adviser places into the model.

### **Selection of Other Advisers**

We may recommend that you use the services of third party to manage all, or a portion of, your investment portfolio. We will receive a portion of the fees paid by clients to these third-party money managers for their services. This arrangement creates a potential conflict of interest, as we may be incentivized to recommend these third-party money managers to clients due to the additional compensation we receive. It is important to note that the fees paid to the third-party money managers are typically higher than if the client were to engage directly with the money manager. Clients will be informed of the total fees and expenses they will incur, including any portion paid to us. Clients are under no obligation to utilize any third-party managers recommended by Lifestyle Asset Management.

After gathering information about your financial situation and objectives, we may engage a specific third party manager or investment program. Factors that we take into consideration when making our decision as to which third party adviser(s) to use include, but are not limited to, the following: the advisors' performance, methods of analysis, fees, your financial needs, investment goals, risk tolerance, and investment objectives. We will monitor the third-party managers' performance to ensure its management and investment style remains aligned with your investment goals and objectives. The third party managers) will actively manage your portfolio and will assume discretionary investment authority over your account. We will assume discretionary authority to hire and fire third party managers and/or reallocate your assets to other managers where we deem such action appropriate.

### **Financial Planning Consulting**

We offer consulting services which primarily involves advising clients on specific financial-related topics. The topics we address may include, but are not limited to, risk assessment/management, investment planning, financial organization, or financial decision making/negotiation.

### **Publication of periodicals or newsletters**

We currently have developed and release a monthly market commentary to clients called Lifestyle Asst Management Market Commentary.

### **Types of Investments**

We primarily offer advice on equity securities, warrants, corporate debt securities, commercial paper, certificates of deposit, municipal securities, investment company securities, US Government

securities, options contracts on securities and commodities, futures contracts on securities and commodities, and interests in partnerships investing in real estate and oil and gas.

Additionally, we may advise you on any type of investment that we deem appropriate based on your stated goals and objectives. We may also provide advice on any type of investment held in your portfolio at the inception of our advisory relationship.

You may request that we refrain from investing in particular securities or certain types of securities. You must provide these restrictions to our firm in writing.

## **Assets Under Management**

As of December 31, 2024, our discretionary assets under management were \$399,218,297 and non-discretion were \$0. We also provide investment advice on an additional \$5,962,719 of assets that we do not manage on a continuous basis.

## **Item 5 Fees and Compensation**

### **Portfolio Management Services**

Our fee for portfolio management services is based on a percentage of your assets we manage and is set forth in the following fee schedule:

<b>Assets Under Management</b>	<b>Annual Fee</b>
\$0 to \$250,000	1.75%
\$250,001 to \$500,000	1.55%
\$500,001 to \$750,000	1.45%
\$750,001 to \$1,000,000	1.35%
\$1,000,001 to \$2,000,000	1.25%
\$2,000,001 to \$3,000,000	1.05%
\$3,000,001 to \$4,000,000	0.95%
\$4,000,001 to \$5,000,000	0.85%
Over \$5,000,000	0.75%

The management fee is “linear” meaning the applicable rate will be applied to the household custodian reported value for each level back to the first dollar. For example, a household with a month end value of \$600,000 will be charged at a rate of 1.45% for the entire household value.

Our annual portfolio management fee is billed and payable monthly in advance based on the value of your account as of the end of the preceding month. The market value of the Portfolio will be determined at the end of each calendar month for the purpose of calculating the management fee by adding the value of all securities and other assets and subtracting liabilities of, or related to, the Portfolio. Adjustments to balances reported on the custodian's statement may be made based on the time weight of deposits or withdrawals from a client's account or for trades, interest and dividends that have yet to be settled.

If the portfolio management agreement is executed at any time other than the first day of a calendar month, 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 month 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.

We will deduct our fee directly from your account through the qualified custodian holding your funds and securities. We will deduct our advisory fee only when the following requirements are met:

- You provide our firm with written authorization permitting the fees to be paid directly from your account held by the qualified custodian.
- The qualified custodian agrees to send you a statement, at least quarterly, indicating all amounts dispersed from your account including the amount of the advisory fee paid directly to our firm.

You may terminate the portfolio management agreement upon 30 days written notice to our firm. You will incur a pro rata charge for services rendered prior to the termination of the portfolio management agreement, which means you will incur advisory fees only in proportion to the number of days in the month for which you are a client. If you have pre-paid advisory fees that we have not yet earned, you will receive a prorated refund of those fees.

Any accounts transferred under Lifestyle Asset Management, Inc. ("LSAM") with an approved custodian, as well as any aggregation accounts (variable annuities, alternative investments, retirement plan Self-Directed Brokerage Accounts, 529 plan accounts, mutual fund accounts held directly with fund companies, etc.), that are NOT managed under this Agreement or granted any discretion, but for which LSAM receives a data feed for purposes of reporting aggregate client account values on quarterly statements and web client portal views, will be charged a \$15.00 annual fee for database maintenance purposes.

### **Pension Consulting Services**

Our fee for pension consulting services is based on a percentage of the assets we manage and is set forth in the following fee schedule:

- Annual fee of 50 basis points (or 0.50%) per year for plans with Included Assets under \$2 million
- Annual fee of 40 basis points (or 0.40%) per year for plans with Included Assets between \$2 million and \$5 million
- Annual fee of 30 basis points (or 0.30%) per year for plans with Included Assets between \$5 million and \$10 million
- Annual fee of 20 basis points (or 0.20%) per year for plans with Included Assets between

\$10 million and \$25 million

- Annual fee of 15 basis points (or 0.15%) per year for plans with Included Assets over \$25 million

All fee tiers are retroactive to the first dollar.

Our annual pension consulting fee is billed and payable quarterly in advance based on the account value as of the previous quarter. The specific day on which the account is valued may vary depending on the arrangements made at the time of the engagement. Adjustments to balances reported on the custodian's statement may be made based on the time weight of deposits or withdrawals from a client's account or for trades, interest and dividends that have yet to be settled.

If the pension consulting 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 the Plan is a client. Our advisory fee is negotiable, depending on individual client circumstances.

We will deduct our fee directly from the Plan account through the qualified custodian holding the funds and securities. We will deduct our advisory fee only when the following requirements are met:

- The Plan Fiduciary provides our firm with written authorization permitting the fees to be paid directly from the account held by the qualified custodian.
- The qualified custodian agrees to send the Plan Fiduciary a statement, at least quarterly, indicating all amounts dispersed from the account including the amount of the advisory fee paid directly to our firm.

The Plan Fiduciary may terminate the pension consulting agreement upon 30 days written notice to our firm. The Plan will incur a pro rata charge for services rendered prior to the termination of the pension consulting agreement, which means the Plan will incur advisory fees only in proportion to the number of days in the quarter for which it is a client. If advisory fees that we have not yet earned have been pre-paid, the Plan will receive a prorated refund of those fees.

### **Sub-Advisory Services**

We are compensated by either sharing in a portion of the fee paid by the client to the referring advisers or we will charge a separate fee for our management services that is in addition to the fee paid to the referring advisers. The fees paid to the referring advisers are established and payable in accordance with the referring adviser's disclosure brochure and/or agreement for services. These documents should be reviewed carefully, and consideration should be given to the referring adviser's compensation and our compensation to determine the total amount of fees that will be paid.

Additionally, for our model creation service we charge a fixed fee on a quarterly basis to the investment adviser. The agreement with each advisor is for one year and is renewed annually. The fee for this service is negotiated on a case by case basis with each investment adviser and is not based on the amount of assets the adviser places into the model.

### **Selection of Other Advisers**

The third party managers) will not charge you a separate fee for their services. Rather, they will share in the advisory fee you pay directly to us. The advisory fee you pay to us is established and payable in accordance with the fee schedule listed above. Our compensation may differ depending upon the individual agreement we have with each manager. As such, a conflict of interest exists where our firm or persons associated with our firm has an incentive to recommend one manager over another with whom we have more favorable compensation arrangements or other advisory programs offered by hird party managers with whom we have less or no compensation arrangements.

### **Financial Planning Consulting**

We charge an hourly fee of \$175 for advisory consulting services that is negotiable depending on the scope and complexity of services to be rendered. Our consulting fee is payable upon completion of the agreed upon consulting services. An estimate of the total time/cost will be determined at the start of the advisory relationship. In limited circumstances, the cost/time could potentially exceed the initial estimate. In such cases, we will notify you in advance and request that you approve the additional fee.

You are under no obligation to act on our financial consulting recommendations. Should you choose to act on any of our recommendations, you are not obligated to implement the recommendations through any of our other investment advisory services. Moreover, you may act on our recommendations by placing securities transactions with any brokerage firm.

You may terminate the financial planning agreement by providing written notice to our firm. You will incur a pro rata charge 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.

### **Publication of Periodicals or Newsletters Fees**

We do not charge for this service.

### **Additional Fees and Expenses**

As part of our investment advisory services to you, we may invest, or recommend that you invest, in mutual funds and exchange traded funds. The fees that you pay to our firm for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds or exchange traded funds (described in each fund's prospectus) to their shareholders. These fees will generally include a management fee and other fund expenses. You will also incur transaction charges and/or brokerage fees when purchasing or selling securities. These charges and fees are typically imposed by the broker-dealer or custodian through whom your account transactions are executed. We do not share in any portion of the brokerage fees/transaction charges imposed by the broker-dealer or custodian. To fully understand the total cost you will incur, you should review all fees charged by mutual funds, exchange traded funds, our firm, and others. For information on our brokerage practices, please refer to the *Brokerage Practices* section of this brochure.

### **Compensation for the Sale of Securities or Other Investment Products**

Some persons providing investment advice on behalf of our firm are registered representatives with Cetera Advisors LLC. dba Lifestyle Financial Advisors, Inc. ("Cetera Advisors LLC"), a securities broker-dealer, and a member of the Financial Industry Regulatory Authority and the Securities

Investor Protection Corporation. In their capacity as registered representatives, these persons will receive commission-based compensation in connection with the purchase and sale of securities, including 12b-1 fees for the sale of investment company products. In addition, these individuals may also be registered as investment adviser representatives with Cetera Advisors LLC and, in some cases, may recommend the advisory services of Cetera Advisors LLC instead of, or in addition to, those of Lifestyle Asset Management, Inc. Compensation earned by these persons in their capacities as registered representatives, or as investment adviser representatives of Cetera Advisors LLC, is separate and in addition to our advisory fees. This practice presents a conflict of interest because persons providing investment advice on behalf of our firm who are registered representatives have an incentive to effect securities transactions for the purpose of generating commissions rather than solely based on your needs. You are under no obligation, contractually or otherwise, to purchase securities products through any person affiliated with our firm.

Persons providing investment advice on behalf of our firm are licensed as independent insurance agents. These persons will earn commission-based compensation for selling insurance products, including insurance products they sell to you. Insurance commissions earned by these persons are separate and in addition to our advisory fees. This practice presents a conflict of interest because persons providing investment advice on behalf of our firm who are insurance agents have an incentive to recommend insurance products to you for the purpose of generating commissions rather than solely based on your needs. You are under no obligation, contractually or otherwise, to purchase insurance products through any person affiliated with our firm.

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

We do not accept performance-based fees or participate in side-by-side management. Performance-based fees are fees that are based on a share of capital gains or capital appreciation of a client's account. Side-by-side management refers to the practice of managing accounts that are charged performance-based fees while at the same time managing accounts that are not charged performance-based fees. Our fees are calculated as described in the *Fees and Compensation* section above, and are not charged on the basis of a share of capital gains upon, or capital appreciation of, the funds in your advisory account.

## **Item 7 Types of Clients**

We offer investment advisory services to individuals, banks and thrift institutions, investment companies, pension and profit-sharing plans, trusts, estates, charitable organizations, corporations, and other investment advisers.

In general, we require a minimum of \$50,000 to open and maintain an advisory account. At our discretion, we may waive this minimum account size. For example, we may waive the minimum if you appear to have significant potential for increasing your assets under our management. We may also combine account values for you and your minor children, joint accounts with your spouse, and other types of related accounts to meet the stated minimum.

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

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

**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.

**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.

**Cyclical Analysis** – a type of technical analysis that involves evaluating recurring price patterns and trends. Economic/business cycles may not be predictable and may have many fluctuations between long term expansions and contractions.

- **Risk:** The lengths of economic cycles may be difficult to predict with accuracy and therefore the risk of cyclical analysis is the difficulty in predicting economic trends and consequently the changing value of securities that would be affected by these changing trends.

**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.

**Short Sales** – securities transaction in which an investor sells securities that were borrowed in



anticipation of a price decline. The investor is then required to return an equal number of shares at some point in the future.

- **Risk:** A short seller will profit if the stock goes down in price, but if the price of the shares increase, the potential losses are unlimited.

**Option Writing** – a securities transaction that involves selling an option. An option is the right, but not the obligation, to buy or sell a particular security at a specified price before the expiration date of the option. When an investor sells an option, he or she must deliver to the buyer a specified number of shares if the buyer exercises the option. The seller pays the buyer 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.

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 horizon, financial information, liquidity needs, and other various suitability factors. Your restrictions and guidelines may affect the composition of your portfolio.

### **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.

### **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.

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

As disclosed under the *Advisory Business* section in this Brochure, we recommend all types of securities and we do not necessarily recommend one particular type of security over another 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 that investment.

## **Item 9 Disciplinary Information**

We are required to disclose the facts of any legal or disciplinary events that are material to a client's evaluation of our advisory business or the integrity of our management. We do not have any required

disclosures under this item.

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

### **Registrations with Broker-Dealer and Investment Adviser**

Some persons providing investment advice on behalf of our firm are registered representatives with Cetera Advisors LLC, dba Lifestyle Financial Advisors, Inc. ("Cetera Advisors LLC") a securities broker-dealer, and a member of the Financial Industry Regulatory Authority and the Securities Investor Protection Corporation and also as investment adviser representatives of Lifestyle. See the *Fees and Compensation* section in this brochure for more information on the compensation received by registered representatives who are affiliated with our firm.

### **Insurance Business**

Some representatives of the firm are licensed insurance agents. This activity creates a conflict of interest since there is an incentive to recommend products based on commissions or other benefits received from the insurance company, rather than on the client's needs. Additionally, the offer and the sale of insurance products are limited to only those offered by certain insurance providers. We address this conflict of interest by requiring our supervised persons to always act in the best interest of the client, including when acting as an insurance agent. We periodically review recommendations by its supervised persons to assess whether they are based on an objective evaluation of each client's risk profile and investment objectives rather than on the receipt of any commissions or other benefits. We will disclose in advance we or our supervised persons are compensated and will disclose the conflict of interest involving any advice or service provided. At no time will there be tying between business practices and/or services (a condition where a client or prospective client would be required to accept one product or service conditioned upon the selection of a second, distinctive tied product or service). No client is ever under any obligation to purchase any insurance product. Insurance products recommended by us may also be available from other providers on more favorable terms, and clients can purchase insurance products recommended through other unaffiliated insurance agencies.

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

### **Description of Our Code of Ethics**

We strive to comply with applicable laws and regulations governing our practices. Therefore, our Code of Ethics includes guidelines for professional standards of conduct for our Associated Persons. Our goal is to protect your interests at all times and to demonstrate our commitment to our fiduciary duties of honesty, good faith, and fair dealing with you. All of our Associated Persons are expected to adhere strictly to these guidelines. Persons associated with our firm are also required to report any violations of our Code of Ethics. Additionally, we maintain and enforce written policies reasonably designed to prevent the misuse or dissemination of material, non-public information about you or your account holdings by persons associated with our firm.

Clients or prospective clients may obtain a copy of our Code of Ethics by contacting us at the telephone number on the cover page of this brochure.

## Participation or Interest in Client Transactions

Neither our firm nor any of our Associated Persons has any material financial interest in client transactions beyond the provision of investment advisory services as disclosed in this brochure.

## Personal Trading Practices

Our firm or persons associated with our firm may buy or sell securities for you at the same time we or persons associated with our firm buy or sell such securities for our own account. We may also combine our orders to purchase securities with your orders to purchase securities ("block trading"). Please refer to the *Brokerage Practices* section in this brochure for information on our block trading practices.

A conflict of interest exists in such cases because we have the ability to trade ahead of you and potentially receive more favorable prices than you will receive. To mitigate this conflict of interest, it is our policy that neither our Associated Persons nor we shall have priority over your account in the purchase or sale of securities.

## Item 12 Brokerage Practices

We generally recommend the brokerage and custodial services of Charles Schwab & Co., Inc. Advisor Services.

Charles Schwab & Co., Inc. Advisor Services provides us with access to Charles Schwab & Co., Inc. Advisor Services' institutional trading and custody services, which are typically not available to Charles Schwab & Co., Inc. Advisor Services retail investors. These services generally are available to independent investment advisers on an unsolicited basis, at no charge to them so long as a total of at least \$10 million of the adviser's clients' assets are maintained in accounts at Charles Schwab & Co., Inc. Advisor Services. Charles Schwab & Co., Inc. Advisor Services includes brokerage services that are related to the execution of securities transactions, custody, research, including that in the form of advice, analyses and reports, 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 our client accounts maintained in its custody, Charles Schwab & Co., Inc. Advisor Services generally does not charge separately for custody services but is compensated by account holders through commissions or other transaction-related or asset-based fees for securities trades that are executed through Charles Schwab & Co., Inc. Advisor Services or that settle into Charles Schwab & Co., Inc. Advisor Services accounts.

Charles Schwab & Co., Inc. Advisor Services also makes available to us other products and services that benefit us but may not benefit its clients' accounts. These benefits may include national, regional or our specific educational events organized and/or sponsored by Charles Schwab & Co., Inc. Advisor Services. Other potential benefits may include occasional business entertainment of personnel of us by Charles Schwab & Co., Inc. Advisor Services personnel, including meals, invitations to sporting events, including golf tournaments, and other forms of entertainment, some of which may accompany educational opportunities. Other of these products and services assist us in managing and administering clients' accounts. These include software and other technology (and related technological training) that provide access to client account data (such as trade confirmations and account statements), facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts, if applicable), provide research, pricing information and other market data, facilitate payment of our fees from its clients' accounts (if applicable), and assist with back-office

training and support functions, recordkeeping and client reporting. Many of these services generally may be used to service all or some substantial number of our accounts. Charles Schwab & Co., Inc. Advisor Services also makes available to us other services intended to help us manage and further develop its business enterprise. These services may include professional compliance, legal and business consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance, employee benefits providers, and human capital consultants, insurance and marketing. In addition, Charles Schwab & Co., Inc. Advisor Services may make available, arrange and/or pay vendors for these types of services rendered to us by independent third parties. Charles Schwab & Co., Inc. Advisor Services 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. We are independently owned and operated and not affiliated with Charles Schwab & Co., Inc. Advisor Services.

#### Other Investment Adviser's Client Assets

As disclosed under the *Advisory Business* section in this Brochure, unaffiliated brokerage and investment advisory firms may refer their clients to our investment management programs. Therefore these clients are required to use these firms' selected custodians to effect transactions in their accounts and to maintain custody of their securities positions. Our firm does not receive any compensation for the execution of transactions through unaffiliated firms.

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

We do not receive client referrals from broker-dealers in exchange for cash or other compensation, such as brokerage services or research.

#### **Block Trades**

We combine multiple orders for shares of the same securities purchased for advisory accounts we manage (this practice is commonly referred to as "block trading"). We will then distribute a portion of the shares to participating accounts in a fair and equitable manner. The distribution of the shares purchased is typically proportionate to the size of the account, but it is not based on account performance or the amount or structure of management fees. Subject to our discretion regarding factual and market conditions, when we combine orders, each participating account pays an average price per share for all transactions and pays a proportionate share of all transaction costs. Accounts owned by our firm or persons associated with our firm may participate in block trading with your accounts; however, they will not be given preferential treatment.

#### **Directed Brokerage**

Persons providing investment advice on behalf of our firm who are registered representatives of Cetera Advisors LLC Securities, Inc. ("Cetera Advisors LLC") would normally be required to recommend Cetera Advisors LLC to you for brokerage services. These individuals are subject to applicable rules that restrict them from conducting securities transactions away from Cetera Advisors LLC unless Cetera Advisors LLC provides the representative with written authorization to do so, which they have in this case. Therefore, although these individuals would generally be limited to conducting securities transactions through Cetera Advisors LLC, in this instance, as noted above, they will generally recommend Charles Schwab Advisor Services. It may be the case that Charles Schwab Advisor Services charges higher transaction costs and/or custodial fees than another broker charges for the same types of services. However, if transactions were executed through Cetera Advisors LLC these individuals (in their separate capacities as registered representatives of Cetera Advisors LLC) could earn commission-based compensation as result of placing the recommended

securities transactions through Cetera Advisors LLC. This practice would present a conflict of interest because these registered representatives would have an incentive to effect securities transactions for the purpose of generating commissions rather than solely based on your needs. You may utilize the broker-dealer of your choice and have no obligation to purchase or sell securities through such broker as, we recommend. However, if you do not use the recommended broker we may not be able to accept your account. See the *Fees and Compensation* section in this brochure for more information on the compensation received by registered representatives who are affiliated with our firm.

## **Item 13 Review of Accounts**

Paul Jackson, President of Lifestyle Asset Management, Inc., will monitor your accounts on a continuous basis and will conduct account reviews at least quarterly and upon your request. The reviews are designed to ensure that the advisory services provided to you and/or the portfolio mix are consistent with your current investment needs and objectives. Additional reviews may be conducted based on various circumstances, including, but not limited to:

- contributions and withdrawals,
- year-end tax planning,
- market moving events,
- security specific events, and/or,
- changes in your risk/return objectives.

We will provide you with additional or regular written reports in conjunction with account reviews. Reports we provide to you will contain relevant account and/or market-related information such as an inventory of account holdings and account performance, etc.

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

As previously mentioned in Item 4, we may recommend that you use the services of third party to manage all, or a portion of, your investment portfolio. We will receive a portion of the fees paid by clients to these third-party money managers for their services. This arrangement creates a potential conflict of interest, as we may be incentivized to recommend these third-party money managers to clients due to the additional compensation we receive. It is important to note that the fees paid to the third-party money managers are typically higher than if the client were to engage directly with the money manager. Clients will be informed of the total fees and expenses they will incur, including any portion paid to us. Clients are under no obligation to utilize any third-party managers recommended by Lifestyle Asset Management.

## **Item 15 Custody**

As paying agent for our firm, your independent custodian will directly debit your account(s) for the payment of our advisory fees. This ability to deduct our advisory fees from your accounts causes our firm to exercise limited custody over your funds or securities. 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 independent, qualified custodian. You will receive account statements from the independent, qualified custodian(s) holding your funds and securities at least quarterly. The account statements

from your custodian(s) will indicate the amount of our advisory fees deducted from your account(s) each billing period. You should carefully review account statements for accuracy. We will also provide statements to you reflecting the amount of advisory fee deducted from your account.

You should compare our statements with the statements from your account custodian(s) to reconcile the information reflected on each statement. If you have a question regarding your account statement, or if you did not receive a statement from your custodian, please contact us immediately at the telephone number on the cover page of this brochure.

## **Item 16 Investment Discretion**

Before we can buy or sell securities on your behalf, you must first sign our discretionary management agreement, a power of attorney, and/or trading authorization forms.

You may grant our firm discretion over the selection and amount of securities to be purchased or sold for your account(s) without obtaining your consent or approval prior to each transaction. You may specify investment objectives, guidelines, and/or impose certain conditions or investment parameters for your account(s). For example, you may specify that the investment in any particular stock or industry should not exceed specified percentages of the value of the portfolio and/or restrictions or prohibitions of transactions in the securities of a specific industry or security. Please refer to the *Advisory Business* section in this brochure for more information on our discretionary management services.

## **Item 17 Voting Client Securities**

We will not vote proxies on behalf of your advisory accounts. At your request, we may offer you advice regarding corporate actions and the exercise of your proxy voting rights. If you own shares of applicable securities, you are responsible for exercising your right to vote as a shareholder.

In most cases, you will receive proxy materials directly from the account custodian. However, in the event we were to receive any written or electronic proxy materials, we would forward them directly to you by mail, unless you have authorized our firm to contact you by electronic mail, in which case, we would forward any electronic solicitation to vote proxies.

## **Item 18 Financial Information**

We are not required to provide a balance sheet or other financial information to our clients because we do not require the prepayment of fees in excess of \$1,200 and six months or more in advance; we do not take custody of client funds or securities; and, we do not have a financial condition that is reasonably likely to impair our ability to meet our commitments to you. Moreover, we have never been the subject of a bankruptcy petition.

## **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**

### **Your Privacy**

We view protecting your private information as a top priority. Pursuant to applicable privacy requirements, we have instituted policies and procedures to ensure that we keep your personal information private and secure.

We do not disclose any nonpublic personal information about you to any nonaffiliated third parties, except as permitted by law. In the course of servicing your account, we may share some information with our service providers, such as transfer agents, custodians, broker-dealers, accountants, consultants, and attorneys.

We restrict internal access to nonpublic personal information about you to employees, who need that information in order to provide products or services to you. We maintain physical and procedural safeguards that comply with regulatory standards to guard your nonpublic personal information and to ensure our integrity and confidentiality. We will not sell information about you or your accounts to anyone. We do not share your information unless it is required to process a transaction, at your request, or required by law.

You will receive a copy of our privacy notice prior to or at the time you sign an advisory agreement with our firm. Thereafter, we will deliver a copy of the current privacy policy notice to you on an annual basis. Please contact our main office at the telephone number on the cover page of this brochure if you have any questions regarding this policy.

### **Trade Errors**

From time-to-time, Advisor may make an error in submitting a trade order on your behalf. When this occurs, our policy is to restore your account to the position it should have been had the trading error not occurred. Depending on the circumstances, corrective actions may include canceling the trade, adjusting an allocation, and/or reimbursing the account. As a result of the correcting action, if a gain occurs and Charles Schwab & Co. Inc. ("Schwab") is the custodian, Schwab will donate the amount of any gain \$100 and over to charity. If a loss occurs greater than \$100, Advisor will pay for the loss. Schwab will maintain the loss or gain if it is under \$100 to minimize and offset its administrative time and expense. Generally, if related trade errors result in both gains and losses in your account, they may be netted.

### **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.