

# Disclosure Brochure

August, 2018



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This brochure provides information about the qualifications and business practices of LVW Advisors, LLC (hereinafter “LVW Advisors” or the “Firm”). If you have any questions about the contents of this brochure, please contact Joseph Zappia at (585) 267-4900. 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 LVW Advisors is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

LVW Advisors is an SEC registered investment adviser. Registration does not imply any level of skill or training. The oral and written communications of an Investment Adviser provide you with information from which you determine whether to hire or retain an Investment Adviser.



## Item 2. Material Changes

This Item of the Brochure summarizes material changes that have been made to the Brochure since our annual updating amendment dated March 31, 2017, including changes made through the time of our annual updating amendment dated March 30, 2018, and additional changes in this interim updating amendment. The material changes include:

In July 2018, Focus Financial Partners Inc. (“Focus Pubco”) commenced an initial public offering (“IPO”) of shares of common stock. Focus Pubco is the sole managing member of Focus Financial Partners, LLC (“Focus LLC”) and, immediately following the IPO, owned an approximately two-thirds economic interest in Focus LLC. Because LVW Advisors is an indirect, wholly-owned subsidiary of Focus LLC, LVW Advisors is now an indirect, majority-owned subsidiary of Focus Pubco, a public company. Item 4 has been revised to reflect this new ownership structure. Clients are encouraged to review the brochure in its entirety.

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## Item 4. Advisory Business

LVW Advisors, LLC (“LVW Advisors,” “we” or the “Firm”) is an investment advisory firm, founded in October 2011, and is dedicated to serving the financial needs of institutions and affluent individuals. LVW Advisors conducts certain business as LVW Flynn. The Firm provides a full-suite of sophisticated services including research, investment and wealth management, financial planning and consulting to high net-worth individuals, trusts, estates, private foundations, and business entities.

LVW Advisors provides investment management services (both discretionary and non-discretionary); investment and wealth planning services (“wealth management”) services. The firm works with each client to develop a plan that is customized to their individual goals and investment objectives. When providing investment advisory services, we consider your personal situation, income needs, time horizon, liquidity needs, legal and tax constraints, risk tolerance, inter-generational issues, and special needs. We will also provide advice on matters that may not pertain to investments when overseeing the complex financial lives of families with substantial assets, including educating multi-generations within families about living with their wealth. We may make recommendations with respect to the purchase or sale of specific securities as appropriate to address tax or estate planning objectives. Alternately, we may analyze the purchase or sale of employer securities as part of the development of an employee client stock option exercise program. Our recommendations are determined primarily from tax, cash flow, and estate planning considerations, rather than the intrinsic merits of the specific security as an investment. Once a client chooses an overall investment mix, or asset allocation, we select the specific securities to fulfill the desired mix of assets. Through discretionary management, we use separate investment in equities, mutual funds, exchange-traded funds, exchange-traded notes, private partnerships, bonds, cash-equivalents, and other instruments. LVW Advisors is owned by LVW Flynn, LLC, a Delaware limited liability company. LVW Advisors is part of the Focus Financial Partners, LLC (“Focus”) partnership. As such, LVW Advisors, is a wholly-owned subsidiary of Focus Operating, LLC (“Focus Operating”), which is a wholly-owned subsidiary of Focus Financial Partners, LLC (“Focus LLC”). Focus Financial Partners Inc. (“Focus Pubco”), a public company traded on the NASDAQ Global Select Market, is the sole managing member of Focus LLC and, immediately following the IPO, owned an approximately two-thirds economic interest in Focus LLC. Thus, Focus Pubco is a direct owner of Focus LLC and an indirect owner of the Focus Partner Firms. Focus Pubco has no single 25%-or-greater shareholder, and Focus LLC has no single 25%-or-greater member (other than Focus Pubco). However, investment vehicles affiliated with Stone Point Capital LLC collectively have a greater-than-25% voting interest in Focus Pubco. Such investment vehicles also collectively have a greater-than-25% voting interest in Focus LLC through their voting interest in Focus Pubco: As the sole managing member of Focus LLC, Focus Pubco has 100% voting control over Focus LLC, and thus such investment vehicles’ collectively greater-than-25% voting interest in Focus Pubco also gives them a collectively greater-than-25% voting interest in Focus LLC.

Focus LLC owns registered investment advisers, broker-dealers, pension consultants, insurance firms, and other financial service firms (the “Focus Partners”), most of which provide wealth management, benefit consulting and investment consulting services to individuals, families, employers, and institutions. Some Focus Partners also manage or advise limited partnerships, private funds, or investment companies as disclosed on their respective Form ADVs.”

LVW Advisors is managed by Lori Van Dusen and Joseph Zappia (“LVW Advisors principals”) pursuant to a management agreement between LRCC, LLC (“LRCC”) and Focus. LVW Advisors principals serve as officers of LVW Advisors and are responsible for the management, supervision and oversight of LVW.

Focus LLC and Focus Pubco are principally owned by investment vehicles managed by Stone Point Capital LLC (“Stone Point”). Investment vehicles managed by Kohlberg Kravis Roberts & Co., L.P. (“KKR”) are minority owners of Focus LLC and Focus Pubco. Because LVW Advisors is an indirect, wholly-owned subsidiary of Focus LLC and Focus Pubco, the Stone Point and KKR investment vehicles are indirect owners of LVW Advisors.

As of March 22, 2018, LVW Advisors had approximately \$1,765,170,317 in assets under management, of which roughly \$1,228,600,225 was managed on a discretionary basis and \$536,570,092 on a non-discretionary basis. This Disclosure Brochure provides important information about the qualifications and business practices of LVW Advisors. Certain sections may also describe the activities of Supervised Persons. Supervised Persons are any of the Firm’s officers, partners, directors (or other persons occupying a similar status or performing similar functions), or employees, or any other person who provides investment advice on LVW Advisors’ behalf and is subject to their supervision or control.

Prior to engaging LVW Advisors to provide investment advisory services, the client is required to enter into one or more written agreements with the Firm setting forth the terms and conditions under which LVW Advisors renders its services (collectively the “Agreement”).

### **Financial Planning and Advisory Services**

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LVW Advisors offers the following services:

1. Comprehensive Financial Planning;
2. Advisory Services to Retirement Plans;
3. Investment Management Services and;
4. Corporate Services
- 5.

### **Comprehensive Financial Planning Services**

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LVW Advisors offers personal comprehensive financial planning services to set forth goals, objectives and implementation strategies for the client over the long-term. The comprehensive financial plan may include recommendations for retirement planning, educational planning, estate planning, cash flow planning, tax planning and insurance needs and analysis. LVW Advisors prepares and provides the financial planning client with a written comprehensive financial plan and performs quarterly, semi-annual or annual reviews of the plan with the client, dependent on the client’s needs in accordance with the financial planning agreement. Clients should notify us promptly anytime there is a change in their financial situation, goals, objectives, or needs and/or if there is any change to the financial information initially provided to us.

Clients are advised to promptly notify LVW Advisors if there are changes in their financial situation or investment objectives or if they wish to impose any reasonable restrictions upon the Firm’s management services. Clients may impose reasonable restrictions or mandates on the management of their account if, in LVW Advisors’ sole discretion, the conditions will not materially impact the performance of a portfolio strategy or prove overly burdensome to its management efforts. LVW Advisors cannot provide any guarantees or promises that a client’s financial goals and objectives will be met.

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

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LVW Advisors offers discretionary and non-discretionary advisory services to 401K plans and other employer sponsored retirement plans, which may include, depending on the needs of the plan client, recommending, or for discretionary clients selecting, investment options for plans to offer to participants, ongoing monitoring of a plan's investment options, assisting plan fiduciaries in creating and/or updating the plan's written investment policy statements, working with plan service providers, and providing general investment education to plan participants.

### **Investment Management Services**

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Clients can engage LVW Advisors to manage all or a portion of their assets on a discretionary or nondiscretionary basis. As detailed in Item 8 below, the Firm may provide clients with comprehensive financial planning and consulting services as part of the overall investment management offering, based on each client's investment objectives and financial needs on an ongoing basis. The financial planning services may include, among other things, business planning, insurance and tax and cash flow needs of the client. In addition, LVW Advisors may help certain clients in finding loans.

This plan is generally memorialized in an Investment Policy Statement (IPS) that incorporates an asset allocation plan that the Firm believes is constructed to assist the client in achieving their desired goals while taking levels of risk determined appropriate for the client. Once created, the IPS seeks to articulate the latitude and boundaries for a diversified portfolio managed by the Firm. To implement each client's individualized plan, the Firm allocates investment management assets, primarily among mutual funds, exchange traded funds ("ETFs"), equity securities of publicly traded companies, hedge fund and private equity fund managers, and Independent Managers (defined below). LVW Advisors seeks to allocate clients' investments in a manner suitable for their goals and objectives.

The securities utilized by LVW Advisors for investment in client accounts mainly consist of registered mutual funds and exchange traded funds (ETFs), but we may invest in equity securities, corporate bonds, REITS, variable annuities, certain private fund vehicles, among others, if we determine such investments fit within a client's objectives and are in the best interest of our clients. Please refer to Item 8 for detailed information on our method of analysis and the risks involved with these types of securities.

### **Corporate Services**

LVW Advisors provides investment advisory services to institutional clients which may include corporate pension plans, public funds, foundations, endowments and other tax-exempt entities, mutual funds and other registered investment companies. Such accounts are managed in accordance with investment objectives, guidelines, and restrictions established by each client.

We also provide consulting services for clients who currently operate their own business, are considering starting a business, or are planning for an exit from their current business. Under this type of engagement, we work with you to assess your current situation, identify your objectives, educate you on potential options for financing and cash flow strategies, and develop a plan aimed at achieving your goals.

### **Use of Independent Managers**

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As mentioned above, LVW Advisors recommends that certain clients authorize the active discretionary management of a portion of their assets by and/or among certain independent investment managers ("Independent Managers"), based upon the stated investment objectives of the client. The terms and conditions under which the client engages the Independent Managers are set forth in a separate written agreement between LVW Advisors or the client and the designated Independent Managers. The Firm generally renders services to the client relative to the discretionary

selection of Independent Managers, and continues to monitor and review the client's account performance and investment objectives. LVW Advisors receives an annual advisory fee which is based upon a percentage of the market value of the assets being managed by the designated Independent Managers.

When selecting an Independent Manager for a client, LVW Advisors reviews information about the Independent Manager such as its disclosure brochure and/or material supplied by the Independent Manager or independent third parties for a description of the Independent Manager's investment strategies, past performance and risk results to the extent available. Factors that the Firm considers in recommending an Independent Manager include the client's stated investment objectives, management style, performance, reputation, financial strength, reporting, pricing, and research. The investment management fees charged by the designated Independent Managers, any fee charged by their platform manager (Envestnet), and the fees charged by the corresponding designated broker-dealer/custodian of the client's assets, are generally exclusive of, and in addition to, LVW Advisors' investment advisory fee. The client may incur additional fees than those charged by the Firm, the designated Independent Managers, and corresponding broker dealer and custodian.

In addition to LVW Advisors' written disclosure brochure, the client also receives the written disclosure brochure of the designated Independent Managers.

### **Information Received from Client**

LVW Advisors will not assume any responsibility for the accuracy of the information provided by the client. We are not obligated to verify any information received from the client or other professionals (e.g., attorney, accountant, etc.) designated by client, and LVW Advisors is expressly authorized by the client to rely on such information provided. Under all circumstances, clients are responsible for promptly notifying LVW Advisors in writing of any material changes to the client's financial situation, investment objectives, time horizon, or risk tolerance. In the event that a client notifies LVW Advisors of changes in the client's financial circumstances or investment objectives, we will review such changes and recommend any necessary revisions to the client's portfolio.

### **The Department of Labor Fiduciary Rule and Conflicts of Interest**

LVW Advisors is a fiduciary under the Employee Retirement Income Security Act of 1974, as amended ("ERISA") with respect to investment management services and investment advice provided to ERISA plan clients, including ERISA plan participants. LVW Advisors is also a fiduciary under the Internal Revenue Code (the "IRC") with respect to investment management services and investment advice provided to ERISA plans, ERISA plan participants, IRAs and IRA owners (collectively, "Retirement Account Clients"). As such, LVW Advisors is subject to specific duties and obligations under ERISA and the IRC that include, among other things, prohibited transaction rules which are intended to prohibit fiduciaries from acting on conflicts of interest. When a fiduciary gives advice in which it has a conflict of interest, the fiduciary must either avoid or eliminate the conflict or rely upon a prohibited transaction exemption (a "PTE").

A conflict of interest arises and the prohibited transaction rules are implicated when LVW Advisors recommends that an ERISA plan participant take a distribution from an ERISA Plan and roll it over to an IRA that LVW Advisors advises or if LVW Advisors recommends that an IRA owner transfer his IRA to an IRA that LVW Advisors advises because LVW Advisors will receive compensation that it would not have received absent the recommendation – i.e., the IRA advisory fee. When LVW Advisors engages in this transaction, it relies on the PTE known as the Best Interest Contract Exemption or BICE which requires compliance with the "impartial conduct standards." The impartial conduct standards are designed to mitigate conflicts of interest by requiring that investment advice be in the "best interest" of the Retirement Account Client, that advisers not make any materially misleading statements and not charge a fee that exceeds a reasonable amount. The best interest standard requires that advisers act with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use, based on the investment objectives, risk tolerance, financial circumstances and needs of the Retirement Account Client. This mirrors

the prudent man standard of conduct and duty of loyalty found in ERISA.

## Item 5. Fees and Compensation

### Investment Management Fees

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LVW Advisors generally provides its services (which may include financial planning) for an annual fee based upon a percentage of the market value of the client's assets. The annual fee varies, depending upon the market value of the assets under management, and generally coincides with the following fee schedule:

PORTFOLIO VALUE	BASE FEE
First \$10,000,000	1.00%
Next \$15,000,000	0.50%
Next \$25,000,000	0.40%
Above \$50,000,000	0.30%

The Firm's annual fee is prorated and payable quarterly, in advance, based upon the market value of the assets on the last day of the previous quarter.

All fees are negotiable. LVW Advisors, in its sole discretion, may require a greater fee than the maximum amount set forth in the fee schedule above, in the event that the Firm deems the account size, complexity, service to be provided or other factors to warrant a higher fee. The Firm also reserves the right to negotiate a lesser management fee with certain clients based upon any of a number of criteria (i.e., anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing client, account retention, pro bono activities, etc.).

In limited circumstances, the Firm may also provide these services for a fixed fee which will be negotiated on a case-by-case basis. In addition, certain clients of the Firm may pay more than the fee listed above.

As mentioned above, clients may also engage LVW Advisors to provide advice regarding loans. In such circumstances LVW Advisors will work with clients to determine what their needs are, find an appropriate loan, and then provide advice regarding the loan on an ongoing basis. For these services LVW Advisors charges an annual fee based upon the value of the loan. The fees may be collected and paid out by the institution that made the loan, but LVW Advisors' fees are separate and in addition to any fees charged by the lending institution. LVW Advisors has a conflict in providing these services because the Firm does not receive compensation unless clients receive a loan.

### Additional Fees

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LVW Advisors' annual fee is exclusive of, and in addition to brokerage commissions, transactions fees, custodial fees and other charges and expenses which are imposed by the broker-dealers and custodians who hold and trade clients' assets.

Clients are also responsible for the fees charged by Independent Managers and any fee charged by their platform manager (Envestnet), fees imposed by hedge fund managers and private equity fund managers, charges imposed directly by a mutual fund or exchange-traded fund ("ETF") in the account, which are disclosed in the fund's prospectus (e.g., fund management fees and other fund expenses). Such charges, fees and commissions are exclusive of and in addition to LVW Advisors' advisory fee.

In regard to plan clients, the plan and/or its participants will also be subject to fees charged by the plan administrator, which may include an asset based charge at the plan level, specific fees for services such as plan loans and withdrawals, transaction based fees and such other fees and expenses as agreed to by the plan and the plan administrator.

### **Fee Debit**

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LVW Advisors' Agreement and the separate agreement with any Financial Institutions may authorize LVW Advisors or Independent Managers to debit the client's account for their fee and to directly remit that management fee to LVW Advisors or the Independent Managers. Any Financial Institutions recommended by LVW Advisors have agreed to send a statement to the client, at least quarterly, indicating all amounts disbursed from the account including the amount of management fees paid directly to LVW Advisors. Alternatively, clients may elect to have LVW Advisors send an invoice for payment.

### **Fees for Management During Partial Quarters of Service**

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For the initial period of investment management services, the fees are calculated on a pro rata basis. The Agreement between LVW Advisors and the client will continue in effect until terminated by either party pursuant to the terms of the Agreement. The Firm's fees are prorated through the date of termination and any remaining balance is charged or refunded to the client, as appropriate. If assets are deposited into or withdrawn from an account after the inception of a quarter that exceed 10% of the portfolio value prior to the withdrawal, the fee payable with respect to such assets will be prorated based on the number of days remaining in the quarter.

Clients may make additions to and withdrawals from their account at any time, subject to LVW Advisors' right to terminate an account. Additions may be in cash or securities provided that the Firm reserves the right to liquidate any transferred securities or decline to accept certain securities into a client's account. Clients may withdraw account assets on notice to LVW Advisors, subject to the usual and customary securities settlement procedures. However, the Firm designs its portfolios as long-term investments and the withdrawal of assets may impair the achievement of a client's investment objectives. LVW Advisors may consult with its clients about the options and ramifications of transferring securities. However, clients are advised that when transferred securities are liquidated, they are subject to transaction fees, fees assessed at the mutual fund level (i.e. contingent deferred sales charge) and/or tax ramifications.

## **Item 6. Performance-Based Fees and Side-by-Side Management**

LVW Advisors does not provide any services for performance-based compensation (i.e., fees assessed based on a share of capital gains on or capital appreciation of a client's assets). Consequently, LVW Advisors does not engage in side-by-side management of accounts that are charged a performance-based fee with accounts that are charged another type of fee (such as assets under management).

## **Item 7. Types of Clients**

LVW Advisors generally provides its services to ultra-affluent individuals and families, including prominent entrepreneurs, executives, athletes, artist and entertainers, foundations, family partnerships, limited partnerships, and not-for-profit institutions primarily in healthcare and education, and retirement plans.

## Minimum Account Requirements

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LVW Advisors does not have an absolute minimum for investment portfolios, or a minimum account size, but we generally provide investment management services to clients with investment portfolios around \$1,500,000 or more.

The Firm generally imposes a minimum fee of \$25,000 for starting and maintaining an advisory relationship. The Firm, in its sole discretion, may waive its minimum annual fee based upon certain criteria including anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, legacy client, account retention, and pro bono activities

Additionally, certain Independent Managers may impose more restrictive account requirements and varying billing practices than LVW Advisors. In such instances, LVW Advisors may alter its corresponding account requirements and/or billing practices to accommodate those of the Independent Managers.

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

### Methods of Analysis & Investment Strategies

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The Firm consults with clients initially and on an ongoing basis to develop an investment plan that is customized to each client's goals and objectives. This plan is generally memorialized in an IPS that incorporates an asset allocation plan that the Firm believes has the highest probability of achieving the desired goals while taking the minimum risk necessary. The IPS focuses on issues such as short and long-term risk tolerance, liquidity needs, allowable investment options and strategies for implementation. Once created, the IPS seeks to clearly articulate the latitude and boundaries for a diversified portfolio managed by the Firm.

The Firm believes asset allocation and diversification are the primary mechanisms for aligning a portfolio's risk and return profile with the client's investment objectives. Moreover, the Firm believes a client's portfolio should be designed and allocated to emphasize consistent performance in all market cycles without significantly eroding the principal value of the portfolio. Risk management and diversification are crucial to protect against potentially challenging markets. Quantitatively, the Firm generally employs Monte Carlo simulation analysis that allows it to seek to quantify and illustrate the amount of risk that must be undertaken in order to meet a client's investment objectives.

To implement each client's individualized plan, the Firm primarily may allocate investment management assets among Independent Managers. The Firm uses passive and active Independent Managers, as well as alternative investment strategies when appropriate. The Firm generally has discretionary authority to select the Independent Managers, and then monitors and reviews the client's account performance and investment objectives. Factors that the Firm considers in recommending each Independent Manager include the management style, historical performance, reputation, financial strength, reporting, pricing, research and the client's stated investment objectives.

In addition to assisting its clients in developing and maintaining a long-term strategic asset allocation plan, the Firm also believes that it is necessary to take advantage of potential opportunities, such as short-term market dislocations which drive its tactical approach. The Firm seeks to identify these opportunities on a regular basis and presents them if it believes they would be appropriate given a particular client's risk tolerance.

Moreover, the Firm strives to be cognizant of potential risks. Another way it assesses risk is through the use of multi-scenario "stress tests". These tests provide a sense of how portfolios might be expected to perform in various near-term

economic environments and facilitate discussions on whether a client's allocation is appropriate given the range of potential outcomes.

The Firm also utilizes independent alternative investment managers with the goal of increasing diversification and lowering the overall volatility of client portfolios. The Firm dedicates a significant portion of its resources to researching non-traditional investments including hedge funds, private equity, private real estate and commodities as those asset classes make up significant portions of its clients' portfolios. The Firm believes these strategies can offer a potential for value add.

## **Risks of Loss**

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Investing in securities involves a significant risk of loss which clients should be prepared to bear. LVW Advisors' investment recommendations are subject to various market, currency, economic, political and business risks, and such investment decisions may not always be profitable. Clients should be aware that there may be a loss or depreciation to the value of the client's account. There can be no assurance that the client's investment objectives will be obtained and no inference to the contrary should be made.

### *Use of Independent Managers*

As stated above, LVW Advisors may recommend the use of Independent Managers to its clients. The Firm will continue to do ongoing due diligence of such managers, but such recommendations rely, to a great extent, on the Independent Managers' ability to successfully implement their investment strategy. In addition, LVW Advisors does not have the ability to supervise the Independent Managers on a day-to-day basis other than as previously described in response to Item 4, above.

### *Use of Private Collective Investment Vehicles*

As previously stated, LVW Advisors may recommend the investment by certain qualified clients in privately placed collective investment vehicles (some of which may be typically called "hedge funds" or "private equity funds"). The managers of these vehicles will have broad discretion in selecting the investments. There are few limitations on the types of securities or other financial instruments which may be traded and no requirement to diversify. These funds may trade on margin or otherwise leverage positions, thereby potentially increasing the risk to the vehicle. In addition, because some of these vehicles are not registered as investment companies, there is an absence of regulation. Private equity fund investments are illiquid. There are numerous other risks in investing in these securities. The client will receive a private placement memorandum and/or other documents explaining such risks.

### *Mutual Funds and ETFs*

An investment in a mutual fund or ETF involves risk, including the loss of principal, which clients should be prepared to bear. Mutual fund and ETF shareholders are necessarily subject to the risks stemming from the individual issuers of the fund's underlying portfolio securities. Such shareholders are also liable for taxes on any fund-level capital gains, as mutual funds and ETFs are required by law to distribute capital gains in the event they sell securities for a profit that cannot be offset by a corresponding loss.

Shares of mutual funds are generally distributed and redeemed on an ongoing basis by the fund itself or a broker acting on its behalf. The trading price at which a share is transacted is equal to a funds stated daily per share net asset value ("NAV"), plus any shareholders fees (e.g., sales loads, purchase fees, redemption fees). The per share NAV of a mutual fund is calculated at the end of each business day, although the actual NAV fluctuates with intraday changes to the

market value of the fund's holdings. The trading prices of a mutual fund's shares may differ significantly from the NAV during periods of market volatility, which may, among other factors, lead to the mutual fund's shares trading at a premium or discount to NAV.

Shares of ETFs are listed on securities exchanges and transacted at negotiated prices in the secondary market. Generally, ETF shares trade at or near their most recent NAV, which is generally calculated at least once daily for indexed-based ETFs and more frequently for actively managed ETFs. However, certain inefficiencies may cause the shares to trade at a premium or discount to their pro rata NAV. There is also no guarantee that an active secondary market for such shares will develop or continue to exist. Generally, an ETF only redeems shares when aggregated as creation units (usually 50,000 shares or more). Therefore, if a liquid secondary market ceases to exist for shares of a particular ETF, a shareholder may have no way to dispose of such shares.

### *Options*

Options allow investors to buy or sell a security at a contracted "strike" price (not necessarily the current market price) at or within a specific period of time. Clients may pay or collect a premium for buying or selling an option. Investors transact in options to either hedge (limit) losses in an attempt to reduce risk or to speculate on the performance of the underlying securities. Options transactions contain several inherent risks, including the partial or total loss of principal in the event that the value of the underlying security or index does not increase/decrease to the level of the respective strike price. Holders of options contracts are also subject to default by the option writer which may be unwilling or unable to perform its contractual obligations.

### *Cybersecurity Risk*

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

## Item 9. Disciplinary Information

The Firm is required to disclose the facts of any legal or disciplinary events that are material to a client's evaluation of its advisory business or the integrity of management. LVW Advisors does not have any required disclosures to this Item.

## Item 10. Other Financial Industry Activities and Affiliations

LVW Advisors is required to disclose any relationship or arrangement that is material to its advisory business or to its clients with certain related persons. The Firm has described such relationships below.

As noted above in response to Item 4, certain investment vehicles affiliated with Stone Point collectively are principal owners of Focus LLC and Focus Pubco, and certain investment vehicles managed by KKR collectively are minority owners of Focus LLC and Focus Pubco. Because LVW Advisors is an indirect, wholly-owned subsidiary of Focus LLC and Focus Pubco, the Stone Point and KKR investment vehicles are indirect owners of LVW Advisors. None of KKR, Stone Point, or any of their affiliates participates in the management or investment recommendations of our business.

The immediate parent company of LVW Advisors is LVW Flynn, LLC, a Delaware limited liability company. FFO is another Focus partner firm which until recently was also a subsidiary of LVW Flynn. FFO provides family office, accounting, tax, services to high net worth individuals and families. Richard Flynn, the CEO of FFO, is a supervised person of LVW Advisors.

LVW Flynn, LLC also owns FFO-HG LLC, which will operate as a licensed insurance agency offering Life, Accident and Health, and Travel Accident insurance. The principals of LVW Advisors intend to refer clients to FFO-HG LLC and stand to benefit financially from successful insurance referrals. LVW Advisors addresses this conflict of interest through disclosure to clients of the affiliation between the companies. Additionally, clients are free to engage or decline to engage FFO-HG LLC, as they wish. LVW Advisors has entered into solicitation arrangements with other Focus Partners. We have entered into an agreement to solicit clients on behalf of Bridgewater Wealth and Financial Management ("Bridgewater") that has been assigned to The Colony Group, LLC, a Focus Partner who merged with Bridgewater. Additionally, we have entered into a third party solicitation agreement to solicit clients on behalf of Buckingham Asset Management, LLC ("Buckingham").

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

LVW Advisors and persons associated with LVW Advisors ("Associated Persons") are permitted to buy or sell securities that it also recommends to clients consistent with the Firm's policies and procedures.

LVW Advisors has adopted a code of ethics that sets forth the standards of conduct expected of its associated persons and requires compliance with applicable securities laws ("Code of Ethics"). In accordance with Section 204A of the Advisers Act, its Code of Ethics contains written policies reasonably designed to prevent the unlawful use of material non-public information by LVW Advisors or any of its associated persons. The Code of Ethics also requires that certain of the Firm's personnel (called "Access Persons") report their personal securities holdings and transactions and obtain pre-approval of certain investments such as initial public offerings and limited offerings.

None of LVW Advisors' Access Persons may effect for themselves or for their immediate family (i.e., spouse, minor children, and adults living in the same household as the Access Person) any transactions in a security which is being actively purchased or sold, or is being considered for purchase or sale, on behalf of any of LVW Advisors' clients.

When LVW Advisors is purchasing or considering for purchase any security on behalf of a client, no Access Person may effect a transaction in that security prior to the completion of the purchase or until a decision has been made not to purchase such security. Similarly, when LVW Advisors is selling or considering the sale of any security on behalf of a client, no Access Person may effect a transaction in that security prior to the completion of the sale or until a decision has been made not to sell such security. These requirements are not applicable to: (i) direct obligations of the Government of the United States; (ii) money market instruments, bankers' acceptances, bank certificates of deposit, commercial paper, repurchase agreements and other high quality short-term debt instruments, including repurchase agreements; (iii) shares issued by mutual funds or money market funds; and (iv) shares issued by unit investment trusts that are invested exclusively in one or more mutual funds.

Clients and prospective clients may contact the Firm to request a copy of its *Code of Ethics*.

## Item 12. Brokerage Practices

LVW Advisors does not maintain custody of your assets that we manage (although we may be deemed to have custody of your assets if you give us authority to withdraw assets from your account (*see Item 15 Custody, below*)). Your assets must be maintained in an account at a "qualified custodian," generally a broker-dealer or bank. We routinely recommend that our clients use Charles Schwab & Co., Inc. (Schwab), a FINRA-registered broker-dealer, member SIPC, as the qualified custodian and the broker-dealer who executes securities transactions for your accounts, though clients are permitted to maintain their accounts at other financial institutions. Even though your account is maintained at Schwab, we can still use other brokers to execute trades for your account, as described in the next paragraph.

We seek to recommend a custodian/broker who will hold your assets and execute transactions on terms that are overall most advantageous when compared to other available providers and their services. We consider a wide range of factors, including, among others, these:

- combination of transaction execution services along with asset custody services (generally without a separate fee for custody)
- capability to execute, clear and settle trades (buy and sell securities for your account)
- capabilities to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.)
- breadth of investment products made available (stocks, bonds, mutual funds, exchange traded funds (ETFs), etc.)
- availability of investment research and tools that assist us in making investment decisions
- quality of services
- competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.) and willingness to negotiate them
- reputation, financial strength and stability of the provider
- their prior service to us and our other clients
- availability of other products and services that benefit us, as discussed below (*see "Products and Services Available to Us from Schwab"*)

### Your Custody and Brokerage Costs

For our clients' accounts it maintains, Schwab generally does not charge you separately for custody services but is compensated by charging you commissions or other fees on trades that it executes or that settle into your Schwab account. Schwab also charges you a flat dollar amount as a "prime broker" or "trade away" fee for each trade that we have executed by a different broker-dealer but where the securities bought or the funds from the securities sold are

deposited (settled) into your Schwab account. These fees are in addition to the commissions or other compensation you pay the executing broker-dealer. Because of this, in order to minimize your trading costs, we have Schwab execute most trades for your account.

### **Products and Services Available to Us from Schwab**

Schwab Advisor Services (formerly called Schwab Institutional) is Schwab's business serving independent investment advisory firms like us. They provide us and our clients with access to its institutional brokerage – trading, custody, reporting and related services – many of which are not typically available to Schwab retail customers. Schwab also makes available various support services. Some of those services help us manage or administer our clients' accounts while others help us manage and grow our business. Here is a more detailed description of Schwab's support services:

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

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

- provide access to client account data (such as duplicate trade confirmations and account statements);
- facilitate trade execution and allocate aggregated trade orders for multiple client accounts;
- provide pricing and other market data;
- facilitate payment of our fees from our clients' accounts; and
- assist with back-office functions, recordkeeping and client reporting.

**Services that Generally Benefit Only Us.** Schwab also offers other services intended to help us manage and further develop our business enterprise. These services include:

- educational conferences and events
- technology, compliance, legal, and business consulting;
- publications and conferences on practice management and business succession; and
- access to employee benefits providers, human capital consultants and insurance providers.

### *Client Benefit Agreement*

In 2017, LVW Advisors entered into a Client Benefit Agreement with Schwab, pursuant to which Schwab agreed to pay up to \$225,000 of our technology, research and marketing related expenses, payable based on the amount of net new non-retirement client assets deposited with Schwab. This Client Benefit Agreement is a conflict of interest, as it incentivizes us to recommend Schwab over custodians who have not agreed to pay these expenses on our behalf. We address this conflict by disclosing it to our clients, and in any instances in which we recommend that a client custody their assets with Schwab the recommendation is based on our belief that it is in the best interest of the client.

### Item 13. Review of Accounts

The Firm monitors clients' investment management portfolios as part of an ongoing process while regular account reviews are conducted on at least a quarterly basis. Such reviews are conducted by one of the Firm's investment adviser representatives. All investment advisory clients are encouraged to discuss their needs, goals, and objectives with the Firm and to keep the Firm informed of any changes thereto. LVW Advisors contacts ongoing investment advisory clients at least annually to review its previous services and/or recommendations and to discuss the impact resulting from any changes in the client's financial situation and/or investment objectives.

Unless otherwise agreed upon, clients are provided with transaction confirmation notices and regular summary account statements directly from the broker-dealer or custodian for the client accounts. Clients will also receive a report from LVW Advisors that may include such relevant account and/or market related information such as an inventory of account holdings and account performance on a periodic basis. Clients should compare the account statements they receive from their broker-dealer or custodian with those they receive from LVW Advisors.

### Item 14. Client Referrals and Other Compensation

LVW Advisor's parent company is Focus Financial Partners, LLC ("Focus"). From time to time, Focus holds partnership meetings and other industry and best-practices conferences, which typically include LVW Advisors, other Focus firms and external attendees. These meetings are first and foremost intended to provide training or education to personnel of Focus firms, including LVW Advisors. However, the meetings do provide sponsorship opportunities for asset managers, asset custodians, vendors and other third-party service providers. Sponsorship fees allow these companies to advertise their products and services to Focus firms, including LVW Advisors. Although the participation of Focus firm personnel in these meetings is not preconditioned on the achievement of a sales target for any conference sponsor, this practice could nonetheless be deemed a conflict as the marketing and education activities conducted, and the access granted, at such meetings and conferences could cause LVW Advisors to focus on those conference sponsors in the course of its duties. Focus attempts to mitigate any such conflict by allocating the sponsorship fees only to defraying the cost of the meeting or future meetings and not as revenue for itself or any affiliate, including LVW Advisors. Conference sponsorship fees are not dependent on assets placed with any specific provider or revenue generated by such asset placement.

The following entities have provided conference sponsorship to Focus in the last year:

Fidelity Brokerage Services  
J.P. Morgan Asset Management  
Charles G. Schwab & Co.

We receive an economic benefit from Schwab in the form of the support products and services it makes available to us and other independent investment advisors that have their clients maintain accounts at Schwab. These products and services, how they benefit us, and the related conflicts of interest are described above (*see Item 12 – Brokerage Practices*). The availability to us of Schwab's products and services is not based on us giving particular investment advice, such as buying particular securities for our clients.

LVW Advisors has entered into an agreement with a former employee, pursuant to which the former employee would be compensated for referrals. In addition, Richard Flynn is compensated for referring clients to the Firm. Solicitation arrangements inherently give rise to potential conflicts of interest because solicitors receive an economic benefit for the

recommendation of advisory services. LVW Advisors addresses these conflicts through this disclosure. Additionally, Rule 204-3 of the Advisers Act requires that solicitation arrangements be covered by a written agreement. Solicitors that are affiliated with an SEC-registered investment adviser must identify their status and affiliation with the adviser. Unaffiliated solicitors must provide clients with the copy of the adviser's disclosure brochure and a copy of the solicitor's disclosure statement describing the terms and conditions of the solicitation arrangement, including the compensation the solicitor is to receive. Solicited clients are required to sign an acknowledgement that they have received the foregoing disclosures.

## **Item 15. Custody**

As stated above, LVW Advisors' Agreement and/or the separate agreement with any Financial Institution may authorize LVW Advisors through such Financial Institution to debit the client's account for the amount of the Firm's fee and to directly remit that management fee to the Firm in accordance with applicable custody rules.

The Financial Institutions recommended by LVW Advisors have agreed to send a statement to the client, at least quarterly, indicating all amounts disbursed from the account including the amount of management fees paid directly to the Firm. In addition, as discussed in Item 13, LVW Advisors also sends periodic supplemental reports to clients. Clients should carefully review the statements sent directly by the Financial Institutions and compare them to those received from the Firm.

## Item 16. Investment Discretion

LVW Advisors may be given the authority to exercise discretion on behalf of clients. The Firm is considered to exercise investment discretion over a client's account if it can affect transactions for the client without first having to seek the client's consent. LVW Advisors is given this authority through a power-of-attorney included in the agreement between the Firm and the client. Clients may request a limitation on this authority (such as certain securities not to be bought or sold). LVW Advisors may take discretion over the following activities:

- The securities to be purchased or sold;
- The amount of securities to be purchased or sold;
- When transactions are made; and
- The Independent Managers to be hired or fired.

## Item 17. Voting Client Securities

LVW Advisors is required to disclose if it accepts authority to vote client securities. The Firm does not vote client securities on behalf of its clients. Proxies are generally voted by the respective Independent Managers.

## Item 18. Financial Information

LVW Advisors does not require or solicit the prepayment of more than \$1,200 in fees six months or more in advance. In addition, the Firm is required to disclose any financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients. LVW Advisors has no disclosures pursuant to this Item.

Prepared by

