

Registered as: Advisor | CRD No. 173363



LONG ISLAND  
WEALTH MANAGEMENT

## Form ADV Part 2A – Firm Disclosure Brochure

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**March 18, 2023**

This Form ADV Part 2A (“Disclosure Brochure”) provides information about the qualifications and business practices of Long Island Wealth Management (“Advisor”). If you have any questions about the contents of this Disclosure Brochure, please contact us at (516) 238-7629 or by email at [www.info@liwealth.com](mailto:www.info@liwealth.com). The information in this Disclosure Brochure has not been approved or verified by the U.S. Securities and Exchange Commission (“SEC”) or by any state securities authority. Registration of an investment advisor does not imply any specific level of skill or training. This Disclosure Brochure provides information about the firm to assist you in determining whether to retain the firm. Additional information about Long Island Wealth Management is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) by searching our CRD number 173363.

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**Item 2 – Material Changes**

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There has been no material change since the previous annual amendment of 03/21/2022.

At any time, the current Disclosure Brochure is available on the SEC’s Investment Adviser Public Disclosure website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) by searching the firm name or CRD number 173363. A copy of this Disclosure Brochure may be requested at any time, by contacting (516) 238-7629 or by email at [www.info@liwealth.com](mailto:www.info@liwealth.com).

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## **Item 4 –Advisor y Business**

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### **Firm Information**

Long Island Wealth Management, Inc. (“LIWM”) is an investment advisor firm registered with the Securities and Exchange Commission (“SEC”) as of October 1, 2014. The principal owner of the firm is Jeffrey Myers, CFP®. LIWM offers portfolio management services and financial planning to individuals, trusts, estates or charitable organizations.

### **Advisory Services Offered**

Long Island Wealth Management, Inc. ("LIWM" or “Advisor”) principal service is providing fee-based investment advisory services and financial planning services. The advisor practices custom management of portfolios, on a discretionary basis, according to the client's objectives. The advisor's primary approach is to use an asset allocation strategy based on the timing of future cash flows. The Advisor will employ both strategic as well as tactical solutions to accomplish client goals. The advisor may use exchange traded funds, separate accounts, exchange listed securities, over the counter securities, corporate debt securities, CD's, municipal securities, mutual funds and United States government securities to accomplish this objective. The advisor measures and selects mutual funds by using various criteria, such as the fund manager's tenure, and/or overall career performance. The advisor may recommend employing cash positions as a possible hedge against market movement which may adversely affect the portfolio. The advisor may recommend selling positions for reasons that include, but are not limited to, harvesting capital gains and losses, business or sector risk exposure to a specific security or class of securities, over valuation or overweighting of the position(s) in the portfolio, change in risk tolerance of client, or any risk deemed unacceptable for the client's risk tolerance.

The firm provides regular and continuous management and supervision of assets as well as financial planning primarily to families, individuals, businesses and trusts. Assets are managed on a discretionary or non-discretionary basis, as selected on the written asset management agreement.

### **Discretionary Authority**

Client grants Advisor ongoing and continuous discretionary authority to execute its investment recommendations without the Client's prior approval of each specific transaction. Under this authority, Client shall allow Advisor to purchase and sell securities and instruments in this Account(s), arrange for delivery and payment in connection with the foregoing, select and retain sub-advisors, and act on behalf of the Client in all matters necessary or incidental.

### **Non-Discretionary Authority**

Advisor will not execute any investment recommendations without Client’s prior approval (verbal or written).

Investment Advisor Representatives are restricted to providing services and charging fees based in accordance with the descriptions detailed in this document and the account agreement. However, the exact service and fees charged to a particular Client are dependent upon the Investment Advisor Representatives that are working

with the Client. Investment Advisor Representatives will consider the individual needs of each Client when providing investment advice. Investment strategies and recommendations are tailored to the individual needs of each Client but generally consist of an asset allocation consistent with:

**Income with Capital Preservation.**

Designed as a longer-term accumulation account, this investment objective is considered generally the most conservative. Emphasis is placed on generation of current income with minimal risk of capital loss. Lowering the risk generally means lowering the potential income and overall return.

Income with Moderate Growth. This investment objective emphasizes generation of current income with a secondary focus on moderate capital growth.

**Growth with Income.**

This investment objective emphasizes modest capital growth with some focus on generation of current income.

**Growth.**

This investment objective emphasizes achieving high long-term growth and capital appreciation. There is little focus on generation of current income.

**Aggressive Growth.**

This investment objective emphasizes aggressive growth and maximum capital appreciation, with no focus on generation of current income. This objective has a very high level of risk and is for investors with a longer timer horizon.

At no time will Advisor accept or maintain custody of a Client's funds or securities. All Client assets will be managed within their designated brokerage account or pension account, pursuant to the Client investment advisory agreement on a discretionary or non-discretionary basis.

- Investment advice is not limited to certain investment types.
- A minimum total investment amount is not required.
- Advisory services are tailored to the individual need of each Client.
- Clients may place reasonable restrictions on investing in certain types of securities.

**Wrap Fee Program**

A wrap fee program includes securities transaction fees together with its investment advisory fees. Depending on the level of trading required for the Client's account[s] in a particular year, the Client may pay more or less in total fees than if the Client paid its own transaction fees. Long Island Wealth Management does not offer a Wrap Fee Program.

## **Retirement Plan Rollovers**

An employee generally has four (4) options for their retirement plan when they leave an employer:

1. Leave the money in his/her former employer's plan, if permitted
2. Rollover the assets to his/her new employer's plan if one is available and permitted
3. Rollover to an Individual Retirement Account (IRA), or
4. Cash out the account value, which has significant tax considerations

Advisor provides educational services pertaining to retirement plan assets and can recommend that assets be rolled-over to an IRA managed by the firm when it is in a client's best interest. Advisor has an incentive to recommend such a rollover based on the compensation received, which is mitigated by the fiduciary duty to act in a Client's best interest and acting accordingly.

There are advantages and disadvantages of an IRA rollover. Before making a change, clients are encouraged to speak with their CPA and/or tax attorney. Clients considering rolling over their retirement funds to an IRA should consider at least the following items:

- Determine whether the investment options in the employer's retirement plan address their needs or whether they might want to consider other types of investments.
- Employer retirement plans generally have a more limited investment menu than IRAs.
- Employer retirement plans may have unique investment options not available to the public such as employer securities, or previously closed funds.
- The current plan may have lower fees.

Many employers permit former employees to keep their retirement assets in their company plan. Also, current employees can sometimes move assets out of their company plan before they retire or change jobs. In determining whether to complete the rollover to an IRA, and to the extent the following options are available, clients should consider the costs and benefits of each. An employee will typically be investing only in mutual funds, you should understand the cost structure of the share classes, available in their employer's retirement plan and how the costs of those share classes compare with those available in an IRA. Clients should understand the various products and services they might take advantage of at an IRA provider and the potential costs of those products and services.

- Our strategy may have higher risk than the option(s) provided to you in your plan.
- Your current plan may also offer financial advice.
- If a client keeps their assets titled in a 401k or retirement account, participants could potentially delay their required minimum distribution beyond age 70½.

- A 401(k) may offer more liability protection than a rollover IRA; each state may vary.
- Participants may be able to take out a loan on your 401k, but not from an IRA.
- IRA assets can be accessed any time; however, distributions are subject to ordinary income tax and may also be subject to a 10% early distribution penalty unless they qualify for an exception such as disability, higher education expenses or the purchase of a home.
- If company stock is owned in a plan, participants may be able to liquidate those shares at a lower capital gains tax rate.
- Plans may allow Advisor to be hired as the manager and keep the assets titled in the plan name.

IRA assets are generally protected from creditors in bankruptcies. However, there can be some exceptions to the general rules so you should consult with an attorney if you are concerned about protecting your retirement plan assets from creditors.

When LIWM provides investment advice to you regarding your retirement plan account or individual retirement account, we are fiduciaries within the meaning of Title I of the Employee Retirement Income Security Act and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. The way we make money creates some conflicts with your interests, so we operate under a special rule that requires us to act in your best interest and not put our interest ahead of yours. Under this special rule's provisions, we must:

- Meet a professional standard of care when making investment recommendations (give prudent advice);
- Never put our financial interests ahead of yours when making recommendations (give loyal advice);
- Avoid misleading statements about conflicts of interest, fees, and investments;
- Follow policies and procedures designed to ensure that we give advice that is in your best interest;
- Charge no more than is reasonable for our services; and
- Give you basic information about conflicts of interest.

Advisor also provides educational services to retirement plan participants with assets that could potentially be rolled-over to an IRA advisory account. Education is based on a particular Client's financial circumstances and best interests. Again, Advisor has an incentive to recommend such a rollover based on the compensation received, which is mitigated by the fiduciary duty to act in a Client's best interest and acting accordingly.

### **Client Account Management**

Prior to engaging Advisor to provide investment advisory services, each Client is required to enter into an investment advisory agreement with that defines the terms, conditions, authority, and responsibilities.

### **Selection of Other Advisors**

LIWM can recommend and refer clients to unaffiliated money managers or investment advisors through Managed Account programs sponsored by a third-party provider. In these arrangements, the client will enter into a program and investment advisory agreement with the program sponsor and sub-advisors. LIWM will assist and advise the client in establishing investment objectives for the sub-advisors and continue to provide oversight of the client account and ongoing monitoring of the activities of the sub-advisors. The sub-advisors will develop an investment strategy to meet those objectives by identifying appropriate investments and monitoring such investments. In consideration for such services, the program sponsor will charge a program fee that includes the investment advisory fee of the sub-advisors, the administration of the program and trading, clearance and settlement costs. The program sponsor will add LIWM's management fee (described below in the answer to Item 5A&B) and will deduct the overall fee from the client account quarterly either in advance/arrears based on the program selected by the Advisor and client.

The client, prior to entering into an agreement with a third-party money manager selected by LIWM, will be provided with that manager's Brochure. In addition, LIWM and its client will agree in writing that the client's account will be managed by that selected third party money manager on a discretionary basis.

### **Financial Planning Services**

Advisor, through its Investment Advisor Representatives, generally provides financial planning as part of a comprehensive asset management engagement. However, financial planning is available separately for a separate fee. The type of planning can vary greatly depending on the scope and complexity of an individual's financial situation. Examples, not limitations, of the type of planning available include the following:

#### **Cash Flow/ Budget Planning**

Planning to manage expenses against current and projected income.

#### **College / Education**

Planning to pay the future college / education expenses of a child or grandchild.

#### **Divorce**

Planning for the financial impact of divorce such as change in income, retirement benefits and tax considerations.

#### **Estate Planning**

Planning that focuses on the most efficient and tax friendly option to pass on an estate to a spouse, other family members or a charity.

#### **Final Expenses**

Planning to leave assets to cover final expenses such as funeral, debts and potential business continuity.



**Insurance Needs** – planning for the financial needs of survivors to satisfy such financial obligations as housing, dependent childcare and spousal arrangements as well as education.

### **Investment Planning**

Planning an investment strategy consistent with some particular objectives, time horizons and risk tolerances.

### **Major Purchase**

Evaluation of the pros and cons of home ownership versus renting as well as buying or leasing a car, for example.

### **Retirement**

Planning an investment strategy with the objective of providing inflation- adjusted income for life.

### **Tax Planning**

Planning a tax efficient investment portfolio to maximize deductions and off-setting losses.

### **Wealth Accumulation**

Planning to build wealth within a portfolio that takes into consideration risk tolerance and time horizon.

Prior to engaging the firm to provide stand-alone planning or consulting services, Clients are required to enter into an Agreement setting forth the terms and conditions of the engagement (including termination), describing the scope of the services to be provided, and the portion of the fee that is due from the Client prior to the firm commencing services.

Depending on the type of account that could be used to implement a financial plan, compensation can include (but is not limited to) advisory fees, advisory program wrap fees; commissions; mark-ups and mark-downs; transaction charges; confirmation charges; small account fees; mutual fund 12b-1 fees; mutual fund sub-transfer agency fees; hedge fund, managed futures, and variable annuity investor servicing fees; retirement plan fees; fees in connection with an insured deposit account program; marketing support payments from mutual fund, annuity and insurance sponsors; administrative servicing fees for trust accounts; referral fees; compensation for directing order flow; and bonuses, awards or other things of value. To the extent that IAR recommends that Client invest in products and services that will result in compensation being paid to Advisor and the IAR, this presents a conflict of interest. This compensation to IAR and Advisor may be more or less depending on the product or service that IAR recommends. Therefore, the IAR has a financial incentive to recommend that a financial plan be implemented using a certain product or service over another product or service.

Clients are under no obligation to act upon the recommendations contained in a financial plan. If the client elects to act on any of the recommendations, there is under no obligation to affect the transaction through the investment adviser.

## **Assets Under Management**

Assets under management will be amended at least annually within 90 days of the December 31 fiscal year-end.

<b>Assets under Management (12/31/2022)</b>	
Discretionary	\$123,912,506
Non-Discretionary	\$21,613,594
<b>Total</b>	<b>\$145,526,100</b>

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## **Item 5 – Fees and Compensation**

### **Investment Management**

Fees are paid quarterly in arrears according to the below fee schedule based on the average of the beginning and ending quarterly balance.

<b>Assets Under Management</b>	<b>Annual Rate</b>
Under \$1 Million	0.65% to 1.00%
\$1 Million and Above	0.25% to 0.75%

- Fees are negotiated at the sole discretion of the advisor based on the scope, complexity, amount of time and expertise required to manage the account.
- Clients will receive quarterly statements from the Custodian that provides details of the advisory fees.
- The investment advisory fee in the first period of service is pro-rated from the inception date of the account[s] to the end of the first quarter.
- The firm will not have the authority or responsibility to value portfolio securities.

### **Mutual Fund Share Class Disclosures**

Section 206 of the Investment Advisers Act of 1940 (“Advisers Act”) imposes a fiduciary duty to act in a client’s best interests and specifically prohibits investment advisers, directly or indirectly, from engaging in any transaction, practice, or course of business which operates as a fraud or deceit upon any client or prospective client.

However, the fiduciary duty to which advisers are subject is not specifically defined in the Advisers Act or the Commission rules but reflects a Congressional recognition “of the delicate fiduciary nature of an investment advisory relationship” as well as a Congressional intent to eliminate, or at least expose, all conflicts of interest which might incline an investment adviser, consciously or unconsciously, to render advice which was not disinterested.

The purpose of 12b-1 fees, as approved by the SEC, are to cover marketing expenses and shareholder services such as the support services. The more beneficial share class depends on an analysis of all fees including ticket charges and expected 12b-1 fees. Investing in a 12b-1 fee paying share class can be less expensive for a client than investing in a share class with a lower expense ratio if the ticket charges on the lower-cost share class exceed the amount of ongoing 12b-1 fees.

Depending on the anticipated trading volume, and the asset management fee that is determined based on account size, complexity and time requirements, investment advisor representatives have a fiduciary duty to determine the mutual fund share class that is in the best interest of each client as part of the overall fee analysis. For a wrap fee account, a different conflict of interest is introduced because the advisor now has an incentive to not trade as frequently (reverse churning) to avoid the ticket charges which can compromise the active management of an advisory account. This conflict is mitigated by an investment adviser representative's fiduciary duty to act in a client's best interest while also considering the higher asset management fee charged for wrap fee accounts.

Advisor will seek to determine the most advantageous share class available to each client. While institutional share classes are usually the lowest cost alternative, under certain circumstances clients may be better served to pay a higher annual expense ratio and avoid a transaction fee on each trade. When selecting a mutual fund for a client's advisory account, the Investment Advisor Representative has a fiduciary duty to select the share class that helps manage the overall fee structure of the account. The overall fee structure includes such fees as: Asset Management Fees, Expense ratio, which includes 12b-1 fees, generally .25% for A shares and/or trade ticket charges.

- Investment Advisor Representatives must anticipate and monitor trading volume, and the asset management fee that is determined based on account size, complexity and time requirements.
- Advisor will review mutual fund positions that clients transfer "in kind" to be included in assets managed by Advisor and will advise the client as to alternatives available to them regarding share classes.
- Advisor recognizes that in some situations, alternative share classes might not be available. For example, 529 and 401(k) Plans often have a limited array of investments and share classes available.

### **Legacy Mutual Fund Holdings**

When the client transfers assets into a managed account, the portfolio advisor will review the client's mutual fund holdings. If not one of Advisor's recommended funds, the mutual fund will generally be sold unless the client needs to avoid a taxable gain or directs the Company to hold the position. In some circumstances, if the legacy holding fits into the asset allocation of the portfolio, it may be held going forward.

When legacy holdings are maintained in a client's account, the client's primary advisor or the Head Trader (or his designee) is responsible for conducting an initial analysis of the mutual fund share class that he or she

believes is in the client's best interest to hold based on the account size, investment strategy and eligibility requirements.

If in the client's best interest to convert to an alternative share class and the position meets the minimum investment and eligibility criteria, Advisor will place instructions for the custodian to convert the position on its next available share class conversion date. If not converted, the position will be re-evaluated during the next account review. All steps taken will be documented either in the client's file or in the trading records of the firm.

#### **Portfolio Makeover \$500 project fee**

- A review and analysis of your existing portfolio and asset allocation with written recommendations.
- Consideration of ways to lower your current investment expenses and ensure that your portfolio matches your investment time horizon and tolerance for risk. Includes 401k accounts and/or other retirement savings plans in addition to non-retirement accounts.
- Email and telephone support for 30 days after presentation and written report to address questions and provide advice on plan implementation.

#### **Retirement Roadmap \$2,000 project fee**

- Generation of a Retirement Cash Flow analysis based on current savings and anticipated spending patterns.
- Includes a presentation meeting with written recommendations, portfolio review, asset allocation plan and proposed portfolio.
- Also includes a basic review of other financial areas, such as estate planning and life, disability, and long-term care insurance needs.
- Includes a follow-up meeting, if requested, and email and telephone support for 60 days after presentation to address any further related questions and provide advice on plan implementation.

#### **Annual Retainer for Financial Advice & Coaching \$3,500 project fee**

- Monthly or quarterly meeting where your financial questions are answered, and action items are completed. No more procrastination on items you mean to do or want to do.
- Advice provided throughout the year on concerns such as retirement planning, investments, college savings, etc.
- Email and phone support throughout the year.

#### **Compensation for Sales of Securities**

Advisor does not receive commission compensation for advisory services.

### **Money Managers and Product Sponsors**

Investment advisor representatives will, on occasion, have an opportunity to attend a training event or participate in a due diligence visit where the Money Manager or Product Sponsor will cover the associated travel expenses such as airfare, hotel and meals. Training opportunities are often held at luxury resorts where amenities such as golf, spas and entertain are provided. Such accommodations represent a conflict of interest that can influence the evaluation of the Money Manager or Product sponsor based on factors other than the quality of services. Any such compensation is not subject to a soft dollar agreement.

### **Industry Professionals**

When it is in the best interests of the client, Advisor can introduce the services of other professionals for certain non-investment purposes (i.e., attorneys and accountants). Introductions represent a conflict of interest because they create a relationship where the other professional has an implied obligation to introduce potential new clients to Advisor. Clients are under no obligation to engage the services of any such professional. If the client engages any such professional, and a dispute arises, any recourse will be exclusively from and against the engaged professional. Any such referrals are not subject to a cash solicitor arrangement.

### **Additional Compensation**

Advisor can receive an economic benefit for providing advisory services from sources other than the client. Economic benefits include sales awards and gifts, an occasional meal, as well as entertainment such as a concert, show or sporting event. Such compensation is not directly related to the advice or services provided to a particular client, but it does create a conflict of interest that can influence the selection of services based on the compensation received.

### **Friends & Family**

Fees can be waived, in whole or in part, for clients who are members of the family or friends. In certain other circumstances, fees and account minimums are negotiable and therefore, fees can vary from client to client.

### **Other Fees and Expenses**

Clients will incur transaction charges for trades executed in their accounts. These transaction fees are separate from our fees. Also, Clients will pay the following separately incurred expenses, which we do not receive any part of: charges imposed directly by a mutual fund, index fund, or exchange traded fund which shall be disclosed in the fund's prospectus (i.e., fund management fees and other fund expenses). If a Client's assets are invested in mutual funds or other pooled investment products, Clients should be aware that there will be two layers of advisory fees and expenses for those assets. Client will pay an advisory fee to the fund manager and other expenses as a shareholder of the fund. Client will also pay. Advisor the advisory fee with respect to those assets. Most of the mutual funds available in the program may be purchased directly. Therefore, Clients could generally avoid the second layer of fees by not using the management services of Advisor and by making their own investment decisions. Further information regarding fees assessed by a mutual fund is available in the appropriate prospectus.

## **Termination**

A contract between Advisor and a Client may be cancelled immediately in whole or in part by providing written notice of termination

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

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Advisor does not accept performance-based fees, fees based on a share of capital gains on or capital appreciation of the assets of a Client (such as a Client that is a hedge fund or other pooled investment vehicle).

Advisor also does not participate in side-by-side management, where an advisor manages accounts that are both charged a performance-based fee and accounts that are charged another type of fee, such as an hourly or flat fee or an asset-based fee.

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## **Item 7 – Types of Clients**

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Advisory services are primarily offered to individuals, individual retirement accounts, high net worth clients, trusts, estates and charitable organizations.

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

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Advisor emphasizes continuous and regular account supervision. As part of our asset management service, we generally create a portfolio, consisting of individual stocks or bonds, exchange traded funds (“ETFs”), options, mutual funds and other public and private securities or investments. The Client’s individual investment strategy is tailored to their specific needs and may include some or all of the previously mentioned securities. Each portfolio will be initially designed to meet a particular investment goal, which we determine to be suitable to the Client’s circumstances. Once the appropriate portfolio has been determined, it is subject to review and if necessary, rebalanced based upon the Client’s individual needs, stated goals and objectives. Each Client can place reasonable restrictions on the types of investments to be held in the portfolio.

Advisor uses multiple forms of research to analyze financial data and market conditions such as the general financial health of a company, and/or the analysis of management or competitive advantages, past market data (primarily price and volume), business cycles as well as patterns and trends.

### **Asset Allocation**

Asset allocation is an investment strategy that aims to balance risk and reward by apportioning a portfolio's assets according to an individual's goals, risk tolerance, and investment horizon. The three main asset classes, equities, fixed-income, and cash and equivalents, have different levels of risk and return, so each will behave differently over time.

### **Behavioral Analysis**

Behavioral finance analysis involves an examination of conventional economics as well as behavioral and cognitive psychological factors. Behavioral finance methodology seeks to combine a qualitative and quantitative approach to provide explanations for why individuals may, at times, make irrational

financial decisions. Where conventional financial theories have failed to explain certain patterns, the behavioral finance methodology investigates the underlying reasons and biases that cause some people to behave against their best interests. The risks relating to behavior finance analysis are that it relies on spotting trends in human behavior that may not predict future trends.

### **Cash Flow Analysis**

A cash flow analysis evaluates a clients need for current and future income requirements and investing accordingly.

### **Fundamental Analysis**

The analysis of financial statements, the general financial health of companies, and/or the analysis of management or competitive advantages. Fundamental analysis concentrates on factors that determine a company's value and expected future earnings. This strategy would normally encourage equity purchases in stocks that are undervalued or priced below their perceived value. The risk assumed is that the market will fail to reach expectations of perceived value.

### **Quantitative & Qualitative Strategies**

Investing based on a quantitative measure of less tangible qualitative factors such as regulatory structure, track-record, stability of management, asset size and composition, expense ratio and performance.

### **Risk of Loss**

Investing in securities involves certain investment risks. Securities can fluctuate in value or lose value up to the entire principal amount invested. Clients should be prepared to bear the potential risk of loss. Advisor will assist Clients in determining an appropriate strategy based on their tolerance for risk and other factors noted above. However, there is no guarantee that a Client will meet their investment goals. While the methods of analysis help the Advisor in evaluating a potential investment, it does not guarantee that the investment will increase in value. Assets meeting the investment criteria utilized in these methods of analysis may lose value and may have negative investment performance. Investment Advisor Representatives monitor economic indicators to determine if adjustments to strategic allocations are appropriate.

Each Client engagement will entail a review of the Client's investment goals, financial situation, time horizon, tolerance for risk and other factors to develop an appropriate strategy for managing a Client's account. Client participation in this process, including full and accurate disclosure of requested information, is essential for the analysis of a Client's account. The Advisor shall rely on the financial and other information provided by the Client or their designees without the duty or obligation to validate the accuracy and completeness of the provided information. It is the responsibility of the Client to inform the Advisor of any changes in financial condition, goals or other factors that may affect this analysis. The risks associated with a particular strategy are provided to each Client in advance of investing Client accounts. The Advisor will work with each Client to determine their tolerance for risk as part of the portfolio construction process. The firms' methods of analysis and investment strategies do not represent any significant or unusual risks however all strategies have inherent



risks and performance limitations. Clients should be aware of the following types of risks that apply to investing and are encouraged to discuss the specific risks applicable to their account holdings:

### **Alternative Investments**

Alternative investment products, including real estate investments, notes and debentures, hedge funds, and private equity are considered highly speculative and involve a high degree of risk. They often engage in leveraging and other speculative investment practices that may increase the risk of investment loss, can be highly illiquid, are not required to provide periodic pricing or valuation information to investors, may involve complex tax structures and delays in distributing important tax information, are not subject to the same regulatory requirements as mutual funds, often charge high fees which may offset any trading profits, and in many cases the underlying investments are not transparent and are known only to the investment manager. Performance can be volatile. Investors could lose all or a substantial amount of their investment.

### **Business Risk**

The measure of risk associated with a particular security. It is also known as unsystematic risk and refers to the risk associated with a specific issuer of a security. Generally speaking, all businesses in the same industry have similar types of business risk. More specifically, business risk refers to the possibility that the issuer of a particular company stock or a bond may go bankrupt or be unable to pay the interest or principal in the case of bonds.

### **Call Risk**

The risk specific to bond issues and refers to the possibility that a debt security will be called prior to maturity. Call risk usually goes hand in hand with reinvestment risk because the bondholder must find an investment that provides the same level of income for equal risk. Call risk is most prevalent when interest rates are falling, as companies trying to save money will usually redeem bond issues with higher coupons and replace them on the bond market with issues with lower interest rates.

### **Complex Product Risk**

Complex Products are complicated instruments that should only be used by sophisticated investors who fully understand the terms, investment strategy and risks associated with the funds. Clients should be aware of certain specific risks involved in trading Complex Products. These risks include, but are not limited to:

#### **Use of Leverage and/or Derivative Instruments**

Many leveraged and inverse funds as well as volatility-linked products use leverage and derivative instruments, such as futures and options contracts, to achieve their stated investment objectives. As such, they can be extremely volatile and carry a high risk of substantial losses. Complex Products are considered speculative investments and should only be used by investors who fully understand the risks and are willing and able to absorb potentially significant losses.





### **Seeking Daily Target Returns**

Most Complex Products "reset" daily, meaning that they are designed to achieve their stated objectives daily. Because of compounding, the return for investors who invest for a period longer than one trading day may vary significantly from the stated goal as well as the target benchmark's performance. This is especially true in very volatile markets or if a Complex Product is tracking a very volatile underlying index. Investments in any Complex Product must be actively monitored daily and are typically not appropriate for a buy-and-hold strategy.

### **Higher Operating Expenses and Fees**

Investors should be aware that these Complex Products typically rebalance their portfolios frequently, often daily, to compensate for anticipated changes in overall market conditions. For example, volatility-linked ETPs will rebalance their exposure to futures of different maturities to maintain the targeted maturity. This rebalancing can result in frequent trading and increased portfolio turnover. These Complex Products will, therefore, have higher operating expenses and investment management fees than other funds or products.

### **Tax Treatment May Vary**

In many cases, Complex Products may generate their returns using derivative instruments. Because derivatives are taxed differently from equity or fixed-income securities, investors should be aware that these Complex Products may not have the same tax efficiencies as other funds or products.

### **Concentration Risk**

Concentrated portfolios are an aggressive and highly volatile approach to trading and investing and should be viewed as complementary to a stable, highly predictable investment approach. Concentrated portfolios hold fewer different stocks than a diversified portfolio and are much more likely to experience sudden dramatic price swings. In addition, the rise or drop in price of any given holding in the portfolio is likely to have a larger impact on portfolio performance, than a more broadly diversified portfolio.

### **Credit Risk**

The risk that an investor could lose money if the issuer or guarantor of a fixed income security is unable or unwilling to meet its financial obligations.

### **Crypto Currencies and Crypto Asset Risks**

Crypto assets represent a speculative investment and involve a high degree of risk. Supply is determined by a computer code, not by a central bank, and prices can be extremely volatile. Crypto currency and crypto asset exchanges have been closed due to fraud, failure, security breaches, and legal noncompliance. Client assets held on an exchange that shuts down may be lost. Several factors may affect the price of crypto currencies and other crypto assets, including, but not limited to supply and demand, investors' expectations with respect to the rate of inflation, interest rates, currency exchange rates or future regulatory measures (if any) that restrict the trading of crypto currencies/crypto assets or

the use of crypto currencies/crypto assets as a form of payment. There is no assurance that crypto currencies and/or other crypto assets will maintain their long-term value in terms of purchasing power in the future, or that acceptance of crypto currency payments by mainstream retail merchants and commercial businesses will grow. The prior performance of a crypto asset is not necessarily indicative of future results. Many crypto assets have experienced high levels of performance and rapid increases in price, followed by significant downturns in performance and similarly rapid decreases in price.

### **Crypto Exchange Risks**

The crypto currency and crypto asset exchanges on which crypto currency and other crypto assets trade are relatively new and may not be registered as brokers, exchanges, or alternative trading systems. They may therefore be out of compliance with federal or state law. In addition, these exchanges may be more exposed to theft, fraud and failure than established, registered exchanges for other products. In general, crypto currency and other crypto assets exchanges are currently start-up businesses with no institutional backing, limited operating history and no publicly available financial information. Exchanges generally require cash to be deposited in advance in order to purchase crypto currency and other crypto assets, and no assurance can be given that those deposit funds can be recovered. Additionally, upon sale of crypto currency and other crypto assets, cash proceeds may not be received from the exchange for several business days. The participation in exchanges requires participants to take on credit risk by transferring crypto currency and other crypto assets from a participant's account to a third-party's account.

### **Cybersecurity Risk**

The computer systems, networks and devices used by us and our service providers employ a variety of protections designed to prevent damage or interruption from computer viruses, network and computer failures and cyberattacks. Despite such protections, systems, networks and devices potentially can be breached. Cyberattacks include, but are not limited to, gaining unauthorized access to digital systems for purposes of corrupting data, or causing operational disruption, as well as denial-of-service attacks on websites. Cyber incidents may cause disruptions and impact business operations, potentially resulting in financial losses, the inability of us or our service providers to trade, violations of privacy and other laws, regulatory fines, reputational damage, reimbursement costs and additional compliance costs, as well as the inadvertent release of confidential information.

### **Currency/Exchange Rate Risk**

The risk of a change in the price of one currency against another.

### **Dependence on Key Personnel**

The success of the Underlying Funds will also depend materially upon the active participation of the individuals of the Underlying Managers. There can be no guarantee of the continuing participation of any one or more of these individuals, the loss of whose services could have a material adverse effect on the Underlying Funds. In addition, although the partners and other employees of the Underlying Managers are expected to devote as much time as they believe is necessary to conduct the affairs of the Underlying Funds, generally none of them will be required to devote any particular portion of his or her

working time to the affairs of any of the Underlying Funds. These individuals are expected to devote substantial working time to conducting the affairs of the other funds they manage.

### **Dependence on Underlying Managers**

Given that the Funds will generally be passive investors in any Underlying Fund and will not have a role in the management of the Underlying Funds, the returns of the investments in the Underlying Funds will primarily depend on the performance of the Underlying Managers. The Funds will not control the investment policies of the Underlying Funds and the access of an investor in a Fund to information concerning the Underlying Funds' investments and other matters will not be as comprehensive nor as timely as if investors made direct investments in the Underlying Funds. Also, information about Underlying Managers may be limited. As a result, Precision may not be in a position to protect the value of a particular Fund's investment in Underlying Funds. In addition, the Underlying Managers may have economic or business interests or goals that are inconsistent with those of the Fund.

### **Derivatives**

Investment strategies may cause a client to be exposed to derivatives including instruments and contracts whose value is linked to one or more underlying securities, financial benchmarks, or indices. Derivatives allow an investor to hedge or speculate upon the price movements of a particular security, financial benchmark, index, currency, or interest rate at a fraction of the cost of investing in the underlying asset. The value of a derivative depends largely upon price movements in the underlying asset.

### **Emerging Markets**

The risks of foreign investments typically are greater in less developed countries, sometimes referred to as emerging markets. For example, political and economic structures in these countries may be less established and may change rapidly. These countries also are more likely to experience high levels of inflation, deflation, or currency devaluation, which can harm their economies and securities markets and increase volatility. Restrictions on currency trading that may be imposed by emerging market countries will have an adverse effect on the value of the securities of companies that trade or operate in such

### **Exchange Traded Fund and Mutual Fund Risk**

The risk of owning an ETF or mutual fund generally reflects the risks of owning the underlying securities the ETF or mutual fund holds. Clients may incur additional costs associated with ETFs and mutual funds (see Item 5). Consumer Discretionary ETF Shares are listed for trading on NYSE Arca and can be bought and sold on the secondary market at market prices. Although it is expected that the market price of a Consumer Discretionary ETF Share typically will approximate its net asset value (NAV), there may be times when the market price and the NAV vary significantly. Thus, the client may pay more or less than NAV when the Consumer Discretionary ETF Shares are purchased on the secondary market, and the client may receive more or less than NAV when you sell those shares. Although Consumer Discretionary ETF Shares are listed for trading on NYSE Arca, it is possible that an active trading market may not be maintained and Trading of Consumer Discretionary ETF Shares on NYSE Arca may be halted by the activation of individual or market

wide "circuit breakers" (which halt trading for a specific period of time when the price of a particular security or overall market prices decline by a specified percentage). Trading of Consumer Discretionary ETF Shares may also be halted if the shares are delisted.

### **Extraordinary Events**

Terrorism and the United States' involvement in armed conflict may negatively affect general economic fortunes, including sales, profits, and production. An unstable geopolitical climate and continued threats of terrorism and war could have a material effect on general economic conditions, market conditions, and market liquidity (i.e., depressed securities prices and problems with trading facilities and infrastructure). Additionally, a serious pandemic or natural disaster could severely disrupt the global, national, and/or regional economies. A resulting negative impact on economic fundamentals and consumer confidence may increase the risk of default of particular companies and negatively impact our clients.

### **Fixed Income Risk**

When investing in bonds, there is the risk that the issuer will default on the bond and be unable to make payments. Further, individuals who depend on set amounts of periodically paid income face the risk that inflation will erode their spending power. Fixed-income investors receive set, regular payments that face the same inflation risk.

### **Fixed Income Markets Volatility and Other Risks**

Fixed income markets have experienced increased volatility during certain recent periods as investors have considered the effects of Federal Reserve Board policy changes (i.e., with tapering of the Federal Reserve Board's quantitative easing program and a general rise in interest rates). While volatility in the fixed income markets has subsided at times, such volatility, together with changes in bond market size and structure, are reminders of the possibility of volatility and other risks such as increased redemptions from the Fund.

### **Foreign Securities Risk.**

Mutual funds in a client's portfolio can invest in foreign securities. Foreign securities are subject to additional risks not typically associated with investments in domestic securities. These risks may include, among others, currency risk, country risks (political, diplomatic, regional conflicts, terrorism, war, social and economic instability, currency devaluations and policies that have the effect of limiting or restricting foreign investment or the movement of assets), different trading practices, less government supervision, less stringent accounting standards, less publicly available information, limited trading markets and greater volatility. To the extent that underlying funds invest in issuers located in emerging markets, the risk may be heightened by political changes, changes in taxation, or currency controls that could adversely affect the values of these investments. Emerging markets have been more volatile than the markets of developed countries with more mature economies.



**Inflationary Risk** – the risk that future inflation will cause the purchasing power of cash flow from an investment to decline.

### **Illiquidity of Investments**

There is no public market for any of the investments that will be held by the Funds and it is highly unlikely that one will develop. As a consequence, the Funds' investments in securities may be illiquid, and the Funds could be prevented from liquidating securities promptly, which may in turn subject the Funds to substantial losses. Illiquidity could also impair the Funds' ability to distribute withdrawal proceeds to a withdrawing investor in a timely manner.

### **Interest Rates and Prices; Correction Risks**

The price of a debt security generally moves in the opposite direction from interest rates (i.e., if interest rates go up, the value of the bond will go down, and vice versa). In general, securities with longer maturities are more sensitive to these price changes. Additionally, the prices of high yield, fixed-income securities fluctuate more than high quality debt securities. Prices are especially sensitive to developments affecting the company's business and to changes in the ratings assigned by rating agencies. Prices often are closely linked with the company's stock prices and typically rise and fall in response to factors that affect stock prices. In addition, the entire high-yield securities market can experience sudden and sharp price swings due to changes in economic conditions, stock market activity, large sustained sales by major investors, a high-profile default, or other factors. Any changes to interest rates could have a significant impact on prices and a client's account, which could be substantial if the duration levels, if any, of the client's account are high. See also "Fixed Income Markets Volatility and Other Risks" below.

### **Interval Fund Repurchase Offers Risk.**

Advisor can recommend or purchase interval funds. Subject to applicable law, one or more of these funds may place limitations on the percentage of outstanding shares that may be repurchased in each period. If a repurchase offer is oversubscribed, the fund will repurchase the shares tendered on a pro rata basis, and shareholders will have to wait until the next repurchase offer to make another repurchase request. As a result, shareholders may be unable to liquidate all, or a given percentage, of their investment in the fund during a repurchase offer. Some shareholders, in anticipation of proration, may tender more shares than they wish to have repurchased in a quarter, thereby increasing the likelihood that proration will occur. A shareholder may be subject to market and other risks, and the net asset value of shares tendered in a repurchase offer may decline between the repurchase request deadline and the date on which the net asset value for tendered shares is determined. In addition, the repurchase of shares by the fund may be a taxable event to shareholders.

### **Interest Rate Risk**

The risk that fixed income securities will decline in value because of an increase in interest rates; a bond or a fixed income fund with a longer duration will be more sensitive to changes in interest rates than a bond or bond fund with a shorter duration.

### **Investment Strategies of Underlying Funds**

The investment strategies of the Underlying Funds themselves are generally speculative and may involve significant risks. For example, the Underlying Funds that invest heavily in securities traded publicly on capital markets may be unsuccessful at analyzing these markets profitably, and the Underlying Funds that invest directly in more speculative opportunities may not successfully identify profitable opportunities.

### **Lack of Investment Discretion in Underlying Funds**

The Funds will generally invest in Underlying Funds over which Precision has no investment discretion, and which may themselves invest in highly speculative investments. The success of the Underlying Funds in general is subject to risks related to: (i) the quality of the Underlying Managers and of the companies in which the Underlying Funds invest, (ii) the ability of the Underlying Managers to select successful investment opportunities, (iii) general economic conditions, and (iv) the ability of the Underlying Funds to liquidate their investments.

### **Legislative Risk**

The risk of a legislative ruling resulting in adverse consequences.

### **Limited Access to Underlying Managers**

There is no assurance that each Underlying Manager will, as a result of capacity constraints, agree to manage as much of the Funds' assets as Precision determines to allocate to such Underlying Managers. There also is no assurance that an Underlying Manager will not terminate its relationship with the Funds or return some assets under management.

### **Liquidity Risk**

The possibility that an investor may not be able to buy or sell an investment as and when desired or in sufficient quantities because opportunities are limited.

### **Margin Transaction Risk**

A client account may use short-term margin borrowings in purchasing securities (including, but not limited to, swaps, commodities, derivatives, or other instruments purchased for speculative, leveraging, hedging, and/or performance enhancing purposes). In general, the use of short-term margin borrowings, if any, results in certain additional risks. For example, should the securities pledged to brokers to secure margin accounts decline in value, the client's account could be subject to a "margin call," pursuant to which it must either deposit additional funds with the broker, or suffer mandatory liquidation of the pledged securities to compensate for the decline in value, which could require the liquidation of assets at inopportune times. Furthermore, in the event of a sudden precipitous drop in the value of its assets, the Fund might not be able to liquidate assets quickly enough to pay off its margin debt.

A client account's margin provider will have a lien over the assets of the account that are deposited with the margin provider as collateral. In the event of the insolvency of the margin provider, those assets may become available to the creditors of the margin provider. The insolvency of the margin provider could



seriously damage the client's account, as assets of the account which are deposited with the margin provider as margin will become available to the creditors of the margin provider.

When a client account purchases an option in the United States, there is no margin requirement because the option premium is paid for in full. The premiums for certain options traded on foreign exchanges may be paid for on margin. The margin requirements imposed on the writing of options, although adjusted to reflect the probability that out-of-the money options will not be exercised, can in fact be higher than those imposed in dealing in the securities markets directly. Whether any margin deposit will be required for over-the-counter ("OTC") options will depend on the credit determinations and agreement of the parties to the transaction.

### **Market Risk**

The risk that the value of securities may go up or down, sometimes rapidly or unpredictably, due to factors affecting securities markets generally or particular industries.

### **Master Limited Partnership (MLP) Risk**

MLPs are susceptible to general stock market fluctuations and to volatile increases and decreases in value as market confidence in and perceptions of their issuers change. MLPs also face unique risks specific to energy prices, inflation/deflation, regulatory action, interest rate fluctuations and ease of access to capital markets.

### **Multiple Layers of Expenses**

Many Funds utilize a "fund-of-funds" investment strategy, pursuant to which their assets are be invested in the Underlying Funds. Investment management compensation will be charged to the Funds by the Firm and by the Underlying Managers. As a result, such Funds will bear multiple investment management fees, which may include both fees based on assets under management and fees based on capital appreciation, which in the aggregate will generally exceed the compensation which would typically be incurred by an investment with a single portfolio manager.

### **Mutual Fund Risks**

A risk exists that the investment strategies employed by the mutual funds will not meet the stated investment objectives the fund is seeking to obtain. Mutual funds may invest in equities, fixed income, derivatives, and other asset classes; the risks associated with such investments are described in the fund's prospectus. The performance of a mutual fund may not exactly match the performance of the index or market benchmark that the fund is designed to track due to the mutual fund incurring expenses and transaction costs not incurred by any applicable index or market benchmark.

### **Pandemic Risk**

Large-scale outbreaks of infectious disease that can greatly increase morbidity and mortality over a wide geographic area, crossing international boundaries, and causing significant economic, social, and political disruption.

## **COVID-19**

The novel coronavirus known as COVID-19 involves significant risk of a sustained increase in the volatility of global markets, which volatility could continue for the foreseeable future. Market responses to decisions made by governments and scientists around the world, including measures to contain the spread of the virus, availability of healthcare and treatments, and rolling shutdowns of markets across the globe would negatively impact markets and pose a significant risk of loss to investment principal. The pandemic also poses a risk from a human capital and resource perspective.

## **Portfolio Inactivity Risk**

Advisor maintains procedures for reviewing client portfolios and for making changes to a client's account holdings. There may be periods where Advisor determines that changes to a client's portfolio are unnecessary. Clients will remain responsible for paying Advisor's fees during all periods and are solely responsible for determining whether the Advisor's services remain appropriate for them.

## **Private Equity Investments**

Certain Funds may acquire equity stakes in privately held companies. The success of the Funds' investments in equity stakes of privately held companies will largely depend in part on the performance and abilities of such companies' controlling shareholders. Because the Funds will not control such companies, the Funds' ability to exit from such investments may be limited. Additionally, these Funds are likely to have a reduced ability to influence management of such companies. As a result of these factors, Precision may not be in a position to protect the value of a Fund's investment in a private company.

## **Real Estate Investment**

Such investments may include investing in land zoned for mixed use such as retail shopping, restaurants, schools and universities as well as medical facilities, parks and residential properties. There are various risks to consider such as a lack of public interest and the lack of registration with the SEC or the securities commission of any state or country. In addition, the following, not limited, risks apply: lack of liquidity, zoning restrictions, minimal transparency, changing economic conditions affecting consumer demand, unexpected environmental complications, tenant/resident ability to make rent/mortgage payments (risk of default). Like other Alternative Investments and Limited Partnerships, performance can be volatile. Investments are subject to a complete loss of the principal amount invested with extended time frames before a potential return on capital, if any. In addition, such investments often have concentrated positions that can exaggerate investment risk. Clients with the appropriate risk profile should only consider a portion of their total assets to be held in high risk, volatile positions.

## **Real Estate Investment Trust Risk**

To the extent that a client invests in REITs, it is subject to risks generally associated with investing in real estate, such as (i) possible declines in the value of real estate, (ii) adverse general and local



economic conditions, (iii) possible lack of availability of mortgage funds, (iv) changes in interest rates, and (v) environmental problems. In addition, REITs are subject to certain other risks related specifically to their structure and focus such as: dependency upon management skills; limited diversification; the risks of locating and managing financing for projects; heavy cash flow dependency; possible default by borrowers; the costs and losses of self-liquidation of one or more holdings; the possibility of failing to maintain exemptions from securities registration; and, in many cases, relatively small market capitalization, which may result in less market liquidity and greater price volatility.

### **Reinvestment Risk**

The risk that falling interest rates will lead to a decline in cash flow from an investment when its principal and interest payments are reinvested at lower rates.

### **Restrictions on Transferability of Certain Mutual Funds**

Certain mutual funds are generally only available through Registered Investment Advisors. If a client terminates Advisor s' services, they may be unable to transfer their securities to a retail account or to another broker/dealer, and they may be unable to purchase additional shares of those mutual funds they currently own. If they determine to sell their mutual funds, they may be subject to tax consequences.

### **Settlement Risks**

Investment strategies may expose a client to the credit risk of parties with whom Advisor trades (on behalf of the client or the underlying funds) and to the risk of settlement default. Problems of settlement in these markets may affect the net asset value and liquidity of a client's portfolio or investments in such portfolios. In addition, unlike taking long positions where the risk of loss generally is limited to the value of the investment in the security, the risk of loss of a short position is theoretically unlimited because short positions lose money as the price of the underlying security increases.

### **Short Selling**

Advisor typically will not directly engage in short selling in client accounts. However, Advisor may invest in funds and other securities on behalf of its clients that may sell securities of an issuer short. Short selling by a fund manager can significantly impact the value and volatility of a fund held in a client's account.

### **Social/Political Risk**

The possibility of nationalization, unfavorable government action or social changes resulting in a loss of value.

### **Tax Harvesting Risk**

The trading strategy employed in client accounts is tax harvesting. The intent of this trade is to sell an ETF or mutual fund at a taxable loss and replace that position with a holding whose historical performance and expected future performance are similar, thereby having little impact on the overall strategic allocation, but capturing the tax loss. Because past performance is no indication of future

performance, there is potential for the future performance of the replacement position to deviate from that of the initial holding. This type of strategy may also incur an increase in the frequency of trading and amount of transaction costs.

### **Taxability Risk**

The risk that a security that was issued with tax-exempt status could potentially lose that status prior to maturity. Since municipal bonds carry a lower interest rate than fully taxable bonds, the bond holders would end up with a lower after-tax yield than originally planned.

### **Volatility-Linked Products Risk**

Volatility-linked ETPs are designed to track the Chicago Board Options Exchange Volatility Index (VIX) futures. The VIX is a measure of the expected volatility of the S&P 500 index as measured by the implied volatility of options on that index. Volatility ETPs gain exposure to market volatility through futures and/or options contracts on the VIX. Volatility-linked ETPs that seek to maintain a continuous, targeted maturity exposure to VIX futures will either track or hold VIX futures contracts on a rolling basis. They will sell shorter-term contracts or contracts about to expire with contracts that have more distant or deferred maturity dates in order to maintain the desired exposure. The performance of volatility-linked ETPs may be significantly different than the performance of the VIX and the actual realized volatility of the S&P 500 Index. VIX futures contracts are among the most volatile segments of all futures markets. Volatility-linked ETPs may be subject to extreme volatility and greater risk of loss than other traditional ETFs.

All investments involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy will be profitable or equal any specific performance level(s). Investing in securities and other investments involve a risk of loss that each Client should understand and be willing to bear. Clients are reminded to discuss these risks with the Advisor .

### **Types of Investments**

Advisor generally manages Client portfolios that consist of mutual funds, Exchange Traded Equities (ETFs) and individual securities.

#### **Annuities**

Retirement products for those who may have the ability to pay a premium now and want to guarantee they receive certain monthly payments or a return on investment later in the future. Annuities are contracts issued by a life insurance company designed to meet requirement or other long-term goals. An annuity is not a life insurance policy. Variable annuities are designed to be long-term investments, to meet retirement and other long-range goals. Variable annuities are not suitable for meeting short-term goals because substantial taxes and insurance company charges may apply if you withdraw your money early. Variable annuities also involve investment risks, just as mutual funds do.

#### **Cash Positions**

Based on a perceived or anticipated market conditions and/or events, certain assets will be taken out of the market and held in a defensive cash position. The firm invests cash balances in money market funds, FDIC Insured Certificates of Deposit, high-grade commercial paper and/or government-backed debt instruments. Cash positions are subject to the agreed upon advisory fee as they are managed as part of the overall active investment strategy. The firm does not hold cash positions for an extended period of time.

### **Cryptocurrency**

Cryptocurrencies refer to the actual virtual currency (decentralized digitized money) that allows individuals or entities to transfer funds online without the need for a bank or credit card company, such as Bitcoin, Ethereum, Cardona, and Litecoin. Cryptocurrency is Cryptocurrencies were not designed to be investments and have not been deemed to be a security. They were designed to be mediums of exchange and seen as an alternative to traditional sovereign currencies. Cryptocurrency-related products refer to securities that either directly purchase cryptocurrencies or are involved in the cryptocurrency space, such as through mining cryptocurrency, investing in companies that develop and use blockchain technology, etc. The SEC, CFTC, NFA, and FINRA have issued investor alerts and advisories on the risks of cryptocurrencies and initial coin offerings (ICOs). These regulators continue to warn investors to keep in mind that actual cryptocurrency and cryptocurrency-related products continue to be speculative and extremely volatile investments. Due to the unregulated nature and lack of transparency surrounding the operations of crypto exchanges, they may experience fraud, market manipulation, security failures or operational problems, which can adversely affect the value of cryptocurrencies and, consequently, the value of the shares of cryptocurrency-related products.

### **Emerging Markets**

The risks of foreign investments typically are greater in less developed countries, sometimes referred to as emerging markets. For example, political and economic structures in these countries may be less established and may change rapidly. These countries also are more likely to experience high levels of inflation, deflation, or currency devaluation, which can harm their economies and securities markets and increase volatility. Restrictions on currency trading that may be imposed by emerging market countries will have an adverse effect on the value of the securities of companies that trade or operate in such countries.

### **Equity**

Investment generally refers to buying shares of stocks in return for receiving a future payment of dividends and/or capital gains if the value of the stock increases. The value of equity securities may fluctuate in response to specific situations for each company, industry conditions and the general economic environment.

### **Exchange Traded Funds (ETFs)**

An ETF is a portfolio of securities invested to track a market index similar to an index mutual fund, but the shares are traded on an exchange like an equity. An ETF share price fluctuates intraday depending

on market conditions instead of having a net asset value (NAV) that is calculated once at the end of the day. The shares may trade at a premium or discount; and as a result, investors pay more or less when purchasing shares and receive more or less than when selling shares. The supply of ETF shares is regulated through a mechanism known as creation and redemption that involves large, specialized investors, known as authorized participants (APs). Authorized participants are large financial institutions with a high degree of buying power, such as market makers, banks or investment companies that provide market liquidity. When there is a shortage of shares in the market, the authorized participant creates more (creation). Conversely, the authorized participant will reduce shares in circulation (redemption) when supply falls short of demand. Multiple authorized participants help improve the liquidity of a particular ETF and stabilize the share price. To the extent that authorized participants cannot or are otherwise unwilling to engage in creation and redemption transactions, shares of an ETF tend to trade at a significant discount or premium and may face trading halts and delisting from the exchange. The performance of ETFs is subject to market risk, including the complete loss of principal. ETFs also have a trading risk based on cost inefficiency if the ETFs are actively traded and a liquidity risk if the ETFs has a large price spread and low trading volume. In addition, investors buying or selling shares in the secondary market pay brokerage commissions, which may be a significant proportional cost not incurred by mutual funds.

### **Exchange-Traded Notes (ETNs)**

An ETN is a senior unsecured debt obligation designed to track the total return of an underlying market index or other benchmark. ETNs may be linked to a variety of assets, for example, commodity futures, foreign currency and equities. ETNs are similar to ETFs in that they are listed on an exchange and can typically be bought or sold throughout the trading day. However, an ETN is not a mutual fund and does not have a net asset value; the ETN trades at the prevailing market price. Some of the more common risks of an ETN are as follows. The repayment of the principal, interest (if any), and the payment of any returns at maturity or upon redemption are dependent upon the ETN issuer's ability to pay. In addition, the trading price of the ETN in the secondary market may be adversely impacted if the issuer's credit rating is downgraded. The index or asset class for performance replication in an ETN may or may not be concentrated in a specific sector, asset class or country and may therefore carry specific risks.

### **Fixed Income**

Investments generally pay a return on a fixed schedule, though the amount of the payments can vary. This type of investment can include corporate and government debt securities, leveraged loans, high yield, and investment grade debt and structured products, such as mortgage and other asset-backed securities, although individual bonds may be the best-known type of fixed income security. In general, the fixed income market is volatile and fixed income securities carry interest rate risk. (As interest rates rise, bond prices usually fall, and vice versa. This effect is usually more pronounced for longer-term securities.) Fixed income securities also carry inflation risk, liquidity risk, call risk, and credit and default risks for both issuers and counterparties. The risk of default on treasury inflation protected/inflation linked bonds is dependent upon the U.S. Treasury defaulting (extremely unlikely); however, they carry a potential risk of



losing share price value, albeit rather minimal. Risks of investing in foreign fixed income securities also include the general risk of non-U.S. investing described below.

### **Hedge Funds and Managed Futures**

Hedge and managed futures funds are available for purchase in the program by clients meeting certain qualification standards. Investing in these funds involves additional risks including, but not limited to, the risk of investment loss due to the use of leveraging and other speculative investment practices and the lack of liquidity and performance volatility. In addition, these funds are not required to provide periodic pricing or valuation information to investors and may involve complex tax structures and delays in distributing important tax information. Client should be aware that these funds are not liquid as there is no secondary trading market available. At the absolute discretion of the issuer of the fund, there may be certain repurchase offers made from time to time. However, there is no guarantee that client will be able to redeem the fund during the repurchase offer.

### **Mutual Funds**

A pool of funds collected from many investors for the purpose of investing in securities such as stocks, bonds, money market instruments and similar assets.

#### **Open-End Mutual Funds**

A type of mutual fund that does not have restrictions on the amount of shares the fund will issue and will buy back shares when investors wish to sell. Investing in mutual funds carries the risk of capital loss and thus you may lose money investing in mutual funds. All mutual funds have costs that lower investment returns. The funds can be of bond “fixed income” nature (lower risk) or stock “equity” nature.

#### **Closed-End Mutual Funds**

A type of mutual fund that raises a fixed amount of capital through an initial public offering (IPO). The fund is then structured, listed and traded like a stock on a stock exchange. Clients should be aware that closed-end funds available within the program are not readily marketable. In an effort to provide invest or liquidity, the funds may offer to repurchase a certain percentage of shares at net asset value on a periodic basis. Thus, clients may be unable to liquidate all or a portion of their shares in these types of funds.

#### **Alternative Strategy Mutual Funds**

Certain mutual funds available in the program invest primarily in alternative investments and/or strategies. Investing in alternative investments and/or strategies may not be suitable for all investors and involves special risks, such as risks associated with commodities, real estate, leverage, selling securities short, the use of derivatives, potential adverse market forces, regulatory changes and potential illiquidity. There are special risks associated with mutual funds that invest principally in real estate securities, such as sensitivity to changes in real estate values and interest rates and price volatility because of the fund’s concentration in the real estate industry.

## Options

A contract granting the right to either buy or sell a specific amount or value of a particular underlying interest at a fixed exercise price by exercising the option by or before its specific expiration date. The purchase or sale of an option involves the payment or receipt of a premium by the investor and the corresponding right or obligation, as the case may be, to either purchase or sell the underlying security, basket of securities, commodity or other instrument for a specific price at a certain time or during a certain period. Purchasing options involves the risk that the underlying instrument will not change price in the manner expected, so that the investor loses the premium paid. Selling options, on the other hand, involves potentially greater risk because the investor is exposed to the extent of the actual price movement in the underlying security (which could result in a potentially unlimited loss) rather than only the loss of the premium payment received. Prior to buying or selling an option, investors must read a copy of the [Characteristics and Risks of Standardized Options](#), also known as the options disclosure document (ODD). It explains the characteristics and risks of exchange traded options.

## Margin Accounts

Client should be aware that margin borrowing involves additional risks. Margin borrowing will result in increased gain if the value of the securities in the account go up, but will result in increased losses if the value of the securities in the account goes down. The custodian, acting as the client's creditor, will have the authority to liquidate all or part of the account to repay any portion of the margin loan, even if the timing would be disadvantageous to the client. For performance illustration purposes, the margin interest charge will be treated as a withdrawal and will, therefore, not negatively impact the performance figures reflected on the quarterly advisory reports.

## Precious Metal ETFs

Metals such as Gold, Silver, or Palladium Bullion backed "electronic shares" not physical metal) specifically may be negatively impacted by several unique factors, among them (1) large sales by the official sector which own a significant portion of aggregate world holdings in gold and other precious metals, (2) a significant increase in hedging activities by producers of gold or other precious metals, (3) a significant change in the attitude of speculators and investors.

## Real Estate Investment Trusts (REITs)

A real estate investment trust (REIT) is a company that owns, operates, or finances income-generating real estate. Modeled after mutual funds, REITs pool the capital of numerous investors. This makes it possible for individual investors to earn dividends from real estate investments—without having to buy, manage, or finance any properties themselves. REITs are designed to generate a steady income stream for investors but offer little in the way of capital appreciation. Most REITs are publicly traded like stocks, which makes them highly liquid (unlike physical real estate investments). REITs invest in most real estate property types, including apartment buildings, cell towers, data centers, hotels, medical facilities, offices, retail centers, and warehouses. In general, REITs specialize in a specific real estate sector. However, diversified and specialty REITs may hold different types of properties in their portfolios, such as a REIT that consists of both office and retail properties.



## **Regulation D Private Placements**

Under the federal securities laws, any offer or sale of a security must either be registered with the SEC or meet an exemption. Regulation D under the Securities Act provides a number of exemptions from the registration requirements, allowing some companies to offer and sell their securities without having to register the offering with the SEC. However, a "Form D" must be electronically filed with the SEC after they first sell their securities. Form D is a brief notice that includes the names and addresses of the company's promoters, executive officers and directors, and some details about the offering, but contains little other information about the company.

## **Short Sales**

A short sale involves the sale of a security that the Client does not own in the hope of purchasing the same security at a later date at a lower price. To make delivery to the buyer, the Client must borrow the security and is obligated to return the security to the lender, which is accomplished by a later purchase of the security. The Client realizes a profit or a loss as a result of a short sale if the price of the security decreases or increases respectively between the date of the short sale and the date on which the Client covers its short position, i.e., purchases the security to replace the borrowed security. A short sale involves the theoretically unlimited risk of an increase in the market price of the security that would result in a theoretically unlimited loss.

## **Structured Products**

Structured products are securities derived from another asset, such as a security or a basket of securities, an index, a commodity, a debt issuance, or a foreign currency. Structured products frequently limit the upside participation in the reference asset. Structured products are senior unsecured debt of the issuing bank and subject to the credit risk associated with that issuer. This credit risk exists whether or not the investment held in the account offers principal protection. The creditworthiness of the issuer does not affect or enhance the likely performance of the investment other than the ability of the issuer to meet its obligations. Any payments due at maturity are dependent on the issuer's ability to pay. In addition, the trading price of the security in the secondary market, if there is one, may be adversely impacted if the issuer's credit rating is downgraded. Some structured products offer full protection of the principal invested, others offer only partial or no protection. Investors may be sacrificing a higher yield to obtain the principal guarantee. In addition, the principal guarantee relates to nominal principal and does not offer inflation protection. An investor in a structured product never has a claim on the underlying investment, whether a security, zero coupon bond, or option. There may be little or no secondary market for the securities and information regarding independent market pricing for the securities may be limited. This is true even if the product has a ticker symbol or has been approved for listing on an exchange. Tax treatment of structured products may be different from other investments held in the account (e.g., income may be taxed as ordinary income even though payment is not received until maturity). Structured CDs that are insured by the FDIC are subject to applicable FDIC limits.

### **Unit Investment Trust (UIT)**

An investment company that offers a fixed, unmanaged portfolio, generally of stocks and bonds, as redeemable "units" to investors for a specific period of time. It is designed to provide capital appreciation and/or dividend income. UITs can be resold in the secondary market. A UIT may be either a regulated investment corporation (RIC) or a grantor trust. The former is a corporation in which the investors are joint owners; the latter grants investors proportional ownership in the UIT's underlying securities.

Additional types of investments will be considered per Client for asset allocation and risk management purposes.

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### **Item 9 – Disciplinary Information**

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There are no legal, regulatory, or disciplinary events involving Advisor or any of its Supervised Persons.

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

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#### **Broker-Dealer Affiliation**

No affiliation.

#### **Future or Commodity Registration**

No affiliation.

Long Island Wealth Management does not have an application pending as a futures commission merchant, commodity pool operator or a commodity trading advisor, or as an associated person of the foregoing entities.

#### **Insurance Agency Affiliations**

No affiliation.

#### **Other Registered Investment Adviser**

Mr. Myers is an investment advisor representative of Compass Advisors (CRD No. 288256) to provide services to clients of Compass Advisors. Approximately 25% of Mr. Myers's time is allocated towards providing services to clients of Compass Advisors.

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

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#### **Code of Ethics**

Advisor has implemented a Code of Ethics (the "Code") that defines our fiduciary commitment to each Client. This Code applies to all persons associated with the firm (our "Supervised Persons"). The Code was developed to provide general ethical guidelines and specific instructions regarding our duties to you, our Client. The firm and its Supervised Persons owe a duty of loyalty, fairness, and good faith towards each Client. It is the obligation of the firm's Supervised Persons to adhere not only to the specific provisions of the Code, but also to the general principles that guide the Code. The Code covers a range of topics that address employee ethics and conflicts of interest. To request a copy of our Code, please contact us at (516) 238-7629 or by email at [www.info@liwealth.com](mailto:www.info@liwealth.com).



### **Personal Trading with Material Interest**

Advisor does not act as principal in any transactions. In addition, the firm does not act as the general partner of a fund or advise an investment company. Advisor does not have a material interest in any securities traded in Client accounts.

### **Personal Trading in Same Securities as Clients**

Advisor allows our Supervised Persons to purchase or sell the same securities that may be recommended to and purchased on behalf of Clients. Owning the same securities, we recommend (purchase or sell) to you presents a conflict of interest that, as fiduciaries, we must disclose to you and mitigate through policies and procedures.

As noted above, we have adopted a Code of Ethics to address insider trading (material non-public information controls); gifts and entertainment; outside business activities and personal securities reporting.

#### **Personal Trading at Same Time as Client**

Supervised Persons may not purchase or sell any security immediately prior to or immediately after a transaction being implemented for an advisory account, thereby preventing an employee from benefiting from transactions placed on behalf of advisory accounts.

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## **Item 12 – Brokerage Practices**

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Long Island Wealth Management will recommend that clients establish accounts at Schwab & Co., Inc. (Schwab), a FINRA/SIPC member broker/dealer to serve as the client's "qualified custodian".

### **Custodial Services offered by Schwab**

Long Island Wealth Management is deemed to have constructive custody of client assets held at Schwab based on the authority to withdraw fees from the account. Schwab will hold client assets in a brokerage account and buy and sell securities when instructed. This form of custody does not subject the firm to an annual custody exam.

Schwab generally does not charge separately for custody services but is compensated by charging commissions or other fees on trades that it executes or that settle into a Schwab account. Certain trades (for example, many mutual funds and ETFs) may not incur Schwab commissions or transaction fees. Schwab is also compensated by earning interest on the uninvested cash in your account in Schwab's Cash Features Program.

### **Products and Services available to us from Schwab**

Schwab Advisor Services™ is Schwab's business serving independent investment advisory firms. They provide access to institutional brokerage services (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. Schwab's support services are generally available on an unsolicited basis (we don't have to request them) and at no charge to Long Island Wealth Management. Following is a more detailed description of Schwab's support services:

- Access to a broad range of investment products
- Execution and custody of assets.
- Investment products which might not otherwise be available
- Lower minimum initial investments

Schwab offers products and services to Long Island Wealth Management that do not directly benefit clients, but these products and services assist in managing and administering accounts, such as:

- Investment research,
- 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
- Assist with back-office functions, recordkeeping, and client reporting

Schwab offers other services intended to help Long Island Wealth Management manage and further develop the business enterprise. These services include:

- Educational conferences and events
- Consulting on technology, compliance, legal, and business needs
- Publications and conferences on practice management and business succession
- Access to employee benefits providers, human capital consultants, and insurance providers
- Marketing consulting and support

Schwab provides some of these services itself. In other cases, it will arrange for third-party vendors to provide the services. Schwab may also discount or waive fees for some of these services or pay all or a part of a third party's fees. Schwab may also provide other benefits, such as occasional business entertainment of our personnel.

The availability of these services from Schwab benefits Long Island Wealth Management because we do not have to produce or purchase them. Long Island Wealth Management does not have to pay for Schwab's services.

- These services are not contingent upon us committing any specific amount of business to Schwab in trading commissions or assets in custody.
- These services create an incentive to recommend that clients maintain accounts with Schwab, based on our interest in receiving Schwab's services that benefit our business and Schwab's payment for services

for which we would otherwise have to pay rather than based on your interest in receiving the best value in custody services and the most favorable execution of your transactions.

This is a conflict of interest. In some cases, the services that Schwab pays for are provided by an affiliate or by another party that has some pecuniary, financial or other interests. This creates an additional conflict of interest. This conflict of interest is mitigated by the fiduciary duty to act in a best interests.

Clients should also be aware that for accounts where Broker/Dealer serves as the custodian, The firm is limited to offering services and investment vehicles that are approved by Broker/Dealer, and may be prohibited from offering services and investment vehicles that may be available through other broker/dealers and custodians, some of which may be more suitable for a client's portfolio than the services and investment vehicles offered through Broker/Dealer.

### **Electronic Trading and Order Routing System**

Electronic trading and order routing systems differ from traditional open outcry pit trading and manual order routing methods. Transactions using an electronic system are subject to the rules and regulations of the exchanges offering the system and/or listing the contract. You are responsible for directing your trading in accordance with the relevant policies, procedures and trading rules of the exchanges or systems to which your orders are routed. Before you engage in transactions using an electronic system, you should carefully review the rules and regulations of the exchanges offering the system and/or listing the instruments you intend to trade.

### **Difference Among Electronic Trading Systems**

Trading or routing orders through electronic systems varies widely among the different electronic systems. Each system presents risks related to system access, varying response times, and security. In the case of Internet-based systems, there may be additional types of risks related to system access, varying response times and security, as well as risks related to service providers and the receipt and monitoring of electronic mail.

### **Risks Associated with System Failure**

Trading through an electronic trading or order routing system exposes you to risks associated with system or component failure. In the event of system or component failure, it is possible that, for a certain time period, you may not be able to enter new orders, execute existing orders, or modify or cancel orders that were previously entered. System or component failure may also result in loss of orders or order priority. In this regard, Customer must maintain alternative trading arrangements in addition to Customer's IB account in the event that the IB system is unavailable for any reason.

### **Soft Dollars**

Soft dollars are revenue programs offered by broker-dealers whereby an advisor enters into an agreement to place security trades with the broker in exchange for research and other services.

Long Island Wealth Management does not receive soft dollars; however, the firm receives support services and/or products from our custodians to better monitor and service program accounts maintained on behalf of

Advisor's clients. These support services and/or products are received without cost, at a discount, and/or at a negotiated rate, and may include the following:

- investment-related research
- pricing information and market data
- software and other technology that provide access to client account data
- compliance and/or practice management-related publications
- consulting services
- attendance at conferences, meetings, and other educational and/or social events
- marketing support
- computer hardware and/or software
- other products and services used by Advisor in furtherance of its investment advisory business operations
- custody of securities
- trade execution
- clearance and settlement of transactions

The research products and services provided by a Custodian may include research reports on recommendations or other information about, particular companies or industries; economic surveys, data and analyses; financial publications; portfolio evaluation services; financial database software and services; computerized news and pricing services; quotation equipment for use in running software used in investment decision-making. These support services provided by a Custodian to Advisor are based on the overall relationship between Advisor and the Custodian. It is not the result of soft dollar arrangements or any other express arrangements with the Custodian that involves the execution of client transactions as a condition to the receipt of services.

- Long Island Wealth Management will continue to receive the services regardless of the volume of client transactions executed with the Custodian.
- Clients do not pay more for services as a result of this arrangement.
- There is no corresponding commitment made by the Advisor to the Custodian or any other entity to invest any specific amount or percentage of client assets in any specific securities as a result of the arrangement.

Although the non-soft dollar investment research products and services that may be obtained by our firm will generally be used to service all of our clients, a brokerage commission paid by a specific client may be used to pay for research that is not used in managing that specific client's account. As a result of receiving the services Advisor may have an incentive to continue to use or expand the use of the Custodian's services. Our firm examined this potential conflict of interest when we chose to enter into the relationship and we have determined that the relationship is in the best interest of our clients and satisfies our fiduciary obligations, including our duty to seek best execution.

### **Brokerage Referrals**

Advisor does not receive any compensation from any third party in connection with the recommendation for establishing a brokerage account.

### **Transaction Fees**

The Custodian charges brokerage commissions and transaction fees for effecting certain securities transactions (i.e., transaction fees are charged for certain no-load mutual funds, commissions are charged for individual equity and debt securities transactions). The Custodian enables Advisor to obtain many no-load mutual funds without transaction charges and other no-load funds at nominal transaction charges. The Custodian's commission rates are generally discounted from customary retail commission rates. However, the commission and transaction fees charged by the Custodians may be higher or lower than those charged by other custodians and broker/dealers.

### **Best Execution**

In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker/dealer's services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although we will seek competitive rates, to the benefit of all Clients, we may not necessarily obtain the lowest possible commission rates for specific Client account transactions.

### **Aggregating and Allocating Trades**

LIWM can combine orders into block trades when more than one account is participating in the trade. This blocking or bunching technique must be equitable and potentially advantageous for each such account (e.g., for the purposes of reducing brokerage commissions or obtaining a more favorable execution price). Block trading is performed when it is consistent with the duty to seek best execution and is consistent with the terms of LIWM's investment advisory agreements. Equity trades are blocked based upon fairness to client, both in the participation of their account, and in the allocation of orders for the accounts of more than one client.

Allocations of all orders are performed in a timely and efficient manner. All managed accounts participating in a block execution receive the same execution price (average share price) for the securities purchased or sold in a trading day. Any portion of an order that remains unfilled at the end of a given day will be rewritten on the following day as a new order with a new daily average price to be determined at the end of the following day. Due to the low liquidity of certain securities, broker availability may be limited. Open orders are worked until they are completely filled, which may span the course of several days. If an order is filled in its entirety, securities purchased in the aggregated transaction will be allocated among the accounts participating in the trade in accordance with the allocation statement. If an order is partially filled, the securities will be allocated pro rata based on the allocation statement. LIWM may allocate trades in a different manner than indicated on the allocation statement (non-pro rata) only if all managed accounts receive fair and equitable treatment.

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### **Item 13 – Review of Accounts**

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All Clients (in person or via telephone) are encouraged to review financial planning issues (to the extent applicable), investment objectives and account performance with their Investment Advisor Representative. In addition, each Client relationship shall be reviewed at least annually. Reviews may be conducted more or less frequently at the Client's request. Accounts may also be reviewed as a result of major changes in economic

conditions, known changes in the Client's financial situation, and/or large deposits or withdrawals in the Client's account. The Client is encouraged to notify Advisor if changes occur in the Client's personal financial situation that might adversely affect the Client's investment plan. Additional reviews may be triggered by material market, economic or political events.

Clients will receive brokerage statements no less than quarterly from the Custodian. These brokerage statements are sent directly from the Custodian to the Client. The Client can also establish electronic access to the Custodian's website so they can view these reports and their account activity. Client brokerage statements will include all positions, transactions and fees relating to the Client's account[s].

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

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Advisor is a fee-based advisory firm, that is compensated by its Clients to provide investment advice and not from any investment product or someone other than the Client. Advisor does not receive commissions or other economic benefit or compensation from product sponsors, broker/dealers or any un-related third party.

#### **Client Referrals from Solicitors**

Advisor does not engage paid solicitors for Client referrals.

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#### **Item 15 – Custody**

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Advisor does not accept or maintain actual custody of funds or securities. A qualified custodian is responsible to provide Clients with trade confirmations, tax forms and quarterly statements that include account balance(s). Clients are advised to carefully review the information provided by the custodian and notify their Investment Advisor Representative with any questions or if such information is not received.

Clients authorize the custodian by separate agreement to deduct advisory fees on behalf of Advisor .

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#### **Item 16 – Investment Discretion**

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Clients can determine to engage Advisor to provide investment advisory services on a discretionary basis. Prior to Advisor assuming discretionary authority over a Client's account, the Client shall be required to execute an Investment Advisory Agreement, naming Advisor as the Client's attorney and agent in fact, granting Advisor full authority to buy, sell, or otherwise effect investment transactions involving the assets in the Client's name found in the discretionary account.

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

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Advisor does not accept proxy-voting responsibility for any Client. Clients will receive proxy statements directly from the Custodian. Advisor will assist in answering questions relating to proxies, however, the Client retains the sole responsibility for proxy decisions and voting.

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**Item 18 – Financial Information**

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Neither the firm, nor its management, have any adverse financial situations to disclose and have not been subject to a bankruptcy or financial compromise.

The firm does not collect advance fees \$1,200 or more for services to be performed six months or more in the future.

## **Privacy Policy**

### **Our Commitment to You**

Long Island Wealth Management is committed to safeguarding the use of personal information of our Clients (also referred to as “you” and “your”) that we obtain as your Investment Advisor , as described here in our Privacy Policy (“Policy”). Our relationship with you is our most important asset. We understand that you have entrusted us with your private information, and we do everything that we can to maintain that trust. Long Island Wealth Management (also referred to as "we", "our" and "us") protects the security and confidentiality of the personal information we have and implements controls to ensure that such information is used for proper business purposes in connection with the management or servicing of our relationship with you. The firm does not sell your non-public personal information to anyone. Nor do we provide such information to others except for discrete and reasonable business purposes in connection with the servicing and management of our relationship with you, as discussed below. Details of our approach to privacy and how your personal non-public information is collected and used are set forth in this Policy.

### **Why you need to know?**

Registered Investment Advisors (“RIAs”) must share some of your personal information in the course of servicing your account. Federal and State laws give you the right to limit some of this sharing and require RIAs to disclose how we collect, share, and protect your personal information.

What information do we collect from you?

Employment Information and or Government ID	Date of birth
Social security or taxpayer identification number	Assets and liabilities
Name, address and phone number(s)	Income and expenses
E-mail address(es)	Investment activity
Account information (including other institutions)	Investment experience and goals

What Information do we collect from other sources?

Custody, brokerage and advisory agreements	Account applications and forms
Other advisory agreements and legal documents	Investment questionnaires and suitability documents
Transactional information with us or others	Other information needed to service your account

### **How do we protect your information?**

To safeguard your personal information from unauthorized access and use we maintain physical, procedural and electronic security measures. These include such safeguards as secure passwords, encrypted file storage and a secure office environment. Our technology vendors provide security and access control over personal information and have policies over the transmission of data. Our associates are trained on their responsibilities



to protect Client’s personal information. We require third parties that assist in providing our services to you to protect the personal information they receive from us.

**How do we share your information?**

Long Island Wealth Management shares Client personal information to effectively implement its services. In the section below, we list some reasons we may share your personal information.

Basis For Sharing	Do we share?	Can you limit?
<p><b>Servicing our Clients.</b> We may share non-public personal information with non-affiliated third parties (such as administrators, brokers, custodians, regulators, credit agencies, consultants or other financial institutions) as necessary for us to provide agreed upon services to you, consistent with applicable law, including but not limited to: processing transactions; general account maintenance; responding to regulators or legal investigations; and credit reporting.</p>	Yes	No
<p><b>Marketing Purposes.</b> Advisor does not disclose, and does not intend to disclose, personal information with non-affiliated third parties to offer you services. Certain laws may give us the right to share your personal information with financial institutions where you are a customer and where Long Island Wealth Management or the Client has a formal agreement with the financial institution. We will only share information for purposes of servicing your accounts, not for marketing purposes.</p>	No	Not Shared
<p><b>Authorized Users.</b> Your non-public personal information may be disclosed to you and persons that we believe to be your authorized agent(s) or representative(s).</p>	Yes	Yes
<p><b>Information About Former Clients.</b> Advisor does not disclose and does not intend to disclose, non-public personal information to non-affiliated third parties with respect to persons who are no longer our Clients.</p>	No	Not Shared

Other Important Information
<p>Information for California, North Dakota, and Vermont Customers. In response to applicable state law, if the mailing address provided for your account is in California, North Dakota, or Vermont, we will automatically treat your account as if you do not want us to disclose your personal information to non-affiliated third parties for purposes of them marketing to you, except as permitted by the applicable state law.</p>

### **Changes to our Privacy Policy**

We will send you a copy of this Policy annually for as long as you maintain an ongoing relationship with us. Periodically we may revise this Policy and will provide you with a revised Policy if the changes materially alter the previous Privacy Policy. We will not, however, revise our Privacy Policy to permit the sharing of non-public personal information other than as described in this notice unless we first notify you and provide you with an opportunity to prevent the information sharing.

### **Any Questions?**

You may ask questions or voice any concerns, as well as obtain a copy of our current Privacy Policy by contacting us at (516) 238-7629 or by email at [www.info@liwealth.com](mailto:www.info@liwealth.com).