



## **Item 1. Cover Page**

# FORM ADV PART 2A\* Brochure

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\*This brochure provides information about the qualifications and business practices of Lodestar Private Asset Management, LLC. If you have any questions about the contents of this brochure, please contact the Firm's Principal Chief Compliance Officer, Kevin L. Gray, at telephone 925.838.1234 or via email at [info@lodestarpam.com](mailto:info@lodestarpam.com).

This Brochure provides information upon which a prospective client may determine whether or not to hire our Firm. You are encouraged to review this Brochure and Supplements regarding the Firm's associates for information on the qualifications of the Firm and its employees. The use of the term "registered investment adviser" and description of Lodestar Private Asset Management, LLC and/or our associates as "registered" does not imply a certain level of skill or training. The information in this brochure has not been approved or verified by the U.S. Securities and Exchange Commission or by any state authority.

Additional information about Lodestar Private Asset Management, LLC is available on the SEC's website at [www.advisorinfo.sec.gov](http://www.advisorinfo.sec.gov).

## Item 2. Material Changes

### Material Changes since the Last Update

This updated Form ADV Part 2A contains the following changes from the prior version:

- Updated Assets Under Management
- Updated Financial Planning Fees

### Full Brochure Available

Whenever you would like to receive a complete copy of our Firm Brochure or Brochure Supplement, please contact us by phone at: (925) 838-1234, or by email at [info@lodestartpam.com](mailto:info@lodestartpam.com).

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## Item 4. Advisory Business

### Firm Description

Lodestar Private Asset Management LLC, ("Lodestar" or "Advisor") was formerly known as Retirement Benefits Planning, LLC, which was founded in 1980. In 2006, the Firm adopted its current name.

Lodestar provides personalized confidential financial planning and investment management to individuals, trusts, estates, charitable organizations and small businesses. Lodestar also provides investment management and consulting to pension and profit-sharing plans.

Financial and investment advice may include a wide range of services, including:

- obtaining background information about a client, including a client's goals, risk tolerance, and cash flow needs
- building and maintaining a set of computer models depicting client's financial situation and plan
- reviewing client's portfolio and making recommendations for buying, selling or holding assets
- regularly reviewing client's asset allocation and making adjustments by trading securities on a discretionary basis
- voting proxies for securities in client's accounts (except accounts governed by ERISA)
- being authorized to aggregate securities trades for a group of clients and then allocating those trades
- When appropriate, utilizing sub-advisors as portfolio managers who manage separate "sub-accounts" for clients

Lodestar is a fee-only financial planning and investment management firm. The Firm does not sell for commissions annuities, stocks, bonds, mutual funds, limited partnerships, or other commissioned products. The Firm is not affiliated with entities that sell financial products or securities. No commissions are accepted by the Firm. No finder's fees are accepted.

Lodestar does not act as a custodian of client assets. The client always retains full title to his or her assets and maintains control of the investment accounts. Lodestar does not withdraw funds from client accounts without specific written permission. Trades are placed for clients under a limited power of attorney. Securities transactions are executed without obtaining client approval beforehand. This allows more timely and cost-effective purchases and sales of client securities.

Lodestar provides investment guidance, but does not maintain investment discretion for institutional 401(k) plans.

Other professionals (e.g., lawyers, accountants, insurance agents, etc.) are engaged directly by the client on an as-needed basis. Conflicts of interest will be disclosed to the client in the unlikely event they should occur.

The initial meeting, which may be by telephone, is free of charge and is considered an exploratory interview to determine the extent to which financial planning and investment management may be beneficial to the client.

### Assets Under Management

As of December 31, 2021, Lodestar managed approximately \$921,222,095 million in assets for approximately 443 clients in about 1,499 accounts. Approximately \$911,017,517 million is

managed on a discretionary basis, and \$10,204,578 million involves investment supervisory services on a non-discretionary basis.

### **Principal Owners**

Kevin Gray, Anthony Jurado and Joseph Harrison are the principal beneficial equity owners of Lodestar.

### **Fiduciary Status**

Lodestar is a fiduciary under applicable federal regulations and as a fiduciary, the Firm is obligated to provide services and advice that are in the best interest of each client and to at all times place the best interests of each client ahead of the Firm's own interests. For its pension and retirement plan clients, Lodestar affirms that it acts as a fiduciary as that term is defined by the Employee Retirement Investment Security Act ("ERISA").

### **Types of Advisory Services**

Lodestar provides investment supervisory services, also known as asset management services, and furnishes investment advice through consultations. Lodestar also furnishes advice to clients on matters not involving securities, such as financial planning matters covering cash flows, risk tolerance, and various insurance issues. In addition, Lodestar helps clients with taxation issues and trust services that often include estate planning; however, Lodestar does not provide tax or legal advice.

### **Tailored Relationships**

The goals and objectives for each client are documented in a combination of the Advisor's client relationship management system and financial planning software. Clients may impose restrictions on investing in certain securities or types of securities.

Our advisory agreements may not be assigned without client consent.

### **Types of Agreements**

Lodestar provides Investment Management and Financial Planning services.

### **Investment Management Services**

Lodestar provides financial advice and investment services for individuals and related trusts and custodial accounts. Lodestar operates through its Investment Advisor Representatives, who are Principals or employees of the Firm. The Investment Advisor Representative personally meets with each client and determines and evaluates his or her financial circumstances and investment objectives.

The Advisor creates an investment management program tailored to the client's needs. The program is usually implemented on a discretionary basis and may include investments in equities, bonds, cash-equivalents, separate account managers, options, and other instruments, (including pooled investment vehicles such as mutual funds that use a broad range of securities including futures, options and derivatives) and alternative investments (such as structured notes, interval funds, private funds and limited partnerships, among others). As part of the service, Lodestar monitors performance and the investment markets, and reallocates clients' assets among investments so as to meet client's long-term objectives.

Quarterly reports are generated and delivered to clients electronically or through the U.S. mail. Lodestar, through its Investment Advisor Representatives, meets with clients regularly or on an exception basis at client's request.

### **Asset Management Using Separate Account Money Managers**

As an independent registered advisory firm, Lodestar offers a managed account program under which Lodestar can select and monitor institutional money managers that are recommended to clients when appropriate. Lodestar identifies various categories of separate account money manager ("SAM") programs that are believed compatible with the client's investment objectives, risk tolerance, and other criteria. Lodestar coordinates the implementation of the portfolio, monitors the portfolio for performance, attempts to ensure compliance with the investment guidelines, and assesses material changes relating to the money manager. In most cases, Lodestar reserves the authority to hire or fire SAM managers on behalf of the client. The SAM money managers recommended to clients have full investment discretion and trading authority, and have sole responsibility for the implementation of their portion of the investment program.

Lodestar recommends a SAM program sponsored by and offered through Charles Schwab & Co., Inc.'s Managed Account Select (MAS) program and the Managed Account Marketplace (MAM) program. Clients pay a single asset-based fee to Schwab for MAS, instead of commissions, to participate in the program, while clients pay commissions for MAM. These commissions are in addition to their investment advisory fee to Lodestar.

### **Financial Planning Services**

Lodestar provides a wide array of general personal financial planning services in addition to investment advisory services. Services available through Lodestar include, but are not limited to, retirement planning, cash-flow analysis, estate planning, professional portfolio review, charitable gift planning, college funding, stock option planning, insurance analysis, debt management, and employer benefits review.

Lodestar collects pertinent data from the client through personal interviews and written questionnaires. An interactive computer model is usually created and reviewed with the client. In some cases, a written summary is provided to the client highlighting specific recommendations.

In most cases, these financial planning services are conducted as part of the investment advisory engagement. However, from time to time, Lodestar may decide to provide solely financial planning or financial consultation services apart from money management and in these cases, the client must retain the Firm through a separate written financial planning or financial consultation agreement.

The financial plan is normally completed within six months — often sooner — of the date of the agreement.

## **Item 5. Fees**

### **Wealth and Investment Management Fees**

Wealth and Investment Management service fees and compensation are based upon a percentage of assets under management. An example of a current fee schedule for Wealth Management services is shown below, followed by a current fee schedule for Investment Management services.

### **Annualized Fees for Wealth Management**

First \$1,000,000	1.15%
Next \$1,000,000	0.95%
Next \$3,000,000	0.80%
Next \$5,000,000	0.70%
Next \$15,000,000	0.60%
Next \$25,000,000	0.45%
Over \$50,000,000	0.35%

**Annualized Fees for Investment Management**

First \$1,000,000	0.95%
Next \$1,000,000	0.80%
Next \$3,000,000	0.70%
Next \$5,000,000	0.60%
Next \$15,000,000	0.50%
Next \$25,000,000	0.35%
Over \$50,000,000	0.25%

Wealth Management Fees are higher because they include more comprehensive financial planning services.

The fee schedules above decline at specified increasing asset levels. Our fees may vary amongst clients depending upon the length of the relationship, the services we provide, the total value of investment assets and any family or personal relationship with the firm.

All brokerage transaction costs such as commissions and transaction fees are not included in the Firm's advisory fees (see Fee Collection below). Advisory fees are in addition to any brokerage transaction costs, commissions, margin interest, asset management fees or other charges imposed by the custodian or brokerage firm (e.g., Charles Schwab & Co., Inc.) or by sub-advisors or mutual funds in the account, which are separately deducted from the account.

**Investment Management Fees for Separate Managed Accounts**

The asset based fee, ranging from 0.25% to 1.00%, covers services provided by the Sponsor and the SAM, including custody, certain reporting functions, execution of transactions, Program administration, and the SAM's discretionary investment management services. In addition to the Program fee, the Sponsor and its affiliates sometimes receive separate compensation for some transactions and services. The amount of the fee paid to the Sponsor is based on the amount of assets in the program. clients have the opportunity to impose reasonable restrictions on each SAM, such as restricting the purchase or sale of specified securities, or the timing of gains or losses in their accounts. The decision to enter a SAM program with a sponsor is an option presented to the client, made with the advice and assistance of Lodestar.



For investment supervisory services using a SAM, Lodestar's compensation is derived as fee income based upon a percentage of assets under management. Under its billing agreement, Lodestar treats assets invested with a SAM like other managed assets.

### **Payment of Investment Management Fee**

Fees are typically deducted directly from the client's brokerage account pursuant to the client's written authorization to the client's custodian. On occasion, and at the Firm's discretion, the Firm's management fee may be accepted directly from the client. Investment advisory services begin with the effective date of the Agreement. For the initial calendar quarter, fees are adjusted pro rata based upon the number of calendar days in the calendar quarter that the Agreement was effective.

Lodestar's fees are generally paid quarterly and consistent with the terms of the advisory agreement. In rare situations where accounts are utilizing margin, the assessed fees are on the leveraged balance (not reduced by the amount of the debt).

All brokerage transaction costs such as commissions and transaction fees are not included in the advisory fees but are paid by the client directly to the client's custodian/executing broker-dealer.

Clients should be aware of their responsibility to verify the accuracy of the fee calculation submitted to the custodian by Lodestar, as the custodian will not determine whether the fee has been properly calculated. Each quarter, Lodestar provides the investment supervisory client with a detailed invoice, setting forth the basis for the fee calculation.

### **Mutual Fund, Other Investment and Brokerage Fees and Expenses**

Advisory fees charged by Lodestar are separate and distinct from fees and expenses charged by mutual funds or other investment vehicles that may be purchased for the client's portfolio. A description of these fees and expenses are available in each fund's prospectus, or offering circular.

Mutual funds generally charge a management fee for their services as investment managers. The management fee is incorporated into the mutual fund's "expense ratio." For example, an expense ratio of 0.50 means that the mutual fund company charges 0.5% or ½ of 1% for their management and administrative services. These fees are in addition to the fees paid by client to Lodestar.

Advisory fees charged by Lodestar are also separate from any commissions or transaction charges assessed by the custodian or brokerage firm. Custodians charge commissions on stock and bond trades and also typically charge transaction fees on purchases or sales of certain mutual funds and exchange-traded funds. These transaction charges are usually small and incidental to the purchase or sale of a security. Lodestar considers the selection of the security to be far more important than the nominal charge that the custodian assesses to buy or sell the security. Lodestar does not benefit from these transaction fees.

Performance figures quoted by mutual fund companies in various publications are net of their fees, or after their fees have been deducted.

### **Financial Planning/Financial Consultation Only Fees**

Fees for Planning Services range from \$400 to \$750 per hour (calculated on 15 minute billing intervals), based on the Investment Advisor Representative's experience and the complexity of the client's financial issues. Such fees are mutually agreed upon in writing by the client and Advisor before performing any service. Fees are billed to and paid by the client to the Firm directly and are due upon invoicing. Past due balances (after 30 days from receipt of billing) accrue interest at 18% per annum or the highest legal rate permissible, whichever is lesser. The Advisor normally

considers fees for financial planning or a consulting project to be earned as progress is realized toward creation of the plan or completion of the service. Under no circumstances will the Advisor earn fees in excess of \$500 more than six months in advance of services rendered.

The above fee does not include any other fees that are charged by other advisors such as attorneys and/or accountants. With the prior consent of the client, these other advisors are retained to advise in connection with the planning process. Agreements for their services and their billings are entirely separate from Lodestar's agreement.

### **General Fee Disclosures**

Comparable services are available elsewhere at higher or lower costs. Fees may vary from the guidelines above due to particular circumstances of the client.

## **Item 6. Performance-Based Fees**

Lodestar does not use a performance-based fee structure because of the potential conflict of interest. (Performance-based compensation creates an incentive for the Advisor to recommend an investment that carries a higher degree of risk to the client than is warranted.)

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

### **Description**

Lodestar generally provides investment advice to individuals, pension and profit sharing plans, trusts, estates, charitable organizations, and corporations or business entities. Client relationships vary in scope and length of service.

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

### **Methods of Analysis & Sources of Information**

Advisor uses a variety of sources to implement investment strategies. In general, these are long-term holding strategies with relatively low amounts of trading.

Special attention is given to the tax consequences of trades in taxable accounts to help improve the client's tax liability for that tax year. For certain clients, Advisor may build a stock portfolio as a portion of the overall client portfolio. The company and stock research for the stock portfolio is based on identifying companies with a sustainable competitive advantage, whose stock price is trading significantly below its perceived fair value. Sources of data include Morningstar, MSN Money, Charles Schwab and Co., Standard and Poor's, Advisor Intelligence, SentimentTrader.com, econ.yale.edu/~shiller, dshort.com, bespokeinvest.com, and other sites. Resources will change over time.

Certain mutual fund companies and broker-dealers may offer Lodestar employees the opportunity to attend training events or educational seminars at no expense to Lodestar or at a reduced cost. Costs paid by these mutual fund companies may include airfare, lodging, meals, other travel expenses and incidental entertainment. These events are primarily educational and are generally accepted only a few times a year. Attendance at these events must be approved by a Co-Chief Compliance Officer. Lodestar employee attendance is not an endorsement of a

sponsoring fund or broker-dealer or its products. Such education and training programs are considered a part of the Firm's investment research or operations best practices. Lodestar employee attendance is never tied to mandatory sales levels or other sales targets that would benefit the sponsor of such events. However, attendance by Lodestar employees at such free or reduced cost educational events give rise to a conflict of interest if Lodestar later invests client assets in the funds and securities issued by the event sponsors.

### **Investment Strategies**

The primary investment strategy used with discretionary accounts is tactical asset allocation. Both passive investments (such as index funds and certain Exchange Traded Funds) and actively managed investments (such as most mutual funds and Separate Account Managers) are used to build an overall asset allocation approach consistent with the client's goals and objectives. Based on certain market metrics, equities (stocks) and volatile holdings are increased or decreased on a tactical basis as Lodestar deems appropriate. Portfolios are globally diversified to help reduce the risk associated with traditional securities markets. The Advisor may make tactical adjustments that hurt rather than help performance. In addition, investment vehicles could be selected that under-perform or decline in unexpected ways.

The investment strategy for a specific client is based upon the objectives stated by the client during consultations. The client may change these objectives at any time.

Relatively aggressive investment strategies, adopted under certain circumstances, are margin transactions and option-writing (including covered options, uncovered options or spreading strategies). These strategies require special consideration and written approval and paperwork from the client before being utilized.

### **Risk of Loss**

All investment programs have certain risks that are borne by the investor. Lodestar's investment approach attempts to constrain the risk of loss. Investors face the following investment risks:

- **Interest-rate Risk:** Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- **Market Risk:** The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events.
- **Inflation Risk:** When inflation is present, a dollar will buy less in the future, because purchasing power is eroding at the rate of inflation. This can have negative effects on the stock and bond markets.
- **Currency Risk:** Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk. An investment may appreciate in the foreign country but be worth less when converted to dollars.
- **Reinvestment Risk:** This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e., interest rate). This primarily relates to fixed income securities.
- **Business Risk:** These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and having it

brought to market — a lengthy process — before they can generate a profit. They carry a higher risk of profitability than an electric utility company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment.

- **Liquidity Risk:** Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.
- **Financial Risk:** Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.
- **Alternative Investments –** Many alternative investments are illiquid, having "lock-up" periods or only set intervals in which client redemptions may be made which render the investments sometimes more difficult to trade. Consequently, such holdings may limit a client's ability to dispose of such investments in a timely manner and at an advantageous price. Furthermore, depending upon the asset itself and its holdings, there may be no readily available market value for the asset potentially affecting the valuation at redemption.

## **Item 9. Disciplinary Information**

### **Legal and Disciplinary**

The Firm and its employees have not been involved in legal or disciplinary events related to past or present investment clients.

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

### **Financial Industry Activities**

Lodestar is an independent investment advisor, unaffiliated with any other financial institution or securities dealer or issuer. We recommend that our clients custody their assets with Charles Schwab & Co., Inc., ("Schwab") an SEC registered broker-dealer and member of the Financial Industry Regulatory Authority ("FINRA") and the Securities Investors Protection Corporation ("SIPC"). Although we recommend that our clients custody their investment accounts at Schwab, we have no affiliation with Schwab, do not supervise its custody and brokerage activities and are not subject to its supervision.

Lodestar may refer our clients to other professionals such as attorneys, accountants or other professionals for legal, tax or other matters. The Firm, its principal and its employees are not affiliated with any third party service providers and we do not accept any compensation for making referrals to our clients. The decision to retain the services of such third party professionals is left to the client based upon the client's own due diligence and evaluation of the third party service provider. Consequently, the Firm does not guarantee or warrant any services provided under such third-party engagements.

Lodestar's Investment Advisor Representatives may spend some time engaged in activities outside of the business of rendering investment advice. Often this activity is an accommodation to existing clients or to referrals who do not qualify for advisory services, or who are in need of more comprehensive financial planning.

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

### **Code of Ethics**

Lodestar has adopted a Code of Ethics for the purpose of instructing its personnel in their ethical obligations and to provide rules for their personal securities transactions. The Advisor and its personnel owe a duty of loyalty, fairness and good faith towards their clients, and the obligation to adhere not only to the specific provisions of the Code but to the general principles that guide the Code.

The Code covers a range of topics that may include: general ethical principles, reporting personal securities trading, exceptions to reporting securities trading, reportable securities, initial public offerings and private placements, reporting ethical violations, distribution of the Code, review and enforcement processes, amendments to Form ADV and supervisory procedures.

We will provide a copy of the Code to any client or prospective client upon request.

### **Participation or Interest in Client Transactions**

Lodestar has adopted a Code of Ethics, predicated on the principle that it owes a fiduciary duty to all its clients. Accordingly, Lodestar's Investment Advisor Representatives and employees must avoid activities, interests and relationships that run contrary (or appear to run contrary) to the best interests of its clients. At all times, Lodestar must:

- Place client interests ahead of the Firm, its Investment Advisor Representatives and employees; Lodestar employees may not benefit at the expense of advisory clients.
- Engage in personal investing that is in compliance with Lodestar's Code of Ethics.
- Avoid taking advantage of its advisory position; employees must not accept investment opportunities, gifts or other gratuities from individuals seeking to conduct business with Lodestar, or on behalf of a client.
- Investment Advisor Representatives and employees of Lodestar are permitted to buy and sell the same securities that may be recommended to or traded on behalf of clients, but priority is given to the client's orders over the orders of an Investment Advisor Representative. If the possibility of a conflict of interest occurs, the client's interest prevail.

As this situation may represent a conflict of interest, Lodestar has established the following restrictions to ensure its fiduciary responsibilities:

- An Investment Advisor Representative or employee of Lodestar shall not buy or sell securities for their personal portfolio(s) where their decision is substantially derived, in whole or in part, by reason of his or her employment, unless the information is also available to the investing public on reasonable inquiry. Each Investment Advisor Representative and employee of Lodestar shall not put his or her own interest above that of Lodestar's advisory clients.
- Lodestar emphasizes the unrestricted right of the client to decline to implement any advice rendered by Lodestar.
- Lodestar requires that its Investment Advisor Representatives and employees must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices.

- Any individual not in observance of the above may be subject to termination.

### **Personal Trading**

The Chief Compliance Officer of Lodestar is Kevin L. Gray. He reviews all employee personal trades each quarter. His personal trades are reviewed by Joseph Harrison or Anthony Jurado. The personal trading reviews help ensure that the personal trading of employees does not affect the markets, and that clients receive preferential treatment. Since most employee trades involve mutual funds or exchange-traded funds, the securities markets are not affected and the potential for abuse is limited.

## **Item 12. Brokerage Practices**

### **RECOMMENDATION OF SCHWAB AS CUSTODIAN AND EXECUTING BROKER**

We do not maintain physical custody of the assets that we manage or advise on. Your assets must be maintained in an account held at a "qualified custodian," generally a broker-dealer. Custodial services generally include the safeguarding of client funds and securities on behalf of the client and regular reporting of such holdings to the client. Brokerage services include the execution of securities transactions, Lodestar recommends custodians based on the proven integrity and financial responsibility of the broker-dealer and the broker-dealer's ability to deliver the best execution of orders at reasonable commission rates. The Firm attempts to negotiate discounted commissions on client trades to reduce transaction costs. Lodestar clients are informed of the amount of commissions paid on their securities transactions, but are not involved in the negotiation of commission rates.

In connection with its advisory services, Lodestar generally recommends that clients utilize the custodial and brokerage capabilities of Schwab to maintain custody of clients' assets and to effect trades for their accounts. If the client directs Lodestar to use a particular broker-dealer other than the above, Lodestar may not be able to negotiate discounted commissions comparable to commission rates available elsewhere, and client may in that case pay more for their transactions. Lodestar receives no direct compensation in connection with the use of Schwab as the executing broker-dealer or custodian, although Schwab provides a substantial back office support which would not be received if Lodestar did not have an established relationship with it.

Schwab will hold your assets in a brokerage account and buy and sell securities when we instruct them to. While we request that you use Schwab as a custodian/broker, you will decide whether to do so and open your account with Schwab by entering into an account agreement directly with Schwab.

### **HOW WE SELECT BROKERS/CUSTODIANS**

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

- Combination of transaction execution services along with asset custody services (generally without a separate fee for custody)
- Capability to execute, clear and settle trades (buy and sell securities for your account)
- Capabilities to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.)

- Breadth of investment products made available (stocks, bonds, mutual funds, exchange traded funds (ETFs), etc.
- Availability of investment research and tools that assist us in making investment decisions
- Quality of services
- Competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.) and willingness to negotiate them
- Reputation, financial strength and stability of the provider
- Their prior service to us and our other clients
- Availability of other products and services that benefit us, as discussed below (see “Products and Services Available to Us from Schwab”)

#### **CLIENT CUSTODY AND BROKERAGE COSTS**

For our clients’ accounts it maintains, Schwab generally does not charge you separately for custody services but is compensated by charging your commissions or other fees on trades that it executes or that settle into your Schwab account. Schwab’s commission rates applicable to our client accounts were negotiated on behalf of our clients collectively. As a result, the commission rates Schwab charges you are lower than they would be otherwise. In addition to commissions, Schwab charges you a flat dollar amount as a “prime broker” or “trade away” fee for each trade that we have executed by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited into your Schwab account. These fees are in addition to the commissions or other compensation you pay the executing broker/dealer. Because of this, in order to minimize your trading costs, we have Schwab execute most trades for your account.

#### **PRODUCTS AND SERVICES AVAILABLE TO US FROM SCHWAB**

Schwab Advisor Services (formerly called Schwab Institutional) is Schwab’s business serving independent investment advisory firms like us. They provide us and our clients with access to its institutional brokerage – trading, custody, reporting and related services – many of which are not typically available to Schwab retail customers. Schwab also makes available various support services. Some of those services help us manage or administer our clients’ accounts while others help us manage and grow our business. Schwab’s support services are generally available on an unsolicited basis (we don’t have to request them) and at no charge to us as long as we keep a total of at least \$10 million of our clients’ assets in accounts at Schwab. Here is a more detailed description of Schwab’s support services:

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

Services that May Not Directly Benefit Any Particular Client: Schwab also makes available to us other products and services that benefit us but do not directly benefit every or any particular client or account. These products and services assist us in managing our practice overall and include investment research, both Schwab’s own and that of third parties. We use this research to service all or some substantial number of our clients’ accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab also makes available software and other technology that:

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

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

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

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

#### **OUR INTEREST IN SCHWAB'S SERVICES**

The availability of these services from Schwab benefits us because we do not have to produce or purchase them. We don't have to pay for Schwab's services so long as we keep a total of at least \$10 million of client assets in accounts at Schwab. Beyond that, these services are not contingent upon us committing any specific amount of business to Schwab in trading commissions or assets in custody. This arrangement creates an incentive for our recommendation that you maintain your account with Schwab based on our interest in receiving Schwab's services that benefit our business 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 potential conflict of interest. We believe, however that our selection of Schwab as custodian and broker is in the best interests of our clients. It is primarily supported by the scope, quality, and price of Schwab's services (see above) and not Schwab's services that benefit only us. Given the total size of our client assets under management, we do not believe that maintaining at least \$10 million of those assets at Schwab in order to avoid paying Schwab quarterly service fees presents a material conflict of interest.

Lodestar's recommendation that clients maintain their assets in accounts at Schwab are based in part on the benefit to Lodestar of the availability of some of the foregoing products and services and not solely on the nature, cost or quality of custody and brokerage services provided by Schwab, which creates a conflict of interest.

#### **Best Execution**

Lodestar recognizes there are areas that represent potential conflicts of interests when considering its duty to obtain best execution of client trades. Although ongoing efforts are made to negotiate the most competitive transaction rates for our clients, Lodestar acknowledges that Schwab is not always the lowest cost provider for investment transactions. Through evaluation of a list of qualitative and quantitative factors, Lodestar believes that the recommended custodians offer the most comprehensive package and best balance of costs, accuracy and speed of execution, access to markets and liquidity, quality of service, financial stability and reputation. The Advisor



regularly evaluates these factors as part of its duty to secure best execution of trades on behalf of its clients. Clients could pay commissions or fees that are higher or lower than those offered elsewhere for similar services. Clients are advised that they are under no obligation to use suggested broker-dealers.

### **Soft Dollars**

Lodestar receives amongst other benefits, research, technology upgrades, and continuing education courses in the form of sponsored seminars from Schwab. Lodestar also may, on occasion, be the recipient of unsolicited discounts on software and other services from Schwab. The discounts are generally offered to all advisory firms that fit a common profile or asset threshold. Such discounts are accepted with the intent to benefit all clients and the value of these discounts is not considered in the process of selecting securities to purchase for client accounts.

### **Order Aggregation**

Most client trades are in mutual funds or exchange-traded funds, where trade aggregation does not garner any client benefit. Transactions for each client account are generally handled independently; however, it may be advantageous from time to time to buy or sell a large quantity of securities for multiple client accounts. In that rare case, Lodestar may combine or batch such orders to obtain best execution, to negotiate more favorable commission rates or other transaction costs than might have been obtained had such orders been placed independently. Under this procedure, transactions will be averaged as to price. Transaction costs and will be assessed by the clients' custodians according to the terms of their custodial agreements.

### **Trade Errors**

In rare instances, Lodestar may make an error in submitting a trade order on client's behalf. When this occurs, Lodestar endeavors to place a correcting trade with the broker-dealer which has custody of the client account. If an investment gain results from the correcting trade, the gain will remain in the client account unless (a) the same error involved other client account(s) that should have received the gain, (b) it is not permissible for the client to retain the gain, or (c) we confer with the client and the client decides to forego the gain (e.g., due to tax reasons.) If the gain does not remain in the client account and Schwab is the custodian, Schwab will donate the amount of any gain \$100.00 and over to charity. If a loss occurs greater than \$100.00, Lodestar will pay for the loss. Schwab will maintain the loss or gain (if such gain is not retained in the client account) if it is under \$100.00 to minimize and offset its administrative time and expense. Generally, if related trade errors result in both gains and losses in the client account, they may be netted.

## **Item 13. Review of Accounts**

Reviews of a client's account are usually conducted quarterly (but at least annually) by an Investment Advisor Representative (one of the individuals listed in Brochure Supplement B) responsible for that client. Money management reviews include analysis of the portfolio's asset allocation and individual investments, together with consideration of the impact of changes to the portfolio. Wealth management reviews sometimes additionally include revision of financial planning elements through additional reports. Questions or concerns from the client are addressed. More frequent reviews may be conducted at the request of the client.

Lodestar has seven Investment Advisor Representatives responsible for and assigned to clients. Each typically supervises 50 – 80 client accounts, but the Investment Advisor Representative may eventually handle upwards of 100 or more client accounts.

## **Regular Reports**

Individual clients receive regular monthly reports (as well as transaction confirmations) from the account custodian (typically, Charles Schwab & Co., Inc.) showing account activity and current security holdings. These reports are supplemented by the Advisor on an as-needed basis and generally include a quarterly summary of the client's asset allocation and cost versus market value for each position. Performance information is typically included.

Institutional clients receive quarterly reports presenting the performance of their selected money managers.

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

### **Incoming Referrals**

Lodestar has been fortunate to receive many client referrals over the years. The referrals have come from current clients, estate planning attorneys, accountants, employees, personal friends of employees and other similar sources.

### **Referrals Out**

Lodestar may refer clients to outside professionals such as attorneys or accountants. Lodestar does not accept referral fees or any form of remuneration from other professionals when a prospect or client is referred out.

### **Products and Services from Custodians**

We receive an economic benefit from Schwab in the form of the support products and services it makes available to us and other independent investment advisors whose clients maintain their accounts at Schwab. These products and services, how they benefit us, and the related conflicts of interest are described above (see Item 12—Brokerage Practices).

## **Item 15. Custody**

### **Qualified Custodian**

Lodestar does not maintain physical custody of client investment assets or funds. Clients are required to set up their investment accounts with a "qualified custodian," namely a broker dealer, bank or trust company. Lodestar is unable to take even temporary possession of client assets for the purpose of transferring them to the client's account. Each client has a direct relationship with their custodian and is responsible for making deposits to and withdrawals from their account as necessary.

Although Lodestar does not maintain physical custody of client investment accounts, it is deemed to have custody of client assets on the basis of the Firm's authority to: 1. direct client-approved transfers of assets between a client's own accounts and if authorized, to client-designated third party accounts; and 2. to receive payment of its management fees directly from a client's account.

## **Account Statements**

All assets are held at qualified custodians, which means the custodians provide account statements directly to clients at their address of record at least quarterly.

## **Comparison with Lodestar Reports**

Clients are urged to compare the account statements received directly from Schwab to the report statements provided by Lodestar. Lodestar reconciles its portfolio management system with the Schwab account data nearly every business day.

# **Item 16. Investment Discretion**

## **Conditions for Managing Accounts**

Clients who establish an account with Lodestar are authorizing Lodestar to disclose their account information with the custodians and Lodestar's reporting service. Lodestar assesses quarterly fees as explained above.

## **Discretionary Authority for Trading**

Lodestar generally requires that clients allow the Advisor to trade within client accounts with full discretion. When a client agrees to discretionary management, Lodestar is responsible for selecting the securities to be bought and sold in the client's accounts, the amount of those securities and the timing of their purchase. The only limitations on the investment authority are those limitations imposed in writing by the client. Under its standard advisory agreement, Lodestar maintains discretion over the selection and amount of securities to be bought or sold without obtaining client consent to individual transactions. Investment Advisor Representatives may give advice with respect to any of its clients that may differ from advice given to other clients.

Clients are required to sign a limited power of attorney to provide Lodestar with the necessary trading authorization to carry out the responsibilities explained above.

# **Item 17. Voting Client Securities**

## **Proxy Votes**

Lodestar's policy is to vote proxies in the interest of maximizing shareholder value. To that end, Lodestar uses a third-party voting administrator, Proxytrust, to ensure all proxy solicitations are voted, voted according to the Firm's proxy voting guidelines and voted in a timely manner. Lodestar relies upon a third-party research firm, ISS Governance to provide research and voting recommendations as to maximizing a security's increase in value and limiting a security's decline in value, in keeping with the best interests of the voting shareholder. Consideration is given to both the short- and the long-term implications of the proposal to be voted on in the proxy solicitation. In the unlikely event Lodestar faces a material conflict of interest in voting a client's proxy, Lodestar's procedure is to default to ISS Governance's recommendation on the proposal as an independent third-party. Lodestar retains the right to overrule ISS Governance Voting recommendations based upon the Firm's internal research and its clients' interests. Clients may request Lodestar's complete proxy voting policies and procedures by contacting our office. Lodestar maintains a complete record of its proxy votes for clients.

## Item 18. Financial Information

### Financial Condition

Lodestar does not have any financial impairment that precludes it from meeting contractual commitments to clients.

A balance sheet is not required to be provided because Lodestar does not serve as a custodian for client funds or securities, and does not require prepayment of fees of more than \$1,200 per client, and six months or more in advance.

### Index of ERISA Related Disclosures

Lodestar may provide investment management services to retirement plans governed by the Employee Retirement Investment Security Act ("ERISA"). ERISA regulations require that specific disclosures be made to the ERISA plan fiduciary that is authorized to enter into, or extend or renew, an agreement with the Firm to provide these services. The following Index identifies the disclosures required and the location where plan representatives may find them. It is intended to assist ERISA Plan representatives with compliance with the service provider disclosure regulations under section 408(b)(2) of ERISA. Any questions concerning this Index, or the information provided regarding our services or compensation should be addressed to our Chief Compliance Officer at the number noted on the cover page of this ADV Part 2A.

Required Disclosure	Location of the Required Disclosure
Description of the services that Advisor will provide to covered ERISA plans	Item 4 of this Form ADV Part 2A and the client plan's investment management agreement with the Firm.
Statements that the services that Advisor will provide to covered ERISA plans will be as an ERISA fiduciary and registered investment adviser	Item 4 of this Form ADV Part 2A and the client plan's investment management agreement with the Firm.
Description of the direct compensation to be paid to Advisor	Items 5 and 6 of this Form ADV Part 2A and the client plan's investment management agreement with the Firm.
Description of the indirect compensation Advisor might receive from third parties in connection with providing services to covered ERISA plans, if any	Item 12 of this Form ADV Part 2A
Description of the compensation to be shared between Advisor and any third party or any affiliated entity, if any	Item 14 of this Form ADV Part 2A.

Compensation that Advisor will receive upon termination of its agreement to provide investment management services, if any	Item 4 of this Form ADV Part 2A.

## **Business Continuity Plan**

### **General**

Lodestar has a Business Continuity Plan that provides detailed steps to mitigate and recover from the loss of office space, communications, services or key people due to natural or man-made disasters. The Principals of the Firm have an Operating Agreement which dictates certain steps to ensure continuous, competent service in the event of a serious disability or death of any of the Firm's Principals.

## **Information Security Program**

### **Information Security**

Lodestar maintains an information security program to reduce the risk that any client's personal and confidential information may be breached.

### **Privacy Notice**

Lodestar is committed to maintaining the confidentiality, integrity and security of the personal information that is entrusted to the Firm.

The categories of nonpublic information that are collected from clients include information about personal finances, information about health to the extent that it is needed for the financial planning process, information about transactions between the client and third parties, and information from consumer reporting agencies, e.g., credit reports. Lodestar uses this information to help clients meet personal financial goals.

With the client's permission, the Firm will disclose limited information to attorneys, accountants, and mortgage lenders with whom the client has established a relationship. Clients may opt out of our sharing information with these nonaffiliated third parties by notifying Lodestar at any time by telephone, mail, fax, email, or in person. With the client's permission, Lodestar shares a limited amount of information with the client's brokerage firm to execute securities transactions on the client's behalf.

Lodestar maintains a secure office to ensure that clients' information is not placed at unreasonable risk. Lodestar employs a firewall barrier, secure data encryption techniques and authentication procedures in its computer environment.

Lodestar does not provide clients' personal information to mailing list vendors or solicitors. Lodestar requires strict confidentiality in its agreements with unaffiliated third parties that require access to clients' personal information, including financial service companies, consultants, and auditors. Federal and state securities regulators may review Lodestar's records and clients' personal records as permitted by law.

Personally identifiable information about clients is maintained during the engagement with a client, and for a required period thereafter as required by federal and state securities laws. After that time, information may be destroyed.

Lodestar will notify clients in advance if its privacy policy is expected to change. Lodestar is required by law to deliver this *Privacy Notice* to clients annually, in writing.



Item 1 – Cover Page

## FORM ADV PART 2B\*

### Brochure Supplement

#### Professional Backgrounds of

KEVIN L. GRAY

ANTHONY J. JURADO

JOSEPH W. HARRISON

BRYAN P. HASLING

JASON R. McCOY

ANTHONY J. SMITH

\*This brochure supplement provides information about the qualifications of Lodestar Private Asset Management, LLC's professional personnel. This is a supplement to the Lodestar Private Asset Management, LLC Part 2A brochure which you should have received previously. Please contact the Firm's Principal and Chief Compliance Officer, Kevin L. Gray at telephone 925.838.1234 or via email at [info@lodestarpam.com](mailto:info@lodestarpam.com) if you have not received the brochure or if you have any questions about the contents of this supplement. Additional information about Lodestar Private Asset Management, LLC and its registered personnel is available on the internet at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Advisory Personnel

Investment Advisor Representative	<b>Kevin L. Gray</b>
Year of Birth	1967
Education Background	Westmont College – BA Business and Economics Certified Financial Planner, CFP® Accredited Asset Management Specialist, AAMS Accredited Wealth Management Advisor, AWMA
<b>Business Background Preceding Five Years</b>	October 2009 to Present: Principal, Lodestar Private Asset Management LLC 2002 to October 2009: Vice President, Financial Consultant, Charles Schwab & Company
<b>Other Business Activities</b>	None
<b>Additional Compensation</b>	None
<b>Disciplinary Information</b>	None
<b>How Advisor is Supervised</b>	Trades of securities are reviewed monthly Client performance is reviewed on an ad hoc basis Samples of client communication are reviewed as part of the Firm's compliance program

Investment Advisor Representative	<b>Anthony J. Jurado</b>
Year of Birth	1975
Education Background	Dartmouth College – BA Psychology; Certified Financial Planner, CFP®
<b>Business Background Preceding Five Years</b>	October 2016 to Present: Principal, Lodestar Private Asset Management LLC October 2006 to September 2016: Investment Advisor Representative, LPL Financial, LLC



	October 2000 to September 2016: Registered Representative, LPL Financial, LLC
<b>Other Business Activities</b>	None
<b>Additional Compensation</b>	None
<b>Disciplinary Information</b>	None
<b>How Advisor is Supervised</b>	Trades of securities are reviewed monthly Client performance is reviewed on an ad hoc basis Samples of client communication are reviewed as part of the Firm's compliance program

Investment Advisor Representative	<b>Joseph W. Harrison</b>
Year of Birth	1971
Education Background	Wake Forest University – BA Economics and German, magna cum laude. Boston University – Financial Planning Program Certified Financial Planner, CFP®
<b>Business Background Preceding Five Years</b>	June 2020 to Present: Principal and Advisor, Lodestar Private Asset Management LLC April 2011 to June 2020: Principal, J. W. Harrison Financial Advisors February 2001 to March 2011: SVP, Wells Fargo Bank
<b>Other Business Activities</b>	None
<b>Additional Compensation</b>	None
<b>Disciplinary Information</b>	None
<b>How Advisor is Supervised</b>	Trades of securities are reviewed monthly Client performance is reviewed on an ad hoc basis Samples of client communication are reviewed as part of the Firm's compliance program

Investment Advisor Representative	<b>Bryan P. Hasling</b>
Year of Birth	1989
Education Background	Texas Tech University - B.S. Personal Financial Planning, minor in Economics Certified Financial Planner, CFP® Enrolled Agent, EA
<b>Business Background Preceding Five Years</b>	June 2020 to Present: Partner and Advisor, Lodestar Private Asset Management LLC August 2014 to June 2020: Associate Financial Planner, JW Harrison Financial Advisors
<b>Other Business Activities</b>	None
<b>Additional Compensation</b>	None
<b>Disciplinary Information</b>	None
<b>How Advisor is Supervised</b>	Trades of securities are reviewed monthly Client performance is reviewed on an ad hoc basis Samples of client communication are reviewed as part of the Firm's compliance program

Investment Advisor Representative	<b>Jason R. McCoy</b>
Year of Birth	1986
Education Background	Western Oregon University, Monmouth OR – BA Philosophy; Chartered Financial Analyst, CFA® Certified Financial Planner, CFP®
<b>Business Background Preceding Five Years</b>	February 2019 to Present: Wealth Manager, Lodestar Private Asset Management LLC June 2018 to February 2019: Associate Director, First Republic Securities Co. November 2014 to May 2018: Registered Rep, Cetera Advisor Networks, LLC

	<p>October 2014 to May 2018: Retirement Consultant, SageView Advisory</p> <p>October 2013 to October 2014: Registered Rep, Arete Wealth Management LLC</p> <p>January 2012 to October 2014: Investment Analyst, Axxcess Wealth Management</p> <p>October 2011 to September 2012: Bond Trader, Mutual Securities</p>
<b>Other Business Activities</b>	None
<b>Additional Compensation</b>	None
<b>Disciplinary Information</b>	None
<b>How Advisor is Supervised</b>	<p>Trades of securities are reviewed monthly</p> <p>Client performance is reviewed on an ad hoc basis</p> <p>Samples of client communication are reviewed as part of the Firm's compliance program</p>

Investment Advisor Representative	<b>Anthony J. Smith</b>
Year of Birth	1996
Education Background	<p>Virginia Tech, B.S. Financial Planning</p> <p>Certified Financial Planner, CFP®</p>
<b>Business Background Preceding Five Years</b>	<p>June 2020 to Present: Financial Advisor, Lodestar Private Asset Management LLC</p> <p>June 2018 to June 2020: Associate Financial Planner, JW Harrison Financial Advisors</p>
<b>Other Business Activities</b>	None
<b>Additional Compensation</b>	None
<b>Disciplinary Information</b>	None
<b>How Advisor is Supervised</b>	<p>Trades of securities are reviewed monthly</p> <p>Client performance is reviewed on an ad hoc basis</p> <p>Samples of client communication are reviewed as part of the Firm's compliance program</p>

## Education and Professional Standards

Lodestar requires that Advisors in its employ have a bachelor's degree and further coursework demonstrating knowledge of financial planning.

Additionally, Lodestar requires that those involved in determining or giving direct investment advice to clients:

(a) have at least three years in the investment field,

(b) hold a professional degree of the CFP® designation (Certified Financial Planner), CIMC (Certified Investment Management Consultant), CIMA (Certified Investment Management Analyst), MBA (Masters of Business Administration), or the equivalent.

### Professional Certifications

Certain of the Firm's Investment Advisor Representatives and employees may hold professional certifications and credentials as follows:

Certified Financial Planner CFP®: Certified Financial Planners are licensed by the CFP Board to use the CFP® mark. CFP certification requirements are:

- Bachelor's degree from an accredited college or university.
- Completion of the financial planning education requirements set by the CFP Board ([www.cfp.net](http://www.cfp.net)).
- Successful completion of the 10-hour CFP® Certification Exam.
- Three-year qualifying full-time work experience in a financial planning role.
- Successfully pass the Candidate Fitness Standards and background check.
- Complete 30 hours of Continuing Education every 2 years

Chartered Financial Analyst ("CFA"): The CFA Institute awards the CFA designation to applicants who:

- possess a bachelor's degree (or equivalent, as assessed by CFA institute)
- pass three six-hour qualification exams and
- complete 48 months of qualified, professional work experience.

CFA charter holders are also obligated to adhere to a strict code of ethics and standards governing professional conduct.

Enrolled Agent ("EA"): An Enrolled Agent ("EA") is a federally authorized tax practitioner who has technical expertise in the field of taxation and who is empowered by the U.S. Department of the Treasury to represent taxpayers before all administrative levels of the Internal Revenue Service for audits, collections and appeals.

Accredited Wealth Management Advisor (AWMA®): The College for Financial Planning® awards the AWMA® designation to students who:

- Complete the financial planning program requirements set by The College for Financial Planning Board ([www.cffp.edu](http://www.cffp.edu))
- Successfully complete the final examination.

- Remain in compliance with the College for Financial Planning's Code of Ethics and Standards of Professional Conduct
- Complete 16 hours of Continuing Education every 2 years

Accredited Asset Management Specialist (AAMS®): The College for Financial Planning® awards the AAMS® designation to students who:

- Complete the financial planning program requirements set by The College for Financial Planning Board ([www.cffp.edu](http://www.cffp.edu))
  - Successfully complete of the final examination
  - Remain in compliance with the College for Financial Planning's Code of Ethics and Standards of Professional Conduct
  - Complete 16 hours of Continuing Education every 2 years
-