



**Item 1: Cover Page**

**Part 2A of Form ADV  
Firm Brochure**

**March 2022**

7800 N. Mopac Expy, Suite 340  
Austin, TX 78759  
(512) 458-2517  
[www.lsggroup.com](http://www.lsggroup.com)

CRD # 112641/SEC#:801-79381

This brochure provides information about the qualifications and business practices of Lucien, Stirling & Gray Advisory Group, Inc. If you have any questions about the contents of this brochure, please contact us at (512) 458-2517 and/or [info@lsggroup.com](mailto:info@lsggroup.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. Registration of an Investment Advisor does not imply any particular level of skill or training and does not imply the endorsement of any regulatory authority.

Additional information about Lucien, Stirling & Gray Advisory Group, Inc. is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2: Material Changes**

This Firm Brochure is our disclosure document prepared according to regulatory requirements and rules and was last updated in January 2021. Since the last filing the following material changes were made:

### Item 5: Fees and Compensation:

Flat Fees: Services rendered in the course of ordinary asset management including periodic consultation and review are covered by the asset management fees and are not subject to an additional charge. Investors who request consultative services apart from asset management are billed at \$300.00 per hour or fraction of thereof.

### Item 7: Types of Clients:

As of February, 2022, minimum value for new accounts is \$500,000.

**Item 3: Table of Contents**

**Item 1: Cover Page ..... 1**

**Item 2: Material Changes..... 2**

**Item 3: Table of Contents..... 3**

**Item 4: Advisory Business ..... 3**

**Item 5: Fees and Compensation ..... 3**

**Item 6: Performance Based Fees ..... 5**

**Item 7: Types of Clients..... 5**

**Item 8: Methods of Analysis, Investment Strategies, and Risk of Loss..... 5**

**Item 9: Disciplinary Information ..... 6**

**Item 10: Other Financial Industry Activities and Affiliations ..... 6**

**Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading ..... 6**

**Item 12: Brokerage Practices ..... 6**

**Item 13: Review of Accounts ..... 7**

**Item 14: Client Referrals and Other Compensation..... 7**

**Item 15: Custody ..... 7**

**Item 16: Investment Discretion ..... 7**

**Item 17: Voting Client Securities ..... 7**

**Item 18: Financial Condition ..... 8**

## Item 4: Advisory Business

Lucien, Stirling & Gray Advisory Group, Inc. (hereafter sometimes called “the firm”, “LSG” or “the company”) has been in business since 1992 and is a Texas Corporation offering Investment Advisory Services to individuals, corporations and other business entities, pension and profit sharing plans, trusts, estates, and charitable organizations. The company’s principal owner is Thomas G. Twombly (President).

The company offers investment advisory services through both supervisory and non-supervisory accounts. A supervisory account is one in which continuous investment advice is given based on the individual needs of the client. Individual needs include, for example, the nature of other client assets and the client’s personal and family obligations. A non-supervisory account is one in which a client has elected to follow one or more investment “models” such that the account, or such portion of the account so designated, will mirror the allocations set forth by the model with minimal individual variation. Both supervisory and non-supervisory accounts are charged fees, applied and calculated as described below, based on a percentage of the value of the household assets under management. An investor, in consultation with advisor, may choose to work with any combination of supervisory and non-supervisory accounts so long as the per-account minimum is met.

In addition to and independent of ongoing investment advisory services through supervisory and non-supervisory accounts, the company offers advice through individual consultations not included in either of the ongoing services described above. Such consultations are offered on an hourly basis, by quotation, or according to a fixed fee schedule as described below depending upon the type of services desired by the client. The company makes available analyses of and opinions on specific securities on a one-time report basis as described below. Other non-investment advisory services, including for example, consultation on qualified plan design and enrollment, research, and seminars are available as deemed appropriate according to fee schedules published herein or by negotiated contract.

Investment advisory services provided by the company will generally relate to Investment Companies registered under the Investment Company Act of 1940 and their various applications. These applications include mutual fund shares, variable annuities, and variable life insurance. The fee charged by a registered investment advisor for investment advisory services is separate from the annual operating expenses charged by the mutual fund. Fund operating expenses are detailed in the fund prospectus. As a result, investors who choose to use an investment advisor will pay more than the ordinary fees associated with owning a particular security. Investment advisory services will ordinarily not relate on an ongoing basis to other types of securities, notwithstanding the company will furnish analyses of such securities at the request of the client.

The company will maintain various investment models (e.g. Conservative Growth, Retirement Income, etc....), each with a particular investment objective and policy. Models are under the direction of the firm’s Investment Policy Committee (IPC) which, in applying each model’s objectives and policies, determines the securities to be held and when position changes are indicated. Clients who elect to follow models must file a discretionary authority that permits the Firm to maintain such accounts in conformity with the model.

*Assets Under Management:* On December 31, 2021 the company managed \$93,099,607 in discretionary accounts and \$37,181,393 in non-discretionary accounts for a total of \$130,251,000.

## Item 5: Fees and Compensation

The fundamental method of calculating fees is as a percentage of the value of assets under management. One fourth of the annual fee will be charged each quarter by applying this formula:

$$(Total\ Assets\ Under\ Management) \times (Annual\ Rate) / 4 \times (Days\ Remaining\ in\ Quarter) / (Total\ Number\ of\ Days\ in\ Quarter).$$

A 90-day deposit is required of all new accounts. Fees are payable in advance at the beginning of each calendar quarter. Fees are due on the first day of the quarter and delinquent after the 15th day of the quarter. Any account

in which fees are delinquent for more than 15 days is subject to involuntary termination of services. Clients whose services have been terminated will be notified by phone, or by mail to the last known address. The firm will not automatically change an investment position (e.g. move assets to cash) as part of service termination regardless of whether the account was supervisory or non-supervisory. Clients should contact their dealer or custodian directly to arrange transactions.

New accounts beginning during a business quarter and external source deposits made during a quarter will have initial fees calculated by first applying the basic quarterly formula to the deposit amount, and then applying an adjustment formula as follows:

$$(Result\ of\ Quarterly\ Calculation) \times (Days\ Remaining\ in\ Quarter) / (Total\ Number\ of\ Days\ in\ Quarter)$$

Accounts terminating during a quarter may apply for a refund of unearned fees which will be equal to the amount calculated by applying to the fees actually paid for the quarter (or period for which the fees were paid), the formula:

$$(Fees\ Paid) \times (Days\ Remaining\ in\ Quarter) / (Total\ Number\ of\ Days\ in\ Quarter)$$

The refund will first be applied as a credit to offset the client's present and future invoice debits. If the account owner does not wish to remain a client, a refund of the final credit balance will be mailed to the last registered address. Clients are responsible for returning fee refunds to qualified accounts in order to avoid tax consequences.

For purposes of computation, a quarter is a period beginning on January 1, April 1, July 1, or October 1 and ending on the day before the beginning of the next quarter. A day is any calendar day including weekends and holidays. For new accounts, deposits, and terminations, the number of days remaining in the quarter is the number of calendar days subsequent to, but not including, the date that the order to open, deposit to, or to terminate the account is received and accepted by the company.

Asset Management Fees will ordinarily be paid by direct debit to the investor account. If direct debit is not available due to the type of investment held, the type of account, or the mechanism available from the custodian, fees will be debited from another account nominated by the client.

Asset Management Fees: The base fee for Asset Management is 1.5% per annum computed on assets under management as described above.

Discounts to Asset Management Fees: Accounts with value greater than one million dollars (\$1,000,000.00) receive discounted rates as follows:

<u>Account Value</u>	<u>Rate</u>
Value is at least \$1,000,000:	1.25%
Value is at least \$2,000,000:	1.00%
Value is at least \$5,000,000:	0.90%

For purposes of applying the discounts, an "Account" means a household with any number of individual accounts all of which meet all of the following criteria:

1. The account is held by a custodian with whom the firm has an affinity relationship or by an outside custodian that makes data electronically available to the firm's reporting system.
2. Fees for any one account are assessed by debit to that same account or to another account in the same group that provides electronic payment services.
3. All accounts are part of the same household (client number).
4. All accounts are serviced by the same advisor or advisor group.

Flat Fees: Services rendered in the course of ordinary asset management including periodic consultation and review are covered by the asset management fees and are not subject to an additional charge. Investors who request consultative services apart from asset management are billed at \$300.00 per hour or fraction of thereof.

Fees are due at the time services are rendered and delinquent after 15 days. Some services based on time require a deposit.

Fees for services not described above are available by quotation issued by an officer of the company. Fees are not ordinarily negotiable within the limits described except associated persons of Lucien, Stirling & Gray Advisory Group, Inc. may receive certain services at discount rates or without charge, or in limited instances where LSG chooses to provide pro bono services to members of the public.

Fees are subject to change on 30-days notice mailed to the client at the last registered address.

Fees charged by LSG are not brokerage fees. Clients may also be subject to brokerage and other transaction costs charged directly by the broker handling their accounts. See the information below on “Brokerage Practices” for more information.

#### **Item 6: Performance Based Fees**

The company does not charge performance-based fees and does not participate in client accounts.

#### **Item 7: Types of Clients**

The company’s clients are individuals, corporations and other business entities, pension and profit-sharing plans, trusts, estates, and charitable organizations.

As of February, 2022, minimum value for new accounts is \$500,000 and minimum value per model election is \$50,000. Associated persons of LSG may receive certain services on accounts with values below the stated minimums by application to and prior approval of the company.

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

Methods of analysis used by the company in determining recommendations include fundamental and technical analysis based on information obtained from proprietary and third-party research materials, financial publications, annual reports, prospectuses, SEC filings, on-line services, and broadcast media.

The principal strategies employed by the firm involve the use of mutual fund shares in asset allocation models with varying objectives (e.g. Growth, Conservative Growth, etc.). These strategies tend to employ intermediate (more than 6-months) to long-term (more than one year) holding periods, and tend to emphasize a long-term, buy-and-hold philosophy as opposed to a tactical or market-timing approach.

All investing involves certain types of risk; from the well-known Market Risk (prices go up and down), to those less often emphasized; including, but not limited to: Inflation/Economic Risk (the purchasing power of a given amount of money may be eroded by price inflation or other economic factors), Taxation/Political Risk (the laws of taxation or exchange may change from what they were when a particular strategy was undertaken), Management Risk (investment managers may not foresee events or may not skillfully execute the chosen strategy), Opportunity Risk (opportunity for one investment may be lost while pursuing another), Infrastructure Risk (the needed facilities may not be available when called upon in executing a strategy), and Circumstantial Risk (the circumstances or life situation that led to the choice of a strategy may change).

The use of a long-term strategy in particular involves the Risk of Liquidating at Inopportune Times (wanting or

needing to sell investments when the market is down), and Emotional Risk (the need to be able to sustain the strategy emotionally during times of market decline or investor anxiety).

The use of investment analysis or the existence of an investment strategy do not – in and of themselves – protect against loss and cannot eliminate risk. No tool or strategy allows investors or advisors to see into the future. Investing in securities always involves risk of loss that clients must be prepared to bear. Clients should discuss their risk-tolerance with their advisor as a subject of equal importance to their investment objective.

### **Item 9: Disciplinary Information**

There are no criminal, civil, administrative proceedings or self-regulatory organization proceedings to report.

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

Neither LSG nor its representatives have any material relationships to this advisory business that would present a possible or actual conflict of interest.

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

The firm will not participate in client accounts, transactions, or profits/losses. Representatives and employees of the firm are prohibited from participating in accounts with clients other than family members. The firm has adopted a code of ethics pursuant to SEC rule 204A-1. Clients and prospective clients can receive a free copy of the Code of Ethics on request.

### **Item 12: Brokerage Practices**

Lucien, Stirling & Gray Advisory Group, Inc. will not exercise discretion with regard to the broker/dealer with whom transactions are placed. Brokers will be recommended to clients in view of the type of securities to be traded, and the client services available, including, but not limited to, whether such broker can provide LSG with electronic or telephone means of executing investment decisions.

The firm has a non-exclusive “affinity relationship” with National Financial Services LLC and Fidelity Brokerage Services LLC (collectively, and together with all affiliates, “Fidelity”) under which the firm receives software to facilitate transactions, discounts for clients on certain securities transactions, and discounts on research tools provided by Fidelity and by third-party vendors. These discounts allow the firm to have access to the tools without having to pay for them and constitute an incentive for recommending this dealer over other available dealers.

The firm has a non-exclusive “affinity relationship” with American Funds Distributors (collectively, and together with all affiliates, “American”) under which the firm receives access for clients on certain securities transactions regarding §529 Plans, specifically the “College America, Virginia §529 Plan” and 401(k) profit sharing plans, and free research and reporting tools provided by American. These discounts allow the firm to have access to the tools without having to pay for them and constitute an incentive for recommending this dealer over other available dealers.

Each client will select their own dealer and will have their own account(s) separate from the firm and from other clients. The firm does not maintain custody of client securities and does not aggregate orders among clients. Because of the uniform pricing of mutual funds, the firm does not expect there to be a cost for allowing each client account to file its own orders rather than aggregating orders.

The firm does not receive cash compensation from any dealer for recommending its services or using its facilities. The firm does not accept commissions on client transactions. No affiliated person of LSG has any authority to select any broker/dealer with respect to any client transaction without the prior notification and approval of the client.

The company will not receive commissions in connection with giving of advice to clients, nor will the company compensate any outside person for client referrals.

LSG does not act as broker/dealer and cannot guarantee the execution of any transaction, and does not receive research or brokerage services provided in soft-dollar credits for research or brokerage services.

LSG's policy is to consider the full range of the broker's services, including without limitation the value of research provided, execution capabilities, commission rate, financial responsibility, administrative resources and responsiveness. LSG periodically and systematically, but no less than annually, will evaluate the quality of brokerage services provided by broker-dealers executing its transactions.

### **Item 13: Review of Accounts**

Accounts are reviewed by the assigned advisor-representative working in conjunction with the assigned supervisor-officer. Supervisory accounts will be reviewed with a frequency commensurate with the investor's profile, objectives, and holdings. Advisors must review accounts at least quarterly and must meet with their assigned supervisor no less often than annually for the purpose of a review of all accounts.

Transactional reports to clients are generated by the custodian dealer(s). LSG does not act as broker/dealer and cannot guarantee the execution of any transaction.

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

The firm does not pay for client referrals and does not accept commissions for referring clients to other professionals.

### **Item 15: Custody**

When it deducts fees directly from client accounts at a selected custodian, regulations deem this a form of custody of client's assets and must have written authorization from the client to do so. Clients will receive all account statements and billing invoices that are required in each jurisdiction, and they should carefully review those statements for accuracy. All investments will be held by qualified custodians (such as dealers, banks, trust companies, etc.) as arranged by the client. Clients should look to those custodians for authoritative reports on holdings and transactions. Information from qualified custodians should be compared carefully with any reports received from the firm. Some of our clients have given us standing instructions to move assets to a named third party where the timing and amount of the movement are not predefined. In these cases, we are deemed to have custody over those assets, but are not required to have those accounts surprise examined on an annual basis.

### **Item 16: Investment Discretion**

Clients who participate in model portfolio allocations must sign a form providing discretionary authority to allow the firm to maintain the specified account(s) in line with the model as it changes from time to time. This discretionary authority will extend to the specific securities to be bought or sold, the timing (when to buy/sell), and the amount (how much to buy/sell). Clients will also provide discretionary authority for administrative functions as described in the "Terms and Conditions" found on the Account Form.

### **Item 17: Voting Client Securities**

The firm will not vote proxies on behalf of clients.

## **Item 18: Financial Condition**

At the time of the printing of this brochure, the firm is not aware of any financial condition that is reasonably likely to impair the firm's ability to meet contractual commitments to clients.