

LotusGroup Advisors
Form CRS Relationship Summary (ADV Part III)
As of June 1, 2020



INTRODUCTION

You Choose How You Wish to Invest - There are different ways you can get help with your investments. You should carefully consider which types of accounts and services are right for you. **LotusGroup Advisors is registered with the Securities and Exchange Commission as an investment adviser.** We have been in business since January 2007. We are located 250 Fillmore Street, Suite 150, Denver, CO. We provide investment advisory accounts and services for a fee rather than offering brokerage accounts and services for commission. *Brokerage and investment advisory services and fees differ, and you need to understand these differences.* This document gives you a summary of the types of services we provide and how you pay. Please ask us for more information. Free and simple tools are available to research firms and financial professionals at Investor.gov/CRS, the SEC's investor education website, which also provides educational materials about broker-dealers, investment advisers, and investing.

RELATIONSHIPS & SERVICES

What Investment Services & Advice Can You Provide Me?

We offer investment advisory services to retail investors, including **financial planning, portfolio management, and private fund management services** (for our private investment program, LotusGroup Advisors IncomePlus Fund, L.P.) as part of our standard services. If you open an advisory account with our firm, we will discuss your financial goals, and help you design a strategy to strive to achieve those goals. You will pay **an asset-based fee** in the middle of each calendar quarter, based on the value of the cash and investments in your advisory account.

We must abide by specific laws and regulations in our interactions with you. We are responsible for monitoring our retail investors' investments on an ongoing basis. We will offer you advice regularly, and we will contact you by phone, in person, or by e-mail no less than annually to review your portfolio accounts. We will also provide you with various account reports quarterly. We will also help you choose a third-party custodian to custody your assets. This entity will provide you with monthly or quarterly account statements and trade confirms showing all activity during the reporting period, as well as the deduction of any fees, expenses, or other charges from your account. We are available for more frequent meetings, upon client request. We review the financial plans created for clients annually at a minimum and as circumstances change to adjust the plan better. About financial planning services, after we deliver an initial plan that includes general recommendations for a course of activity and specific actions for you to take, you will decide whether to implement any recommendations. You must contact us if you have any specific changes in your financial situation, and we will update your plan accordingly.

We offer two types of investment authority; **discretionary or non-discretionary accounts**. You can choose a "discretionary account" (*an account that allows us to buy and sell investments within your account, without asking you in advance*), or a "non-discretionary account" (*an account where we will provide you advice, and you will then decide how to proceed; you will make the ultimate decision concerning the purchase or sale of your investments*). We do not exercise any investment authority in connection with **financial planning services**. While we provide investment advice on a variety of products and investments, we do not offer such advice on the complete universe of all available investments. Other firms could provide advice on a wider range of choices, some of which might have lower costs. Our **minimum asset requirement** for new **portfolio management and financial planning services** clients is \$500,000. Our minimum asset requirement for **private fund management services** is \$250,000. We have the discretion to accept lower minimums. Our clients are under no obligation to act upon our recommendation(s), and should they choose to act on any recommendations received, they are under no obligation to place their transaction through us. (*For more information, please view our [Form ADV Part 2A Disclosure Brochure](#), Items 4 & 7.*)

Conversation Starters: Ask Your Financial Professional — *Given my financial situation, should I choose an investment advisory service? Why or why not? How will you choose investments to recommend to me? What is your relevant experience, including your licenses, education, and other qualifications? What do these qualifications mean? Please explain what the abbreviations in your licenses are and what they mean.*

Compare Us vs. Typical Brokerage Accounts - You could also open a brokerage account with a broker-dealer, where you will pay a transaction-based fee, generally referred to as a commission, when the broker-dealer buys or sells an investment for you. Features of typical brokerage accounts include (1) with a broker-dealer ("BD"), you may select investments, or the BD may recommend investments for your account, but the ultimate decision for your investments is yours, (2) a broker-dealer must act in your best interests and not place its interests ahead of yours when the broker-dealer recommends an investment or an investment strategy involving securities and the purchase and sale of investments will be yours, (3) when a broker-dealer provides any service to you, the broker-dealer must treat you fairly and comply with a number of specific obligations. Unless you and the broker-dealer agree otherwise, the broker-dealer is not required to monitor your portfolio or investments on an ongoing basis, (4) if you were to pay a transaction-based fee in a brokerage account, the more trades in your account, the more fees the broker-dealer charges you. So it has an incentive to encourage you to trade often, and (5) you can receive advice in either type of account. Still, you may prefer paying a **transaction-based fee** from a cost perspective, if you do not trade often or if you plan to buy and hold investments for longer periods or **asset-based fee** if you want continuing advice or want someone to make investment decisions for you, even though it may cost you more than a transaction-based fee.

Conversation Starters: Ask Your Financial Professional — *Given my financial situation, should I choose an investment advisory service? Why should I choose a brokerage account? Why or why not?*

FEES, COSTS, CONFLICTS & STANDARDS OF CONDUCT

What Fees Will I Pay?

Fees and costs affect the value of your account over time. The amounts you will pay for advisory services will depend upon the services you choose and the dollar value of assets, including cash, in your account. Ask your financial professional to give you personalized information

on the fees and costs that you will pay. (Any fees you pay will align with the types of fee(s) we report in [Form ADV Part 2A Disclosure Brochure, Items 4 & 7](#). Kindly also see Items 5.A., B., C, and D, and consider your ERISA 408(b)(2) disclosure (as applicable). **You must be aware:**

- The amount paid to our firm and your financial professional generally does not vary based on the type of investments we select on your behalf. This is done purposely so that we may remain objective in the recommendations we make.
- Fees will reduce the value of your account and will be deducted from your account. **Typically, the more assets you have in an advisory account, including cash, the more you will pay us in aggregate, but the lower the percentage fee on a sliding scale.** We, therefore, have an incentive to increase the assets in your account to increase our fees, which creates a conflict of interest when we charge ongoing asset-based fees for our services.
- Fees will be deducted directly from your account or as further detailed in our Form ADV Part 2B Disclosure Brochure and your executed Client Agreement. Some investments, such as mutual funds and variable annuities, will also impose additional fees that will reduce the value of your investments over time. You may also be required to pay fees when you sell certain investments (i.e., *surrender charges for selling variable annuities*), albeit that has yet to happen, and LotusGroup Advisors work hard to negotiate lower fees to clients with various custodians.
- **Please ask your financial professional to give you personalized information on the fees and costs that you will pay.** Lower fees for comparable services can, at times, be available from other sources.

Service Offered	Annual Fee
Financial Planning & Portfolio Management Services	Financial planning and portfolio management services fees range from 0.75% to 2.5% per annum depending on assets under management and investment strategy selected. Your fee will be clearly listed in your Client Agreement. We retain the discretion to negotiate fees, based upon certain factors such as family relationships, original beta clients, etc. Fees for these types of services are pro-rated asset-based fees , calculated and billed in advance at the beginning of each calendar quarter, based on the current assets and cash you have under management. Clients will pay fees for these services even if they do not buy, sell, or have account activity , and the amount they pay will generally not vary based on the type of investments selected in their account .
Private Fund Management Services	Our private Fund (LotusGroup Advisors IncomePlus Fund, L.P. Fund), and our private fund management service is available only to Qualified Clients (i.e., <i>clients who have \$2.1 million net worth or at least \$1 million in assets with us immediately after participating in the investment</i>). The Fund has two share classes, Class A and Class B. Class A is for our existing clients who are already paying a management fee for our wealth management services. Class A shares have a 0% management fee and a 5% incentive fee on distributed Fund gains, only after 100% of their capital is returned. Class B shares are for non- clients who want to access the asset class, but who prefer to manage the remainder of their assets outside of our firm. Class B shares have a 1% management fee and a 10% incentive fee, but no management fee.

Description of Other Fees & Costs - **You will pay fees and costs whether you make or lose money on your investments. Fees and costs will reduce any amount of money you make on your investments over time. Please make sure you understand what fees and costs you are paying.** The most common fees and costs applicable to our clients include those related to custodial and account maintenance fees, and other transactional and/or product-level fees.

Conversation Starters: Ask Your Financial Professional — Help me understand how these fees and costs might affect my investments. If I give you \$10,000 to invest, how much will go to fees and costs, and how much will be invested for me?

What Are Your Legal Obligations to Me When Acting as My Investment Adviser? How Else Does Your Firm Make Money & What Conflicts of Interest Do You Have? **When we act as your investment adviser, we must act in your best interest and not put our interest ahead of yours.** We must abide by certain laws and regulations in our interactions with you. We are held to a fiduciary standard that covers our entire investment advisory relationship with you. We are required to monitor your portfolio, investment strategy, and investments on an ongoing basis. While our interests may at times conflict with your interests, **we must eliminate or mitigate these conflicts or tell you about them in a way you can understand so that you can decide whether to agree to them.** You should understand and ask us about these conflicts - they can affect the investment advice we provide you.

How Do Your Financial Professionals Make Money? **We benefit from the advisory services we provide you.** Our financial professionals are compensated based on a combination of a fixed salary, a bonus tied to business and personal objectives, and a portion of revenue our firm earns from their advisory services offered to clients. (For additional information, please view our [Form ADV Part 2A Disclosure Brochure, Item 10.](#))

Conversation Starters: Ask Your Financial Professional — How might your conflicts of interest affect me, and how will you address them?

DISCIPLINARY HISTORY

Do You or Your Financial Professionals Have Legal or Disciplinary History? We do not have disciplinary history to disclose. Visit www.investor.gov for a free and simple search tool to research our firm and our financial professionals. To report a problem to the SEC, visit the [SEC's Investors Complaint Page](#) or call their toll-free investor assistance line at 800.732.0330. If you have a problem with your investments, investment account, or financial professional, contact us in writing at 250 Fillmore Street, Suite 150, Denver, CO.

Conversation Starters: Ask Your Financial Professional — As a financial professional, do you have any disciplinary history? For what type of conduct?

ADDITIONAL INFORMATION

For further details on our services, see our [Form ADV Part 2A Disclosure Brochure](#) on the IAPD system by searching by our firm name and CRD #143379 (<https://adviserinfo.sec.gov>), and any Form ADV Part 2B Brochure Supplement a financial professional provides. You may also view our Form ADV Brochure on our website, <https://lgadvisors.com>, or receive it calling us at 720.593.9861 or e-mailing us at info@lgadvisors.com.

Conversation Starters: Ask Your Financial Professional — Who is the primary contact person for my account, and are they a representative of an investment adviser or broker-dealer? What can you tell me about their legal obligations to me? If I have concerns about how this person is treating me,