



**Part 2A of Form ADV**

**Item 1 Cover Page**

## Leumi Investment Services Inc.

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This brochure provides information about the qualifications and business practices of Leumi Investment Services Inc. (“LISI”). If you have any questions about the contents of this brochure, please contact us at (212) 407-4362. 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.

LISI is a registered investment adviser. Registration of an Investment Adviser does not imply a certain level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser.

Additional information about LISI also is available on the SEC’s website at [www.advisorinfo.sec.gov](http://www.advisorinfo.sec.gov).

## Item 2 Material Changes

The following summary discusses the material changes that LISI has made to its Form ADV Part 2A advisory brochure (“Brochure”) since March 25, 2019, the date of the last update to the Brochure.

While we had no material changes during this period, we made a number of clarifications to this brochure. Please review this material carefully.

Pursuant to SEC Rules, LISI sends you with ongoing disclosure information about material changes as necessary.

Upon request, the Brochure may be obtained by contacting Christopher Wilson, LISI’s Chief Compliance Officer, at (212) 407-4362 or [christopher.wilson@leumiusa.com](mailto:christopher.wilson@leumiusa.com).

Additional information about LISI is also available via the SEC’s web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC’s web site also provides information about any persons affiliated with LISI who are registered, or are required to be registered, as investment adviser representatives of LISI.

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#### **Item 4 Advisory Business**

Leumi Investment Services Inc. (“LISI”) is a wholly-owned subsidiary of Bank Leumi USA (“BLUSA”), and BLUSA is a subsidiary of Bank Leumi le-Israel Corporation, a New York bank holding company which, in turn, is owned by Bank Leumi le-Israel, B.M., an Israeli bank founded in 1902. BLUSA is a New York State chartered bank. In the U.S., banking products and services are provided through BLUSA, and brokerage products and services, including the investment advisory business, are provided by LISI. Pershing LLC is the clearing broker for the broker-dealer operations of LISI. The purpose of this Brochure is to describe and disclose the services, fees, potential conflicts of interest, and other necessary information clients should consider before becoming a client of one or more of LISI’s investment advisory programs covered in this Brochure.

LISI offers various investment advisory programs ("Program" or "Programs") for its clients, under the marketing or brand name “Leumi Advisor.” Four of them are wrap fee Programs sponsored by LISI: (1) Leumi Strategic Portfolios, a firm discretion advisory program that will entail four risk-based and two objective-based models comprised of ETFs and mutual funds as selected by LISI’s Investment Committee; (2) Separately Managed Accounts (SMAs); (3) Unified Managed Accounts (UMAs); and (4) Leumi Client Advisor, a non-discretionary advisory program offering asset-allocation guidance and a range of securities from which to choose.

A wrap fee arrangement is one in which a single fee is charged based on the market value of assets in the client’s account, rather than on the transactions in the account as in a commission (“Brokerage”) account. The wrap fee covers investment advice or counsel provided by LISI investment professionals and/or the client’s Financial Advisor, portfolio management in applicable Programs, the execution of client transactions, account servicing, and performance reporting, in addition to other standard services. The wrap fee Programs are described in a separate brochure, which is available upon request.

#### **Brinker Capital**

The Program described in this Brochure is sponsored by Brinker Capital Inc. (“Brinker Program”). LISI no longer refers clients to this Program. The information that follows in this brochure is intended to allow

existing Brinker customers to compare Brinker to other investment alternatives described in the separate LISI “Wrap Fee Program Brochure” and available from Leumi Advisor. The Brinker Program offers clients advice and/or a connection to asset managers offering professional management across many disciplines and strategies. Clients can select from a wide variety of money managers, mutual funds and exchange traded products, and individual securities, whose strategies range from capital preservation to conservative to aggressive growth.

The particular services that LISI provides in the Brinker Program are described in detail below. Please review this Brochure carefully and in its entirety. Brinker has its own Form ADV Brochure, and investors should obtain and review the Brochure carefully before making an investment. As noted, LISI is not offering the Brinker program to new clients nor is it marketed under the Leumi Advisor name.

Account statements to clients are sent directly from Brinker or its clearing firm. Neither LISI nor any Leumi affiliated firm sends custodial statements or has custody of clients’ assets.

In the Brinker Program, LISI referred clients to the Program and serves as Brinker’s agent to collect certain information from clients and to review the account with the client at least annually. LISI does not provide investment advice to clients in the Brinker Program.

#### **Item 5 Fees and Compensation for Brinker Program**

Clients agree to pay an annualized, asset-based fee based on the value of assets in the account. The fees for the Brinker Program are found in the sponsor’s brochures. LISI receives a portion of the fee clients pay to the sponsor, for its referral services. LISI, not Brinker, establishes its fee for its referral services, and typically charges between .50% and .85%.

A portion of the client fee is used to pay the portfolio managers selected to manage the account. The range of fees charged by the portfolio managers utilized by Brinker for Equity and Balanced Accounts is 1.00% to .40% of the account net asset value, and for Fixed Income Accounts is .25% to .35% of the account net asset value. Please refer to Brinker’s brochure for more information on fees and expenses.

Advisory fees are in addition to the internal expenses charged by mutual funds and other investment company securities. To the extent that clients intend to hold these securities, the internal expenses should be included when evaluating the costs of a fee-based account. Clients should periodically re-evaluate whether the use of an asset-based fee continues to be appropriate in servicing their needs. A list of additional considerations, as well as the fee schedule, is available in the Brinker Brochure as well as in the client agreement. Clients may also pay other administrative and paper mail fees to the custodian of the applicable advisory account.

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

LISI does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client).

## **Item 7 Types of Clients**

Clients in the Brinker Program include individuals, high net worth individuals, pension and profit-sharing plans, charitable institutions, foundations, endowments, trust programs, estates and other U.S. and international institutions.

The minimum investment in the Brinker Program is \$50,000.

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

**Investing in securities involves risk of loss that clients should be prepared to bear.**

All products sold by LISI including advisory programs and non-deposit investment products sold by BLUSA, are:

- \* Not insured by the FDIC or any other federal or government entity**
- \* Not guaranteed by BLUSA, Bank Leumi le-Israel, B.M., or any other bank**
- \* Subject to investment risks, including possible loss of the principal amount invested**

### **Material Risks**

As with any investment, loss of principal is a risk of investing in accordance with any investment strategy. Investments in securities are subject to risks. Please refer to the Brinker Brochure for more about the investment strategies and risks in its Program.

## **Item 9 Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of Leumi Investment Services Inc. ("LISI") or the integrity of LISI's management. The disciplinary items below do not pertain to the advisory business of LISI and are only shown in the interest of full and complete disclosure.

In the past, our affiliates have entered into certain settlements with regulators and other third parties and have been the subject of adverse legal and disciplinary events. You can learn more about those actions by reviewing our Form ADV, Part 1A at [www.advisorinfo.sec.gov](http://www.advisorinfo.sec.gov).

On November 3, 2016, Financial Industry Regulatory Authority ("FINRA") accepted LISI's Letter of Acceptance, Waiver and Consent ("AWC") under which LISI agreed, without admitting or denying the allegations, to pay a \$15,000 fine for failing to report the correct time of trade execution in TRACE-eligible securities within the required time frame, and for books and records violations regarding same, during Q2 and Q3 2015.

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

LISI is a wholly owned broker/dealer subsidiary of Bank Leumi USA that has been engaged in the brokerage business since May 2001 and licensed as an insurance agency since April 2002.

Approximately 95.00-99.00% of LISI's business is brokerage and insurance transactional service provided to clients. LISI approximates that 1.00-5.00% of its business is advisory related.

Bank Leumi USA is a New York State chartered bank. Customers of Bank Leumi USA who are interested in securities products or services or in insurance products or services are referred to LISI. There is no fee and no special compensation paid or received for any such a referral.

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

LISI has Written Supervisory Procedures that contain provisions regarding employee securities restrictions and conflicts of interest. In brief, employees may not use material non-public information for personal gain, and employee brokerage transactions are reviewed by the Compliance Department.

LISI investment adviser representatives are dual employees of Bank Leumi USA and, as such, are bound by the Bank's Code of Ethics. LISI has incorporated the Bank's Code of Ethics into its Written Supervisory Procedures. The Code of Ethics includes provisions relating to the confidentiality of client information, exercising honesty and candor in all activities, a prohibition on insider trading, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, personal securities trading procedures, and complying with applicable laws, rules and regulations, among other things. All supervised persons at LISI must acknowledge the terms of the Code of Ethics annually, or as amended.

LISI's clients or prospective clients may request a copy of the firm's Code of Ethics by contacting the LISI Compliance Department.

When LISI purchases mutual fund shares for clients, it selects share classes that do not pay 12b-1 fees or other distribution fees ("Trailer Fees"). To the extent that share classes are transferred into LISI's Advisory program, LISI credits such Trailer Fees associated with those shares to the respective client accounts.

## **Item 12 Brokerage Practices**

LISI has a Service Level Agreement with its Israeli parent corporation, Bank Leumi-le-Israel ("BLITA"), whereby it receives and may send to clients research reports written by analysts of BLITA. In its preparation and issuance of securities reports, BLITA Research does not communicate or coordinate

with Leumi Advisor in any manner, and any securities held in Leumi Advisor customer accounts that are also recommended by BLITA Research is coincidental.

In order to obtain better price execution in certain transactions involving large orders for Israeli securities, we will generally use our parent, Bank Leumi le-Israel Tel Aviv (“BLITA”), for execution. In such transactions, BLITA will act as agent and earn compensation in the form of commissions and/or transaction fees.

LISI does not execute transactions for clients in the Brinker program.

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

Clients introduced to Brinker by LISI will receive an overall annual review by the LISI Investment Advisor Representative assigned to the account in coordination with a LISI Investment Specialist and/or Compliance. This LISI review will generally compare the portfolio versus available information in the client’s profile to determine if fund and advisor selection remains consistent with client objectives. When clients inform LISI, in writing, of a change in their objectives or financial situation or otherwise ask for an account review, LISI will also undertake a review of the account and inform the appropriate advisor as may be necessary.

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

LISI does not compensate any party for client referrals with respect to any advisory product. LISI receives a portion of the fee Brinker clients pay, which is debited from client accounts each quarter as disclosed in the client agreement. Please refer to the Brinker Brochure for compensation, fees and expenses specific to that program.

### **Item 15            Custody**

Clients should receive at least quarterly statements directly from the qualified custodian of the Program. Clients should read these statements carefully and bring any discrepancies or errors to the attention of Brinker and/or LISI, depending on the nature of the issue.

LISI does not have custody of client assets.

### **Item 16            Investment Discretion**

LISI and its personnel do not have any discretionary authority to manage accounts of clients in the Brinker Program described in this Brochure. Investment discretion in the Envestnet advisory program is discussed in the ADV Part 2A Wrap Fee Program Brochure.

**Item 17            Voting Client Securities**

As a matter of firm policy and practice, LISI generally does not have authority to and does not vote proxies on behalf of advisory clients in the Brinker or Investnet Programs, or act in any matters for which a shareholder vote, consent, election or similar action is solicited by, or for, issuers of securities held in a client's account.

With regards to managed accounts in the Investnet program, other firms or advisors may vote on your behalf pursuant to the "Voting Client Securities" section of the Investnet ADV Part 2A. LISI nor its personnel vote on your behalf. Should you receive a proxy in a direct mailing, it is your responsibility to act (or not act) as you deem necessary.

**Item 18            Financial Information**

LISI has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.