

Lee Financial Group Hawaii, Inc.
Client Relationship Summary Form ADV Part 3
Date: March 30, 2022

Item 1: Introduction

Lee Financial Group Hawaii, Inc. (“LFG”) is a registered investment adviser with the U.S. Securities and Exchange Commission (“SEC”). Brokerage and investment advisory services and fees differ, and it is important for you to understand the differences. Free and simple tools are available to research firms and financial professionals at investor.gov/CRS, which also provides educational materials about broker-dealers, investment advisers, and investing.

Item 2: Relationships and Services

What investment services and advice can you provide to me?

We offer investment advisory services to retail clients like you. The principal investment advisory services we offer are: **Wealth Management Services** – Based on your needs, we provide continuous discretionary advice and monitoring of your investments. “Discretionary” advice means that we have the investment authority for your account, and we will buy and sell investments on your behalf without seeking your authorization for each investment decision. If you open a Wealth Management account with us, it will be managed in accordance with certain investment models we have developed, and your individual LFG Wealth Manager will be responsible for providing advice and applying our investment models to your account. Our Wealth Management services also include providing quarterly reports to you on your Wealth Management account. These services are provided in accordance with a discretionary investment management agreement between you and LFG. We will continue to have discretionary investment authority over your account as long as our investment management agreement remains in force. With respect to our Wealth Management services, we do not offer advice only with respect to proprietary products, or a limited menu of products or types of investments. To establish a Wealth Management account, you must invest a minimum of \$500,000. Your Wealth Management account will be reviewed and monitored at least annually by the individual Wealth Manager advising the account, as part of our standard services. **Automated Investment Program** – We also have an automated investment program called the Horizon Online Program (“HP”), through which you can invest in a range of investment strategies that LFG has constructed and manages. Within HP, your account investments will be managed and rebalanced (on a discretionary basis), as long as you keep your HP account. Under HP, our services are not limited to proprietary products, but your investments are limited to exchange traded funds (ETFs) and a cash allocation. To establish a HP account, you must have an account minimum of \$5,000. Each HP account is reviewed and monitored at least annually by an LFG representative, as part of our standard services.

For more information about our services, please review Items 4 and 7 in our Form ADV Part 2A brochure ([Brochure](#)), which can be found at our website: <https://www.leehawaii.com/>

Conversation Starters: 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?

Item 3: Fees, Costs, Conflicts, and Standard of Conduct

What fees will I pay?

Investment Advisory Fees - You will be charged a fee equal to an annualized percentage of your assets under our management (an “asset-based fee”). Our advisory fees, including Wealth Management Fees and HP Fees, are payable quarterly. Asset-based fees can create conflicts of interest for us. The more assets in your advisory account, the more you will pay us in fees, and LFG therefore has an incentive to encourage you to increase the assets in your account.

Other Fees and Costs – In addition to our investment advisory fees, you will pay certain additional fees and costs either directly or indirectly. Some of the most common examples include management fees and other ongoing expenses that are paid by mutual funds and ETFs (and thus, indirectly by their investors), custodian fees, and commissions and other transaction-based charges paid to brokers for executing trades in your account. 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

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over time. Please make sure you understand what fees and costs you are paying. **For more information about our fees and costs, please review our [Brochure](#), including Item 5 – Fees and Compensation.**

Conversation Starter: 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 and 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. At the same time, the way we make money creates some conflicts with your interests. You should understand and ask us about these conflicts because they can affect the investment advice we provide you. Here are some examples to help you understand what this means. We have a proprietary mutual fund (in other words, a fund managed by LFG), the Hawaii Municipal Fund (the “Fund”). If you as a Wealth Management client have assets invested in the Fund, although you will not be charged a Wealth Management (or other investment advisory) fee on those assets, LFG and our affiliates receive management, administrative and other service fees from the Fund, in connection with such Fund holdings. So, we have an incentive to recommend the Fund over other funds managed by third parties. Likewise, a recommendation to roll over assets from another IRA or retirement plan to an IRA or retirement plan serviced by us poses a conflict because our fees are asset-based, and we will make more money if you do so. HP client accounts must be held at Charles Schwab & Co., Inc. (“Schwab”). So, we have an incentive to recommend that clients maintain their accounts with Schwab, rather than TD Ameritrade, Inc. Additionally, if you purchase an annuity we recommend to you, LFG will receive sales commissions from the issuing insurance company. So, we have an incentive to recommend annuities and other products that pay us commissions in addition to our advisory fees, and products that pay us higher commissions than others.

For more information about our conflicts of interest, please review our [Brochure](#), including Item 10.

Conversation Starter: How might your conflicts of interest affect me, and how will you address them?

How do your financial professionals make money?

Our financial professionals receive a salary in addition to a share of the investment advisory fees and other revenues they generate for LFG. They can also receive cash bonuses awarded by LFG’s management. Since our advisory fees are typically asset-based, the amount of client assets they service is a factor in determining our financial professionals’ compensation. Asset-based fees present a conflict of interest because they incentivize our financial professionals to encourage you and other clients to invest additional funds in your account. Other revenues to LFG and our affiliates are also factors that influence our financial professionals’ compensation. For example, a portion of their salaries are attributable to income that LFG’s affiliated broker-dealer receives for the Fund’s distribution and sales activities. Financial professionals who are licensed insurance agents also receive commissions related to sales of insurance products, so they have an incentive to recommend higher-commission products over lower-commission products.

Item 4: Disciplinary History

Do you or your financial professional have legal or disciplinary history?

No. Visit <https://www.investor.gov/CRS> for free and simple tools to research LFG and our financial professionals.

Conversation Starter: As a financial professional, do you have any disciplinary history? For what type of conduct?

Item 5: Additional Information

You can find additional information about LFG’s advisory services, and request a copy of this *Relationship Summary*, on our website at www.LeeHawaii.com, or by e-mailing us at Info@LeeHawaii.com. You can also request up-to-date information and a copy of this *Relationship Summary* by calling us at (808) 988-8088 or (800) 354-9654.

Conversation Starter: Who will be my primary contact person? Is he or she a representative of an investment adviser or a broker-dealer? Who can I talk to if I have concerns about how this person is treating me?