

**ITEM 1: COVER PAGE**

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

**Mariner Independent Advisor Network, LLC**

**Also doing business as**

**Mariner Advisor Network**

5700 W 112<sup>th</sup> Street, Suite 500

Overland Park, KS 66211

(650) 571-1934

March 29<sup>th</sup>, 2023

<https://marineradvisornetwork.com/>

This disclosure brochure (“Brochure”) provides information about the qualifications and business practices of Mariner Independent Advisor Network, LLC (hereafter, the “Network,” the “Firm,” “Registrant,” “us,” “we,” or “our”) (CRD # 283824). If you have any questions about the contents of this Brochure, please contact Eric Hewitt, Chief Compliance Officer by telephone at (650) 571-1934 or [eric.hewitt@marineradvisornetwork.com](mailto:eric.hewitt@marineradvisornetwork.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

Please note that the use of the term “registered investment adviser” and description of Mariner Independent Advisor Network, LLC and our associates as “registered” does not imply a certain level of skill or training. You are encouraged to review this Brochure and Brochure Supplements for our firm’s associates who advise you for more information on the qualifications of our firm and our associates. Additional information about Mariner Independent Advisor Network is also available on the SEC’s Investment Adviser Public Disclosure website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **ITEM 2: MATERIAL CHANGES**

This Item 2 discusses only specific material changes that were made to this Brochure since the last annual update of our Brochure on March 31, 2022. It does not describe other modifications to this Brochure, such as updates to dates and numbers, stylistic changes or clarifications.

- Item 4 was updated to reflect our new name, Mariner Independent Advisor Network and to provide description of new strategies, products and services we provide to clients.
- Item 5 was updated to simplify disclosures related to fees associated with the custodial platforms we utilize.
- Item 6 was updated to describe our processes related to situations in which we manage clients in the same or similar strategies or recommend limited investment opportunities to clients.
- Item 8 was updated to add additional risks associated with specific asset classes such as digital assets.
- Item 10 was updated to reflect changes to our affiliations and services provided through our affiliates.
- Item 12 was updated with additional disclosure of our brokerage practices, including transition support services offered by certain custodians as a result of advisors transitioning client accounts to their platform(s).
- Item 14 was updated to reflect changes related to the New Marketing Rule as well as language related to referrals to and from affiliates.
- Item 15 was updated to reflect that the Firm may be deemed to have custody in situations in which clients utilize its affiliated trust company as trustee or co-trustee.

The Network encourages each client to read this Brochure carefully and to call us with any questions you can or will have.

Pursuant to SEC Rules, we will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business' fiscal year. We may provide other ongoing disclosure information about material changes as necessary.

We will provide you with a new Brochure if requested based on changes or new information, at any time, without charge. Currently, our Brochure may be requested by contacting [eric.hewitt@marineradvisornetwork.com](mailto:eric.hewitt@marineradvisornetwork.com).

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## **ITEM 4: ADVISORY BUSINESS**

### **A. FIRM DESCRIPTION**

Mariner Independent Advisor Network, LLC is registered with the SEC as a registered investment adviser. We are a limited liability company formed in the State of California. Our firm has been in business as an investment adviser since 2016.

### **B. PRINCIPAL OWNERS**

The Firm is 100% owned by Honor Bound Partners, LLC (“HBP”). HBP is wholly owned by Mariner Platform Solutions, LLC (“MPS”). MPS is wholly owned by Mariner Advisor Network, LLC (“MAN”). MAN is wholly owned by Mariner Wealth Advisors, LLC (referred to herein as “Mariner”). MWA Midco, LLC (“Midco”) is the manager of Mariner. MWA Holdco, LLC (“Holdco”) is the manager of Midco. Holdco is owned by 1248 Holdings, LLC (“1248”), the Martin C. Bicknell Revocable Trust dated August 7, 1996, as amended and restated, and GEI VIII MW Aggregator LLC (“MW Aggregator”).

### **C. SERVICES OFFERED**

The Firm’s business model is based on a decentralized network of Investment Adviser Representatives (“IARs”) doing business in disparate offices located in numerous states and cities. Although all IARs are registered with, and subject to oversight by the Firm, they operate their businesses independently. In addition, the majority of the IARs are also registered representatives affiliated with LPL Financial (“LPL”), an Independent broker-dealer and custodian. While the Firm uses a brand DBA of Mariner Advisor Network, most IAR offices work under a separate “doing business as” name (“DBA”) in their local community. IARs associated with the Firm can provide IAR services to clients under a DBA name that is owned and registered by one or more IARs. As such, in these circumstances, marketing materials provided to clients and prospective clients include the DBA name and the logo associated with the DBA name. The Firm reviews and approves marketing materials related to the IAR or investment advisory services offered and provided to clients.

The Firm supervises IARs in the performance of their IAR duties whether the services are performed under their own name or a DBA name. If approved by the Firm and LPL and properly disclosed as an outside business activity of the IAR, the Firm allows IARs to provide other products and services through their DBA (such as insurance or Certified Public Accounting services) which are unrelated to the Firm’s investment advisory business. These outside business activities are not associated with or supervised by the Firm.

IARs have significant flexibility in providing individualized investment advice to clients. The Firm assists the IARs with marketing, back-office functions and regulatory compliance responsibilities. For a list of our DBAs, please refer to Schedule D in Section 1.B (Other Business Names) of Form ADV Part 1, which can be found on the SEC’s Investment Adviser Public Disclosure website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

The Firm will maintain the direct contractual relationship with each client and obtain, through such agreements, the authority to engage independent third-party managers or other service providers, as applicable, for services rendered through the platform in service of such client.

#### **D. INVESTMENT ADVISORY SERVICES**

Through the Firm, IARs provide personal financial planning, reporting, consulting, and investment advisory services to individuals, pension and profit-sharing plans, trusts, estates, charitable organizations, corporations and business entities. IARs employ a variety of investment strategies when working with clients to construct a client's portfolio. Investment management and advisory services are generally offered for a fee based on assets under management or advisement as further described in the agreement with the client. In certain cases, IARs provide financial planning, reporting and/or consulting services for an additional fee, which can be based on a percentage of assets or a flat or hourly rate.

Typically, when providing investment advisory services, we have full discretion to select securities to buy and sell for a client's account. However, from time-to-time clients impose reasonable restrictions, limitations or other requirements with respect to their individual accounts. IARs work with each client in order to tailor their accounts to address their specific goals, objectives and constraints. IARs consider a range of factors that can impact the investment management process, including risk tolerance, investment time horizon, current and future cash needs and such other circumstances deemed relevant.

For clients of IARs utilizing model portfolios provided by the Firm, the Firm constructs investment models using an appropriate mix of mutual funds or exchange traded funds, with asset allocation determined based on the risk level of each respective model. The IAR works with the client to understand the client's objectives, goals, risk tolerance, constraints and other relevant criteria, and will select the appropriate model(s) based upon this review. The Firm is supported by the investment resources of its affiliate, Mariner, LLC dba Mariner Wealth Advisors ("MWA"). This includes access to equity models, options, structured notes and fixed income strategies. Additionally, IARs have access to models developed and managed by other third-party investment managers for use in client accounts.

Alternatively, certain IARs of the Firm who determine not to utilize the models developed by the Firm will instead create a customized portfolio management program geared toward the client's specific investment goals, in a discretionary fashion. In this scenario, the IAR acts as the client's portfolio manager and is responsible for investment oversight and due diligence, allocation decisions, rebalancing and risk management, without the structure provided by the Firm's investment models. Utilizing information obtained regarding the client's objectives, goals, risk tolerance, constraints and other relevant criteria, the IAR will determine the specific investments to utilize in a client's portfolio.

We also provide our clients with access to third-party managers (each a "third-party manager"), including managers in which Mariner or a related entity holds an ownership stake as well as managers of private funds that are affiliated with, but operationally independent of, the Firm. This service provides clients access to a wide range of investment opportunities and asset classes, including international equities, emerging market equities, global fixed income, high-yield fixed

income, private equity, commodities, hedge funds, digital assets, structured notes and real assets. By combining third-party managers with our in-house resources, we seek to optimize our customized portfolio management capabilities for clients. Unless otherwise set forth in the third-party manager's agreement, the third-party manager shall have discretionary authority for the day-to-day management of the assets that are allocated to it by the Firm or the client. The third-party manager shall continue in such capacity until such arrangement is terminated or modified by the Firm. For certain accounts, the Firm utilizes private funds (including through access to a platform which provides access to various alternative investments), third-party providers of unified managed accounts, separately managed accounts and model programs to access third-party money managers.

We also utilize the services of various broker-dealers/custodians through which we gain access to asset allocation planning software, execution, clearing and custodial services in order to provide comprehensive investment management of client assets ("Direct Asset Management Services"). The software enables IARs to conduct and capture risk tolerances, complete investment analysis, consolidate investment data, conduct portfolio optimization and access re-balancing tools. See Item 12, Brokerage Practices, for more information about our use of Soft Dollar benefits.

Clients have ready access to their IAR during normal business hours. IARs are not required to be available for unscheduled visits by clients. However, IARs will periodically meet with clients and generally are available to take client telephone calls regarding advisory-related matters.

In performing its services, the Firm and its IARs shall not be required to verify any information received from the client or from the client's other professional advisers, and we and our IARs are expressly authorized to rely on such information. Moreover, each client is advised that it remains his/her/its responsibility to promptly notify the Firm if there is ever any change in his/her/its financial situation, investment objectives or risk tolerance, for the purpose of reviewing, evaluating or revising Registrant's previous recommendation and/or services.

Below is a description of custodians and related account platforms used to provide Direct Asset Management Services.

### **LPL Managed Account and Asset Allocation Programs**

The following LPL Financial ("LPL") sponsored platforms are offered to our clients; (**please note that all fees associated with these platforms are detailed in Item 5**):

- *Strategic Wealth Management ("SWM")* - The SWM platform is an open architecture, fee-based investment platform. Through this platform, clients can consolidate multiple investments into one account and receive one statement. There is no minimum account size required for utilizing the SWM platform. The platform is available in two forms, the selection of which is mutually determined at the inception of the engagement:
  - SWM – client pays both the advisory fee and all transaction costs.
  - SWM II – client pays an advisory fee and transaction costs are included in a single fee that covers both advisory fees and transaction costs, the latter of which is paid by the adviser.

- *Model Wealth Portfolios (“MWP”)* – The MWP platform is a professionally managed mutual fund and exchange-traded fund (“ETF”) asset allocation program. Our IARs will initiate the steps necessary to open an MWP account and have discretion to select a model portfolio designed by LPL’s Research Department or a third-party investment strategist, consistent with the client’s stated investment objective. LPL’s Research Department or third-party portfolio strategists are responsible for selecting the mutual funds or ETFs within a model portfolio and for making changes to the mutual funds or ETFs selected. The client will authorize LPL to act on a discretionary basis to purchase and sell mutual funds and ETFs and to liquidate previously purchased securities. The client will also authorize LPL to effect rebalancing for MWP accounts. MWP requires a minimum asset value for a program account to be managed, and the minimums vary depending on the portfolio(s) selected and the account’s allocation amongst portfolios. The lowest minimum for a portfolio is \$25,000. In certain instances, a lower minimum for a portfolio is permitted.
- *Optimum Market Portfolios (“OMP”)* - The OMP platform is a managed mutual fund asset allocation platform. Clients invest in one or more model portfolios designed by LPL’s Research Department, which consist of up to six mutual funds from the Optimum Family of Funds.
- *Personal Wealth Portfolios (“PWP”)* - The PWP platform is a unified managed account platform. Clients invest in one or more asset allocation portfolios designed by LPL’s Research Department, which include a combination of mutual funds, ETFs, and investment models (“Models”) provided to LPL by third party money managers (“PWP Advisors”).
- *Manager Access Select (“MAS”)* - The MAS platform provides clients with access to the investment advisory services of third party asset managers (“TPAMs”).
- *Manager Access Network (“MAN”)* – The MAN platform provides clients with access to TPAMs to provide investment management services.
- *Small Market Solution Program (“SMS”)* - Under SMS, LPL’s Research Department creates and maintains a series of different investment menus (“Investment Menus”) consisting of a mix of different asset classes and investment vehicles (“investment options”) for clients that sponsor and maintain participant-directed defined contribution plans (each, a “Plan”, the sponsors of which are each a “Plan Sponsor”). The Plan Sponsor is responsible for selecting the Investment Menu that it believes is appropriate based on the demographics and other characteristics of the Plan and its participants. LPL’s Research Department is responsible for the selection and monitoring of the investment options made available through Investment Menus. The investment options that are offered through SMS are limited to the specific investments available through the record keeper that the Plan Sponsor selects. The Plan Sponsor can only select an Investment Menu in its entirety and does not have the option to remove or substitute an investment option.

In addition to the SMS services described above, Plan Sponsors can also select from a number of consulting services available under SMS that are provided by our IARs. These consulting services can include, but are not limited to: general education, and support regarding the Plan and the investment options selected by Plan Sponsor; assistance regarding the selection of, and ongoing relationship management for, record keepers and other third-party vendors; Plan participant enrollment support; and participant-level education regarding investment in the Plan. These consulting services do not include any individualized investment advice to the Plan Sponsor or Plan participants with respect to Plan assets.

- *Guided Wealth Portfolios (“GWP”)* - GWP offers clients the ability to participate in a centrally managed, algorithm-based investment program, which is made available to users and clients through a web-based, interactive account management portal (“Investor Portal”). Investment recommendations to buy and sell ETFs and open-end mutual funds are generated through proprietary, automated, computer algorithms (collectively, the “Algorithm”), based upon model portfolios constructed by LPL and selected for the account as described below (such model portfolio selected for the account, the “Model Portfolio”). Communications concerning GWP are intended to occur primarily through electronic means (including but not limited to, through email communications or through the Investor Portal), although our IARs will be available to discuss investment strategies, objectives or the account in general in person or via telephone.

A preview of the GWP program (the “Educational Tool”) is provided for a period of up to forty-five (45) days to help users determine whether they would like to become advisory clients and receive ongoing financial advice by enrolling in the advisory service (the “Managed Service”). The Educational Tool and Managed Service are described in more detail below and in the GWP Program Brochure which also include important disclosures Users should review and understand. Users of the Educational Tool are not considered to be advisory clients and do not receive ongoing investment advice or supervisions of their assets, and do not receive any trading services.

A minimum account value of \$5,000 is required to enroll in the Managed Service.

#### Features of the Educational Tool

Users of the Educational Tool (each, a “user”) agree to terms of use (“Terms of Use”) and complete an investor profile. An investment objective (“Investment Objective”) and Model Portfolio is assigned to each user based upon factors in the investor profile, including risk tolerance and the number of years remaining until the age of retirement (such time being referred to herein as the “Retirement Age”). (See description in “Features of the Managed Service” below for information regarding the design of the Model Portfolios.) Based on the Investment Objective and Model Portfolio, the Educational Tool generates sample analysis, advice and investment recommendations (“Sample Recommendations”).

The Educational Tool provides Sample Recommendations that can assist users in



determining whether to utilize the Managed Service. Access to the Educational Tool is generally limited to a period of forty-five (45) days. The Educational Tool is intended to be used for educational and informational purposes only. The Educational Tool does not provide comprehensive financial planning and is not intended to constitute legal, financial or tax advice. There can be other relevant factors and financial considerations (e.g., debt load or financial obligations) that are not considered in formulating any Sample Recommendations provided. The Sample Recommendations made are meant solely as a sample of the types of recommendations available through the Managed Service and users are solely responsible for making their own investment decisions. The Educational Tool is only one of many tools that users can use as part of a comprehensive investment analysis process. Users should not rely on the Educational Tool as the sole basis for investment decisions.

### Features of the Managed Service

Investors participating in the Managed Service complete an account application (the “Account Application”) and enter into an account agreement (the “Account Agreement”). As part of the account opening process, such clients are responsible for providing complete and accurate information regarding, among other things, their age, risk tolerance, and investment horizon (collectively, “Client Profile”). Information in the Client Profile is relied upon in order to provide services under the Program, including but not limited to, determination of suitability of the Program for clients and an appropriate Investment Objective and Model Portfolio for clients. The Model Portfolios have been designed and are maintained by LPL or, in the future, a third-party investment strategist (as applicable, the “Portfolio Strategist”) and shall include a list of securities holdings, relative weightings and a list of potential replacement securities for tax harvesting purposes. The Model Portfolios cannot be accessed, changed or customized and only one Model Portfolio is permitted per account.

Based upon a participating client’s risk tolerance as indicated in the Client Profile, the client is assigned an investment allocation track (currently, allocation track options include Fixed Income Tilt, Balance Tilt or Equity Tilt), the purpose of which is to slowly rotate the client’s equity allocation to fixed income over time. LPL’s Research Department created these tracks using academic research on optimal retirement allocations, the industry averages as calculated by Morningstar for the target date fund universe, and input from certain third parties.

Within the applicable allocation track and based upon a participating client’s chosen Retirement Age in the Client Profile, such client will be assigned a Model Portfolio and one of five of LPL’s standard investment objectives (described below):

- *Income with capital preservation.* Designed as a longer term accumulation account, this investment objective is considered generally the most conservative. Emphasis is placed on generation of current income with minimal risk of capital loss. Lowering the risk generally means lowering the potential income and overall return.

- *Income with moderate growth.* This investment objective emphasizes generation of current income with a secondary focus on moderate capital growth.
- *Growth with income.* This investment objective emphasizes modest capital growth with some focus on generation of current income.
- *Growth.* This investment objective emphasizes achieving high long-term growth and capital appreciation. There is little focus on generation of current income.
- *Aggressive growth.* This investment objective emphasizes aggressive growth and maximum capital appreciation, with no focus on generation of current income. This objective has a very high level of risk and is for investors with a longer timer horizon.

Both the participating client and our IARs are required to review and approve the initial Investment Objective. As such client approaches the Retirement Age, the Algorithm will automatically adjust the client's asset allocation. Any change to the Investment Objective directed by a client due to changes in the client's risk tolerance and/or Retirement Age will require written approval from the client and our IAR before implementation. Failure to approve the change in Investment Objective can result in a client remaining in a Model Portfolio that is no longer aligned with the applicable Client Profile. The Investment Objective selected for the account is an overall objective for the entire account and can be inconsistent with a particular holding and the account's performance at any time and can be inconsistent with other asset allocations suggested to client prior to client entering into the Account Agreement. Achievement of the stated investment objective is a long-term goal for the account, and asset withdrawals can impair the achievement of client's investment objectives. A Client Profile that includes a conservative risk tolerance over a long-term investment horizon can result in the selection of an Investment Objective that is riskier than would be selected over a shorter-term investment horizon. Clients should contact their IAR if they believe the Investment Objective does not appropriately reflect the information in a Client Profile, such as a client's risk tolerance.

By executing an Account Agreement, clients authorize the parties to the Account Agreement to have discretion to buy and sell only ETFs and open-end mutual funds (collectively, "Program Securities") according to the Model Portfolio selected and, subject to certain limitations described in the Account Agreement, hold or liquidate previously purchased non-model securities that are transferred into the account ("Legacy Securities"). In order to be transferred into an account, Legacy Securities must be open end mutual funds with which LPL has a full or partial selling agreement, ETFs or individual U.S. listed stocks. Securities that are not Program Securities included within the Model Portfolio will not be purchased for an account Legacy Securities will be held or sold, generally, but not solely, with the goal of optimizing tax impacts for accounts that are subject to tax. Additional Legacy Securities will not be purchased for the account. Clients cannot impose restrictions on liquidating any Legacy Securities for any reason. Clients should not transfer in Legacy Securities that they are

not willing to have liquidated without their prior approval.

In addition, uninvested cash can be invested in money market funds, the Multi-Bank Insured Cash Account (“ICA”) or the Deposit Cash Account (“DCA”), as applicable, as described in the Account Agreement. Dividends paid by the Program Securities in the account will be contributed to the cash allocation and ultimately reinvested into the account based on the Model Portfolio once the tolerance within cash allocation is surpassed.

Pursuant to the Account Agreement, client is authorizing the parties to the Account Agreement to perform tax harvesting when deemed acceptable by the Algorithm. LPL, our IARs and clients cannot alter trades made for tax harvesting purposes. In order to permit trading in a tax- efficient manner, the Account Agreement also grants the authority to select specific tax lots when liquidating securities within the account. Although the Algorithm attempts to achieve tax efficiencies, by doing so, a client’s portfolio can or will not directly align with Model Portfolio. As a result, a client can receive advice that differs from the advice received by accounts using the same Model Portfolio, and the client’s account can perform differently than other accounts using the same Model Portfolio.

Trading in the account at any given time is also subject to certain conditions, including but not limited to, conditions related to trade size, compliance tests, the target cash allocation and allocation tolerances. LPL, IARs and clients can alter the rebalancing frequency.

Registrant believes that certain clients will benefit from GWP’s advisor-enhanced advisory services, particularly due to the relatively low minimum account balance and the combination of a digital advice solution with access to an advisor. Unlike direct-to-consumer robo platforms, our IARs are responsible on an ongoing basis as investment advisors and fiduciaries for the client relationship, including for recommending the Program for the client; providing ongoing monitoring of the Program, the performance of the account, the services of LPL; determining initial and ongoing suitability of the Program for the client; reviewing clients’ suggested portfolio allocations; reviewing and approving any change in Investment Objective due to changes clients make to their Client Profile; answering questions regarding the Program, assisting with paperwork and administrative and operational details for the account; and being available to clients to discuss investment strategies, changes in financial circumstances, objectives or the account in general in person or via telephone. Our IARs can also recommend other suitable investment programs if clients have savings goals or investment needs for which GWP is not the optimal solution.

(SWM, MWP, OMP, PWP, MAS, MAN, SMS and GWP are collectively referred to as the “LPL Platforms”).

Under the SWM, MWP, OMP, PWP, MAS, SMS and GWP (subject to the limitations described above) platforms, LPL and the Firm provide ongoing investment advice to Registrant’s clients in the platform. Initially, an IAR will obtain necessary client financial data and assist the client in

determining the appropriate platform and asset allocation model(s) best suited for the client's overall investment objectives and guidelines.

Under the MAN platform, LPL serves as the client's custodian and broker and the Firm provides ongoing investment advisory services, including gathering necessary client financial data and assisting the client in determining an appropriate TPAM with an investment strategy or strategies suitable for and in line with each client's investment guidelines.

Each client entering into an LPL Platform, with the exception of the MAN platform, will be provided a written LPL disclosure brochure that outlines in detail the services provided and fees charged, along with other important information about the selected platform. **Clients should thoroughly read the brochure upon receipt.**

The LPL Platforms can or will not be suitable for, and therefore not offered to, all of our clients.

### **Schwab Sponsored Programs**

The following Charles Schwab & Co., Inc. ("CS&Co.") sponsored programs are offered to our clients; **(please note that all fees associated with these platforms are detailed in Item 5):**

- *Managed Account Select ("SELECT")* – The *SELECT* program provides our clients with access to the investment advisory services of TPAMs. The TPAMs and their investment strategies offered are evaluated and monitored by Charles Schwab Investment Advisory, Inc. ("CSIA"), an affiliate of CS&Co.
- *Managed Account Access ("ACCESS")* – The *ACCESS* program also provides our clients with access to investment advisory services of TPAMs. The investment strategies are not evaluated by CS&Co., and there are no eligibility criteria for the TPAM.
- *Managed Account Marketplace ("MARKETPLACE")* – With the *MARKETPLACE* program, the IAR and the client can choose a TPAM from an extensive list that CS&Co. has compiled, but neither CS&Co. nor CSIA screen, evaluate or monitor the TPAMs in the *MARKETPLACE* program.

(*SELECT*, *ACCESS*, and *MARKETPLACE* are collectively referred to as the "Schwab Programs").

Under each of the Schwab Programs, the TPAMs provide discretionary investment advisory services and will manage clients' assets in the programs in accordance with the investment strategies chosen by the clients.

Also, CS&Co. serves as the client's custodian and broker in the Schwab Programs and the Firm provides ongoing investment advisory services, including gathering necessary client financial data and assisting the client in determining an appropriate Schwab Program, including selection of TPAMs, in accordance with the investment strategy or strategies suitable for and in line with each

client's investment guidelines.

Each client entering into a Schwab Program will be provided with a written CS&Co. disclosure brochure that outlines in detail the services provided and fees charged, along with other important information about the selected Schwab Program. Clients should thoroughly read the brochure upon receipt.

The Schwab Programs can or will not be suitable for, and therefore are not offered to, all of our clients.

### **Schwab Technology Platforms**

- *Schwab Institutional* (“SCHWAB INSTITUTIONAL”) – The SCHWAB INSTITUTIONAL program is an open architecture, fee-based investment platform. Through this platform, clients can consolidate multiple investments into one account and receive one statement. There is no minimum account size required for utilizing the SCHWAB INSTITUTIONAL program.
- *Institutional Intelligent Portfolios* (“IIP”) – IIP provides independent investment advisors, including our IARs, with technology and related trading and account management services that facilitate creation of their own automated investment management program through which such advisors are able to offer clients custom portfolios consisting of a selection of ETFs and a cash allocation held in a single brokerage account at CS&Co.

*Additional Information and Disclosure for IIP* – Using IIP, the Firm offers an automated investment platform through which clients are invested in a range of investment strategies we have constructed and manage, each consisting of a portfolio of ETFs and a cash allocation. The client can instruct us to exclude up to three ETFs from their portfolio. The client's portfolio is held in a brokerage account opened by the client at CS&Co. We use the IIP platform (“IIP Platform”), offered by Schwab Performance Technologies (“SPT”), a software provider to independent investment advisors and an affiliate of CS&Co., to operate our IIP program (the “IIP Program”).

We are independent of and not owned by, affiliated with, or sponsored or supervised by SPT, CS&Co., or their respective affiliates (together, “Schwab”). We, and not Schwab, are the client's investment advisor and primary point of contact with respect to the IIP Program. We are solely responsible, and Schwab is not responsible, for determining the appropriateness of the IIP Program for the client, choosing a suitable investment strategy and portfolio for the client's investment needs and goals, and managing that portfolio on an ongoing basis. We have contracted with SPT to provide us with the IIP Platform, which consists of technology and related trading and account management services for the IIP Program. The IIP Platform enables us to make the IIP Program available to clients online and includes a system that automates certain key parts of our investment process (the “System”). The client can then indicate an interest in a portfolio that is one level less or more conservative or aggressive than the recommended portfolio under the IIP Program, but we then make the final decision and select a portfolio based on all the information we have about the client. The System also includes an automated investment engine through which we manage the client's portfolio on an ongoing basis through automatic rebalancing and tax-loss harvesting (if the

client is eligible and so elects).

We charge clients a fee for our services as described below under Item 5 Fees and Compensation. Our fees are not set or supervised by Schwab. Clients do not pay brokerage commissions or any other fees to CS&Co. as part of the IIP Program. Schwab does receive other revenues in connection with the IIP Program.

We do not pay SPT fees for the IIP Platform so long as we maintain \$100 million in client assets in accounts at CS&Co. that are not enrolled in the IIP Program. If we do not meet this condition, then we will be obligated to pay SPT an annual licensing fee of 0.10% (10 basis points) on the value of our clients' assets in the IIP Program. This fee arrangement gives us an incentive to recommend or require that our clients with accounts not enrolled in the IIP Program be maintained with CS&Co. This creates a conflict of interest as the Firm is incentivized to place client assets in the IIP Program to avoid SPT fees. The Firm mitigates this conflict by disclosing details relating to SPT and the IIP Program to clients through this brochure and by placing the interests of the clients first at all times.

### **TD Managed Account and Asset Allocation Programs**

The following programs sponsored by TD Ameritrade Institutional, a division of TD Ameritrade, Inc. ("TD") are offered to our clients; (please note that all fees associated with these programs are detailed in Item 5):

- *TD Institutional ("TD INSTITUTIONAL")* – The TD Institutional program is an open architecture, fee-based investment platform. Through this platform, clients can consolidate multiple investments into one account and receive one statement. There is no minimum account size required for utilizing the TD Institutional program.
- *Separate Account Exchange ("SAE")*
- *Unified Managed Account Exchange ("UMAE")*
- *Third Party Providers ("TPPs")*

(TD INSTITUTIONAL, SAE, UMAE and TPPs are collectively referred to as the "TD Programs").

Under SAE, UMAE and TPPs, third party asset managers provide discretionary investment advisory services and will manage clients' assets in the programs in accordance with the investment strategies chosen by the clients.

Also, TD serves as the client's custodian and broker in the TD Programs and the Firm provides ongoing investment advisory services, including gathering necessary client financial data and assisting the client in determining an appropriate TD Program, including TPPs, in accordance with the investment strategy or strategies suitable for and in line with each client's investment guidelines.

Each client entering into a TD Program will be provided with a written TD disclosure brochure that outlines in detail the services provided and fees charged, along with other important information about the selected TD Program. Clients should thoroughly read the brochure upon

receipt.

The TD Programs can or will not be suitable for, and therefore are not offered to, all of our clients.

### **Fidelity Institutional Asset Management**

Fidelity Institutional Asset Management (“FIAM”) works with financial advisors and advisory firms, offering them resources to help investors plan and achieve their goals; it also works with institutions and consultants to meet their varying and custom investment needs. FIAM is a gateway to Fidelity’s diverse investment capabilities across equity, fixed income, high-income, and global asset allocation. Our IARs use the Fidelity platform for their open architecture accounts to buy and sell securities for our advisory clients.

### **Turnkey Asset Management Programs**

At times, and when deemed appropriate for a particular client’s needs, the Network will utilize a turnkey asset management program, also known as a “TAMP”. A TAMP allows IAR’s to outsource the management of some or all of their clients' assets. With a TAMP, IARs gain access to managed account services that allow them to offload time-consuming functions, such as research, portfolio construction, rebalancing, performance reporting, and tax optimization and reporting, which allows them to focus on clients' personal financial needs and concerns.

In each instance where the Firm deploys a TAMP in a client’s portfolio, we serve as the intermediary to the TAMP providers to assist the client in determining an appropriate asset allocation strategy based on discussions about the client’s risk tolerance and investment objectives. The Firm also obtains important relevant and current information concerning the client's identity, occupation, and financial circumstances, among many other things, as part of our advisory and fiduciary responsibilities. Based on a client's individual circumstances and needs, we will assist the client in determining which investment strategy is appropriate for that client. Factors considered in making this determination include among other things account size, risk tolerance, and a client's investment experience, which are all discussed during our initial consultation with the client.

IARs of the Firm will meet with the client (in person or via phone) at least annually. When necessary, we will suggest changes in the client's investment strategy to reflect any changes in the client's goals and attitudes. We will then implement changes to the investment strategy upon the approval of the client. Recommendations made by the Firm are our own and are neither recommended nor approved by the TAMP providers. Should there be any material change in the client's personal and/or financial situation, we should be notified immediately to determine whether any review and/or revision of the client’s strategy are warranted.

The Firm’s fees include those fees associated with allocating client assets to the designated TAMP program. Fees charged by the TAMP program will be in addition to the Firm’s fees charged to the client by the IAR. TAMP firms also have different ways that they bill their fees, please refer to the TAMP paperwork to understand when and how fees are billed.

Currently, the TAMPs utilized by the Firm include Assetmark, Gemmer, and SEI among others,

although the Firm can utilize other TAMP programs when appropriate. At the time of engagement, clients will complete account opening paperwork, TAMP related paperwork, and a risk tolerance questionnaire, which will help the Firm in selecting an appropriate investment strategy for the client. Depending on the relationship with the TAMP, the client will also complete the Firm's standard investment advisory agreement, if necessary.

Once the client has selected an investment strategy, the TAMP firm will manage the clients' assets on a discretionary basis according to the client's investment strategy and asset allocation. The Firm will monitor the client's account activity and performance and, if we determine that a particular TAMP provider is not providing sufficient management services to the client, or is not managing the client's portfolio in a manner consistent with the client's investment objectives, risk profile, and/or time horizon, we will suggest that the client contract with a different TAMP provider or investment platform.

**Please refer to Items 5, 8 and 12 for further information regarding the LPL Platforms, the Schwab Programs, TD Programs, Fidelity Programs and TAMP providers.**

## **E. CONSULTING, FINANCIAL PLANNING AND TAX SERVICES**

To the extent specifically requested by a client, IARs of the Firm will provide financial planning and/or consulting services (including investment and non-investment related matters, such as estate planning, insurance planning, education savings, tax consulting and preparation, etc.). The Firm may charge an additional fee for such services depending on the level of service provided and other considerations deemed relevant by IARs in their sole discretion. IARs of the Firm are also able to provide financial planning and consulting services on a stand-alone basis. Prior to engaging the Firm to provide these services and to the extent a client has not entered into an investment advisory agreement (also referred to as an investment management agreement) with the Firm, clients are generally required to enter into a Financial Planning or Consulting Agreement with the Firm setting forth the terms and conditions of the engagement (including termination), describing the scope of the services to be provided, and the portion of the fee that is due from the client prior to the Firm commencing services if applicable.

Please Note: While certain investment adviser representatives of the Firm are licensed attorneys, they do not provide legal services to the Firm's clients through the Firm and no attorney-client relationships exist.

### **Comprehensive Financial Planning**

Generally, financial planning services are based on an analysis of the client's current financial circumstances, goals and objectives. This involves a process of information gathering by the IAR, then preparation of a financial plan or other written report. Specifically, Comprehensive Financial Planning will address each of the six key areas of financial planning:

- Financial Position
- Protection Planning
- Investment Planning



- Corporate and Personal Income Tax Planning
- Retirement Planning
- Estate Planning
- Asset Separation (Divorce and Business)
- Project Management

Our written financial plans provided to clients or financial planning consultations rendered to clients usually include general recommendations for a course of activity or specific actions to be taken by the clients. For example, recommendations can be made that the clients begin or revise investment programs, create or revise wills or trusts, obtain or revise insurance coverage, commence or alter retirement savings, or establish education or charitable giving programs.

For Comprehensive Financial Planning engagements, we provide our clients with a written summary of their financial situation, observations, and recommendations. Financial plans or consultations are typically completed within five (5) months of a client signing a contract with us, provided that all the information and documents we request from the client are provided to us promptly. Implementation of the recommendations will be at the discretion of the client. Clients are free to implement investment recommendations through brokers unaffiliated with the Firm or its IARs.

### **Subscription Based Financial Planning Services**

The Firm has the ability to offer Financial Planning services on a subscription (flexible payment) fee basis. Please see Item 5 below for a description of subscription based financial planning.

### **Hourly Consulting Services**

General hourly consulting services are provided for a variety of purposes including, but not limited to:

- Annual Update to Financial Plan
- Asset Allocation Recommendations
- Portfolio Management Recommendations
- Individual Issue Consulting
- Third-Party Review (2<sup>nd</sup> opinion)

For hourly consulting engagements, we usually do not provide our clients with a written summary of our observations and recommendations as the process is less formal than our financial planning services. Implementation of any recommendations or next steps to be taken will be at the discretion of the client.

### **Tax Compliance, Planning, Preparation and Consulting**

To the extent specifically requested by a client, IARs are able to provide coordinated tax compliance, planning, preparation and consulting services (collectively referred to as “tax services”) to investment advisory clients as an integrated part of our investment advisory services, including through referrals to MWA’s tax team. Certain IARs also provide tax services on a stand-alone basis, pursuant to a separate tax engagement agreement, to individuals, businesses

and family offices. Although the Firm is a registered investment adviser under the Investment Advisers Act of 1940 (“Advisers Act”), the Firm is not serving in a fiduciary capacity in its provision of stand-alone tax services and will not provide ongoing investment advisory services with respect to stand-alone tax clients’ assets or accounts. For clients who receive tax services on a stand-alone basis, IARs may recommend the Firm be retained as their investment adviser pursuant to a separate investment advisory agreement; however, such clients are under no obligation to do so. IARs may also recommend the services of other, non-affiliated professionals to provide tax services. Our clients are under no obligation to engage the services of any such recommended professional. It is solely up to our clients as to whether they accept or reject any recommendation made by an IAR.

**Please Note:** Our clients agree that, if any dispute arises between our client and any other professional recommended by an IAR and/or the Firm, they will seek recourse exclusively from and against the engaged qualified professional.

**Please Also Note:** While certain investment adviser representatives of the Firm are licensed CPAs or EAs, they are not responsible for providing tax services unless the client’s Agreement with the specifically sets forth that such tax services will be provided. The Firm typically charges an additional or separate fee for tax services.

#### **F. RETIREMENT PLAN CONSULTING SERVICES (i.e., 401(k) PLANS)**

Retirement Plan Consulting services are provided in compliance with the applicable state law(s) regulating pension consulting services. This applies to client accounts that are pension or other employee benefit plans (“Plan”) governed by the Employee Retirement Income Security Act of 1974, as amended (“ERISA. Retirement Plan Consulting Services are provided pursuant to a separate written Retirement Plan Consulting Agreement (“RPCA”), that is entered into between the Firm and the Client, Sponsor and/or Responsible Plan Fiduciary. If the client accounts are part of a Plan, and we accept appointments to provide our services to such accounts, we acknowledge our fiduciary role within the meaning of Section 3(21) of ERISA, but only with respect to the provision of services described in the Services section of the RPCA. When providing Retirement Plan Consulting Services, we will solely be making recommendations to the Client, Plan sponsor and/or Retirement Plan Fiduciary (RPF). Under a RPCA, IARs provide a number of different services, as described below:

- IARs serve as a fiduciary for the Plan, as such term is defined in Section 3(21) of ERISA. IARs serve as a limited scope fiduciary, also known as a Limited Scope Section (3)(21) fiduciary. As such, IARs perform some or all of the following services:
  - recommend investment options for the Plan to offer to its participants;
  - periodically review the Plan’s investment options;
  - assist Plan fiduciaries in creating and/or updating the Plan’s written Investment Policy Statement (“IPS”);
  - provide general investment educational seminars to Plan participants; and
  - work with other Plan service providers.

IARs shall not however, have discretion over: (i) the establishment of the Plan’s IPS, (ii) the selection, monitoring, removal and replacement of the Plan’s investment options, or (iii) the creation and management of model portfolios to be offered to participants as investment options

in the Plan. The Plan retains the sole responsibility for determining whether to implement any recommendations made by the IAR and is not required to implement any such recommendations or conduct business through IAR.

For all Retirement Plan Consulting Services, clients will be required to provide information to the IAR in the form of written responses to questionnaires, documentation, or in face-to-face or telephone discussions. IARs will rely upon the information provided by Client, Plan sponsor or Responsible Plan Fiduciary. Clients are advised that it remains their responsibility to promptly advise the IAR of any changes to this information.

IARs shall provide Retirement Plan Consulting Services only with respect to the selection and retention of the Plan's assets and shall not: (i) serve as a Plan custodian; (ii) provide advice or recommendations with respect to the Plan's choice of a third party administrator, record-keeper or other service provider; or (iii) assume the duties of a trustee of the Plan or administrator (as such term is defined in Section 3(16) of ERISA); or (iv) provide any other services to participants, including without limitation, quarterly investment performance measurement reports, participant communications, notices, benefit statements or other information not specifically related to the use of the investment options offered under the Plan. IARs have no authority or responsibility to provide services with respect to voting proxies for securities held by the Plan or take other action related to the exercise of shareholder rights regarding such securities, including prospectus delivery. IARs do not provide legal or tax advice to the client, RPF and/or the Plan (or any Plan participant or beneficiary), and clients must seek the advice of its own legal and/or tax adviser, as to all matters that might arise relating to the Plan, including, without limitation, the operations and administration of the Plan and the compliance of the Plan with applicable law. IARs are not responsible or liable for the recommendation of or services rendered by any other provider as a result of such services or the other provider's compliance with applicable laws, including, without limitation, ERISA and the Internal Revenue Code, as amended with respect to such services.

In certain cases, if deemed appropriate for a client, IARs will refer Plans to utilize the services of the Firm's affiliate, MWA, for management.

## **PROHIBITED TRANSACTIONS EXEMPTION 2020-02**

In December 2020, the DOL adopted a new exemption under ERISA named the Prohibited Transaction Exemption 2020-02 ("PTE 2020-02"), which specifically covers three activities prohibited under Section 406(a). These activities are self-dealing, receiving compensation from third parties in connection with any transactions involving an ERISA plan, and principal transaction activity.

PTE 2020-02 can be relied upon by, among others, SEC registered investment advisers and their investment professionals that are deemed investment advice fiduciaries, so long as all the exemption's requirements are met, as applicable. There are five main components to PTE 2020-02, which are designed to safeguard against the conflicts of interest that apply to the prohibited activities covered by the exemption. These include:

- Adhering to specific Impartial Conduct Standards
- Providing specific disclosure to each ERISA Plan client

- Maintaining applicable written policies and procedures
- Performing and documenting a retrospective review
- Having a senior officer make certain written certifications.

The Firm meets the definition of investment advice fiduciary when providing services to ERISA Plans.

## **G. PORTFOLIO CONSULTING AND MODEL PORTFOLIOS**

IARs of the Firm can utilize Portfolio Consulting (“PC”) services, which is a separate offering consisting of portfolio design, investment consulting, trade execution, and portfolio re-balancing services. The PC Team can access client accounts through an advisor’s existing custodian as well as provide sub-advisory services through a separate custodial relationship. In addition, the PC team has established a relationship to provide these services through Orion Technologies via their “Communities” platform. The PC team relationship as a sub-advisor is primarily utilized to provide services to other RIA firms and IAR’s outside of the Firm. PC services are provided through the Firm and the relationship and services with the IAR is governed by a separate written Portfolio Consulting Agreement with the Firm. See Item 5 for additional information about fees charged to IARs in conjunction with the utilization of PC services. IARs of the Firm are under no obligation to utilize PC services. Clients whose IARs utilize PC services are not charged a separate fee for such services. IARs pay for the services of PC themselves as a business expense. Clients of other RIA firms who utilize the subadvisor relationship will see a separate line item fee on their statements to pay for the services of the PC team.

### *Closed-end Funds, Exchange Traded Funds (ETFs) and Mutual Fund Portfolios*

IARs of the Firm provide advice to client accounts that are limited to or include as part of the overall client allocation portfolios of closed-end funds, ETFs and mutual funds.

### *Managed Accounts – Equity Portfolios*

We also offer our clients a variety of equity strategies through separate accounts, including through a subadvisory relationship with MWA. These strategies offer clients access to actively managed equity strategies. The Firm generally imposes account minimums when offering managed accounts to clients, ranging from \$100,000 to \$250,000 depending on the strategy, which may be adjusted depending on the level of service provided to the client, the investment strategy employed by the account and other considerations deemed relevant by the Firm in its sole discretion. The equity strategies vary by mandate, generally with a focus on capital appreciation as a primary objective. Philosophies include dividend-based strategies, GARP (growth at a reasonable price), socially conscious and personalized equity portfolios. MWA will recommend individual securities based upon fundamental analysis performed by its research investment professionals. MWA relies primarily on publicly-available information in its analysis, supplemented by third-party research and analytical tools.

### *Managed Accounts – Fixed Income Portfolios*

We also offer our clients a variety of actively managed fixed income strategies, including through a subadvisory relationship with MWA. The Firm generally imposes account minimums when offering managed accounts to clients of \$250,000, which may be adjusted depending on the level of service provided to the client, the investment strategy employed by the account and other considerations deemed relevant by the Firm in its sole discretion. With respect to MWA's fixed income strategies, the primary objective is capital preservation. Secondary objectives include providing a steady, tax-efficient revenue stream and the potential for capital appreciation. MWA's investment fixed income strategies are formed through a combined top-down and bottom-up perspective. From the top-down, MWA develops its economic outlook and interest rate strategy using macroeconomic and market data and trends. MWA will alter its duration, sector, and yield curve exposure targets based on this outlook.

#### *Options Strategies*

We also offer our clients a variety of options strategies, including through a subadvisory relationship with MWA. These strategies are generally designed to provide clients with income that is uncorrelated to the performance of their underlying investments held as collateral. Alternatively, the options strategies may be used to enhance the returns of an underlying concentrated position or to protect the downside of an equity or an index.

#### *Structured Notes Strategies*

We offer our clients structured notes strategies, including through a subadvisory relationship with MWA. These strategies are generally designed to provide clients with an alternative risk/reward payoff compared to owning the same asset directly. The structured notes objectives are to offer capital appreciation to equity indices and varying levels of downside protection to the index. They may also be used to provide income or principal protection.

#### *Alternative Strategies*

Our alternative and private fund strategies focus on generating absolute, risk-adjusted returns that are intended to have lower correlation to the broad equity market. As a result, clients must affirmatively subscribe for any such investment.

#### *Other Businesses and Investment Programs*

The Firm and our affiliates also offer to our clients a variety of services, including estate and trust services, and risk management. The Firm earns fees for the services provided by it, and its affiliates will likewise earn fees directly for services they provide. Please see Item 10 for more information on the services provided by our affiliates.

## **H. ASSETS UNDER MANAGEMENT**

Our assets under management totaled \$6,257,201,836 as of March 15<sup>th</sup>, 2023. All of our assets are managed on a discretionary basis.

## **ITEM 5: FEES AND COMPENSATION**

### **A. GENERAL FEE INFORMATION**

Fees are due, payable, and deducted from your account by the custodian in advance (unless otherwise stated in the client agreement due to a TAMP relationship or unique custodial platform) and are based upon the market value of the client's account assets as of the close of business on the last day of the previous calendar quarter. Fees for the initial quarter are adjusted pro rata based upon the number of calendar days in the calendar quarter that the Investment Advisory Agreement goes into effect. Fee schedules are set forth by the platform provider and agreed and monitored by the Firm; however, our IARs have the ability to negotiate fees, in their sole discretion with the client, so long as such fees fall within the ranges approved by the Firm and are reasonable in nature, based on factors such as the complexity of the client's situation, scope of services provided and expertise of the IAR.

The advisory relationship can be terminated by the client or by third parties to the contract in accordance with the provisions of the Investment Advisory Agreement and Platform/TAMP paperwork. The client receives a pro rata refund of any prepaid unearned advisory fees. Any unpaid fees become immediately due and payable. Clients receive an account statement from their custodian at least quarterly. The statement includes the amount of any fees paid directly to the Firm.

Clients should note that the same or similar services to those described above can be available elsewhere at a lower cost to the client.

### **B. TRANSACTION BASED FEE AND ASSET BASED FEE OPTIONS**

The Firm offers two forms of pricing/fee options that vary on how transactions within investment portfolios are paid for. The details for Transaction Based Fee Option ("TBFO") and Asset Based Fee Option ("ABFO") are outlined in the sections below.

#### Transaction Based Fee Option (TBFO)

Registrant offers two different forms of TBFO which are available on any custodial platform that the Firm offers. Under one of the forms of the TBFO, clients pay separate transaction charges and/or commissions at the time of each transaction in addition to investment advisory fees. As a fee-based investment adviser, the Firm generally avoids investment vehicles that charge the client a commission for their sale or purchase. However, if a commission is charged, this cost will be passed on to the client. Most brokers and custodians charge transaction fees to effect trades for a client's account. These fees are levied by the broker or custodian to cover their costs for completing the transaction. The Firm does not share or participate in any such transaction fees, commissions, or 12b-1 fees, if applicable. 12b-1 fees are marketing and distribution fees on a mutual fund. The 12b-1 fee is considered to be an operational expense and, as such, is included in a mutual fund's expense ratio.

In the other form of the TBFO, the IAR can agree to pay transaction charges and/or commissions pursuant to a written agreement between the client and IAR. Transaction fees vary by broker and/or custodian and can vary by IAR. Please ask your IAR for details on transaction fees and/or commissions specific to your account. The IAR can charge a higher overall advisory fee in order

to offset their cost for the transaction charges involved in the management of the portfolio.

Dependent upon the custodian and investment platform selected, advisory fees charged by the IAR range from 0.4% to 2.55% (when a client is paying for transaction charges in addition to advisory fees) and from 0.4 % to 2.75% (when a client pays for the advisory fee only and the IAR pays for all transaction charges).

Please see below for details relating to additional transaction fees, brokerage costs and custodial platform fees assessed by the broker-dealer or custodian. Dependent upon the custodian and investment platform selected, unless otherwise noted, for platforms that use third-party managers, generally, advisory fees assessed by Registrant/IAR do not include the manager's fee, nor do they include brokerage commissions and other trading costs of transactions (such as mark-ups and mark-downs); mutual fund 12b-1 fees; sub-transfer agent, networking and omnibus processing fees; transfer taxes, fund management fees and administrative servicing fees; certain deferred sales charges on previously purchased mutual funds and other transaction charges and service fees, IRA and Qualified Retirement Plan fees; administrative servicing fees for trust accounts; and other taxes and platform charges required by law or imposed by exchanges or regulatory bodies. Fees for these platforms are found in the sponsor's or manager's Form ADV Part 2A, which will be delivered to the client prior to the commencement of investing in the platform. **Fees for similarly situated accounts will differ due to negotiation of the advisory fee with the IAR, size of the account, complexity of the client's servicing needs, long-term or family relationship with the IAR and services requested and time commitment.**

Further information regarding fees and charges assessed by any mutual funds, variable annuities and exchange traded funds which are passed down to a client are further outlined in the sponsor's or manager's Form ADV, and in that mutual fund's or annuity's prospectus, which is available upon request by contacting your IAR.

Important information related to the fees for all available investment platforms are described in additional detail below.

### **TBFO Asset Allocation Program Fees**

LPL Financial ("LPL") sponsored platforms:

Strategic Wealth Management ("SWM") - The SWM platform is an open architecture, fee-based investment platform. Through this platform, clients can consolidate multiple investments into one account and receive one statement. There is no minimum account size required for utilizing the SWM platform. The platform is available in two forms, the selection of which is mutually determined at the inception of the engagement:

- SWM – clients pay both the advisory fee and all transaction costs.
- SWM II – transaction costs are included in a single fee that covers both advisory fees and transaction costs, the latter of which is paid by the adviser.

Charles Schwab & Co., Inc. ("CS&Co.") Technology Platforms:

- *Schwab Institutional ("SCHWAB INSTITUTIONAL")* – The Schwab Institutional

program is an open architecture, fee-based investment platform. Through this platform, clients can consolidate multiple investments into one account and receive one statement. There is no minimum account size required for utilizing the Schwab Institutional program.

- *Institutional Intelligent Portfolios* (“IIP”) - As described in Item 4 Advisory Business, clients do not pay fees to Schwab Performance Technologies or brokerage commissions or other fees to CS&Co. as part of IIP. Schwab does receive other revenues in connection with the Program. Brokerage arrangements are further described below in Item 12 Brokerage Practices.

#### TD Ameritrade (“TD”) sponsored platform:

*TD Institutional* (“*TD INSTITUTIONAL*”) – The TD Institutional program is an open architecture, fee-based investment platform. Through this platform, clients can consolidate multiple investments into one account and receive one statement. There is no minimum account size required for utilizing the TD Institutional program.

#### Fidelity Institutional Asset Management (“FIAM”)

The Fidelity Institutional Asset Management (“FIAM”) program is an open architecture, fee-based investment platform. Through this platform, clients can consolidate multiple investments into one account and receive one statement. There is no minimum account size required for utilizing the FIAM program.

#### Asset Based Fee Option

If a client chooses the Asset Based Fee Option (“ABFO”), the client’s account will be charged a single periodic fee for advisory services, transaction charges, brokerage and related services based on the value of assets in a client’s account. Those fees are in lieu of regular transaction based charges and do not vary based on the number or size of trades in a client’s account. The appropriateness of the ABFO can depend on a number of factors, including, among other things, client investment objectives and financial situation, frequency of withdrawals from the accounts, the IAR’s investment strategies and trading patterns including the frequency of trading and the number and size of the transactions. Clients should consider that depending upon the level of the fee charges, the amount of portfolio activity in their accounts, the value of services that are provided, and other factors, the ABFO fee (defined below) can exceed the aggregate cost of services if they were to be provided separately. A transaction based pricing arrangement can be more cost effective for accounts that do not experience frequent trading activity or client withdrawals which would increase the number of transactions.

Under the ABFO, advisory fees are paid by the client, while trading costs of transactions are paid by the client’s IAR. In an ABFO arrangement, the Firm and/or the IAR can or will have negotiated with a custodian for a flat basis point or flat fee to cover all of the transaction charges.

Important information related to the fees for all available investment platforms are described in additional detail below.



## **ABFO Asset Allocation and Managed Account Program Fees**

The following LPL Financial (“LPL”) sponsored platforms are offered to our clients and can or will have an ABFO model:

### LPL Financial (“LPL”) sponsored platforms:

The total platform fees charged under the MWP, OMP, PWP, MAS, SMS, and GWP platforms (described above) are fully outlined in the LPL disclosure brochure and the platform agreement entered into between LPL, the client, and the Firm. The platform fee is charged to the client as part of the Firm’s advisory fee. LPL will receive the portion of the advisory fee that represents the amount of the platform fee. The advisory fee received by the Firm and its IARs is based on a negotiated percentage of the maximum platform fee and varies depending on the extent of services being provided.

The account fee charged to the client for each LPL advisory program is subject to the following maximum account fees:

<u><i>SWM Platform</i></u>	2.75% (advisor fee)
<u><i>MWP Platform</i></u>	2.60% (LPL program fee, strategist fee, and an advisor fee)
<u><i>OMP Platform</i></u>	2.50% (LPL program fee and an advisor fee)
<u><i>PWP Platform</i></u>	2.50% (LPL fee, separate account manager fees, and an advisor fee)
<u><i>MAS Platform</i></u>	2.50% (LPL program fee, manager fee, and an advisor fee)
<u><i>MAN Platform</i></u>	2.75% advisor fee (program fee, portfolio manager fee are additional)
<u><i>GWP Platform</i></u>	1.35% (LPL program fee and an advisor fee)

The platform fees for the MWP, OMP, PWP, MAS, SMS and GWP platforms are negotiable and calculated by LPL at the beginning of each quarter based on the value of the client’s assets invested in the platform as of the close of business on the last day of the preceding quarter. LPL will deduct the full platform fee from the client’s platform account as authorized by the client in the platform agreement, unless other arrangements have been agreed to in writing, and will pay the Firm its advisory fee. LPL’s refund policy is fully outlined in the LPL disclosure brochure for each platform, which is provided to platform clients and should be fully reviewed upon receipt.

For the MAN platform, LPL will deduct and pay the Firm’s advisory fee from the client’s platform account as authorized by the client in the Investment Advisory Agreement, unless other arrangements have been agreed to in writing.

### Schwab Sponsored Platforms:

The total program fees charged under the *SELECT*, *ACCESS*, and *MARKETPLACE* programs are fully outlined in the CS&Co. disclosure brochure and the program agreement entered into between CS&Co., the client, and the Firm. These program fees are in addition to the investment advisory fees charged by the Firm, which are outlined above.

The program fees for the *SELECT*, *ACCESS*, and *MARKETPLACE* programs are negotiable at CS&Co.’s discretion and are calculated and deducted by CS&Co. from the client’s program

account in the month following the month for which the fees were incurred. CS&Co.'s refund policy is fully outlined in the CS&Co. disclosure brochure, which is provided to program clients and should be fully reviewed upon receipt.

#### TD Ameritrade ("TD") sponsored platforms

Under SAE, UMAE and TPPs, third party asset managers provide discretionary investment advisory services and will manage clients' assets in the programs in accordance with the investment strategies chosen by the clients. The total program fees charged under the TD programs are fully outlined in the TD disclosure brochure and the program agreement entered into between TD, the client, and the Firm. The TD program fees are in addition to the investment advisory fees charged by the Firm, which are outlined above.

The TD program fees are negotiable at TD's discretion and are calculated and deducted by TD from the client's program account in the month following the month for which the fees were incurred. TD's refund policy is fully outlined in the TD disclosure brochure, which is provided to program clients and should be fully reviewed upon receipt.

### **C. LPL's SEPARATE ASSESSMENT OF OVERSIGHT FEES FOR THE FIRM**

Clients should also understand that LPL is responsible under FINRA rules for supervising certain business activities of the Firm and its dually registered persons ("Dually Registered Persons") that are conducted through broker-dealers and custodians other than LPL. LPL charges a fee for its oversight of activities conducted through these other broker-dealers and custodians. This arrangement presents a conflict of interest because the Firm has a financial incentive to recommend that you maintain your account with LPL rather than with another platform custodian to avoid incurring the oversight fee.

In addition, all clients, whether engaging the Firm under the ABFO or TBFO, will incur additional charges as detailed in the paragraphs above.

For additional information on our financial affiliations please refer to Item 10 of this Brochure.

Please Note: LPL is affiliated with Private Trust Company, N.A., a trust company licensed in all 50 states under a national bank charter ("PTC"). To the extent that a client elects to utilize LPL as their custodian, LPL will direct the client's IRA assets to be held at PTC. As such, clients can incur an Annual IRA maintenance fee charged by PTC. Any Annual IRA maintenance fees incurred by the client shall be separate and in addition to the Firm's investment advisory fee.

### **D. CONSULTING AND FINANCIAL PLANNING SERVICES**

Consulting and Financial Planning Services are charged through a fixed fee, hourly, or subscription fee arrangement as agreed upon between the client and the IAR. Fees are negotiable and vary depending upon the complexity of the client's situation and services to be provided.

Fixed fees typically range from \$2,500 to \$50,000 depending on the complexity of the project and services. Note: In the event the total annual fixed fee is less than \$1,000, one half (1/2) of the fee can or will be collected up front, with the remaining one half (1/2) being collected at the

presentation of plan.

Hourly rates range from \$100 - \$400 per hour, depending on the experience and qualifications of the IAR. An estimate for total hours is determined at the start of the Consulting and Financial Planning Services relationship.

Subscription fees, also known as flexible payment program fees, allow an advisor to spread the billing of their consulting and financial planning fees out over a longer term for convenience to a client/family. The fees can be billed monthly, quarterly, and bi-annually. Our firm uses a technology payment program through AdvicePay. We use this system to track payments, provide transparency, and allow cancellation of payments by a client. Clients who engage in financial planning and consulting services will be provided a separate agreement to outline the scope of engagement and disclose all aspects of the services provided to include billing and obligations of the advisor.

**Fees for Consulting and Financial Planning Services are subject to negotiation and, in the discretion of the Firm, will differ from the above schedule due to size of total estate, complexity, additional services needed, and time commitment.**

For clients receiving Consulting and Financial Planning Services who are also investment advisory clients of the Firm, all or a portion of such client's Consulting and Financial Planning Services fees can be waived, at the discretion of the IAR. Please note that comparable financial planning services can be available elsewhere for a lower cost to the client.

## **F. EDUCATIONAL EVENTS**

IARs can host educational events ("Events") on various financial topics, at no charge to clients, that encourage clients to seek investment advisory services. From time to time, the Firm's personnel, including its owners, can participate in such Events.

## **F. INTERNAL MUTUAL FUND & VARIABLE ANNUITY EXPENSES**

Generally, mutual fund and variable annuity companies impose internal fees and expenses to manage their investment companies. Such fees are in addition to any custodial or platform costs and advisory fees associated with the Firm's services described above. Complete details of such internal expenses are specified and disclosed in each mutual fund and variable annuity company's prospectus. Clients are strongly advised to review the prospectus(es) prior to investing in such securities.

If deemed appropriate for a client, our IARs recommend clients utilize fee-based variable annuities, including through a third-party provider of a platform of insurance consultation services. Fee-based variable annuities are not assessed transaction fees since the reallocation of transactions are placed directly with the variable annuity sponsor.

However, variable annuity companies generally impose mortality and expense charges of approximately 0.45% - 1.5% annually on the overall assets. Variable annuity companies often also have additional riders or features on the contract as well which add additional costs. Please

read and understand the total fees for your contract. Clients are encouraged to review the variable annuity prospectus prior to investing.

Clients can purchase shares of mutual funds directly from the mutual fund issuer, its principal underwriter or a distributor without paying for the services of the Firm. Certain mutual funds are offered to the public without a sales charge. In the case of mutual funds offered with a sales charge, the prevailing sales charge (as described in the mutual fund prospectus) can be more or less than the applicable advisory fee and is in addition to such fee. However, if clients were to purchase shares directly, then clients would not receive any investment advice from the Firm, including the IAR's assistance in developing an investment strategy, selecting securities, monitoring performance of the account, and making changes as necessary.

#### **G. CLEARING & CUSTODIAL ARRANGEMENTS**

LPL, Schwab, TD, Fidelity and Pershing can execute trades, settle securities transactions, and custody client assets on behalf of our clients using Direct Asset Management Services. For further details concerning these arrangements, clients should refer to the Investment Advisory Agreement and/or other related disclosure documents relative to the type of account they select.

Due to the unique nature of fee-based variable annuities, they must be maintained directly with the variable annuity sponsor. Neither the IAR nor the Firm creates or forwards client account statements or confirmations relating to variable annuities. This responsibility remains exclusively with the variable annuity sponsor. All subaccount reallocations are directed to and executed at the variable annuity sponsor.

## **ITEM 6: PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

### *Performance-Based Fees*

We do not charge any performance-based compensation (fees based on a share of capital gains on or capital appreciation of the assets of a client). If deemed appropriate for a particular client, our recommended investments include certain products managed by third parties that charge performance-based fees.

### *Side-by-Side Management*

In some cases, IARs of the Firm manage clients in the same or similar strategies. This may give rise to potential conflicts of interest if the clients have, among other things, different objectives or fees. For example, potential conflicts may arise in the following areas: client orders do not get fully executed; trades may get executed for an account that may adversely impact the value of securities held by a client; there will be cases where certain clients receive an allocation of an investment opportunity when other accounts may not; and/or trading and securities selected for a particular client may cause differences in the performance of different accounts or funds that have similar strategies.

From time to time, IARs of the Firm may recommend that certain the Firm clients invest in limited investment opportunities. The allocation of these investments across client portfolios is generally not executed on a pro rata basis as a number of factors will determine whether the limited offering is appropriate or suitable for a client. Accordingly, such opportunities may be allocated based on another approach, including random selection, selection based on account size or another methodology. Factors which may impact the allocation, include but are not limited to: account size, liquidity, investor qualification and risk tolerance. We note that limited investment opportunities may not be appropriate for smaller accounts, depending on factors such as minimum investment size, account size, risk, and diversification requirements, and accordingly may not be allocated such investments. Certain limited investment opportunities are available only to clients of certain IARs of the Firm.

## **ITEM 7: TYPES OF CLIENTS**

There are minimum account size requirements for Direct Asset Management Services as well as Consulting and Financial Planning Services offered through the Firm and the individual IARs that are affiliated with the Firm. In addition, there can be minimum account size requirement established by the particular investment platforms of the Custodians used by the IARs. These minimum account size requirements can be waived by the Firm, office, or the custodian if possible.

Our IARs provide personal advisory services to individuals, high net worth individuals, pension and profit-sharing plans, including plans subject to the ERISA, trusts, estates, charitable organizations, and corporations, as well as other business entities.

If a client's account is a pension or other employee benefit plan governed by ERISA, the Firm can be a 3(21) fiduciary to the plan. In providing our investment advisory services, the sole standard of care imposed upon us is to act with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims.

We will provide certain required disclosures to the "Responsible Plan Fiduciary" (as such term is defined in ERISA) in accordance with Section 408(b)(2), regarding the services we provide and the direct and indirect compensation we receive by such clients. Generally, these disclosures are contained in this Brochure or the RCPA and are designed to enable the ERISA plan's fiduciary to: (1) determine the reasonableness of all compensation received by us; (2) identify any potential conflicts of interest; and (3) satisfy reporting and disclosure requirements to plan participants.

## **ITEM 8: METHODS OF ANALYSIS, SOURCES OF INFORMATION, INVESTMENT STRATEGIES, AND RISK OF LOSS**

Our IARs providing Direct Asset Management Services work independently from one another and employ varying philosophies, strategies, and tools in their investment analysis and due diligence processes. Any one of our IARs could utilize the following methods of analysis and strategies:

- Fundamental
- Technical
- Quantitative
- Qualitative

Our IARs provide advice and recommendations on equity securities, warrants, options, certificates of deposit, limited partnerships, futures contracts, variable life insurance, fee-based variable annuities, mutual funds, ETFs, municipal securities, U.S. government securities, structured notes and debt instruments.

Our IARs apply generally accepted investment theories so that investment choices for clients align with the client's investment needs and objectives and are made with the objective to reasonably diversify client assets to help minimize the risk of large losses and to provide the potential for varying degrees of long term appreciation and capital preservation. Our IARs generally use a mix of equity and fixed income exposures to achieve the desired investment objective. IARs will diversify, reallocate and rebalance the investments and associated risk levels over time in accordance with generally accepted investment theories and consistent with the client's investment objective. IARs can make recommendations for changes to the underlying investments and/or the asset allocation percentages of any model portfolios as well.

IARs providing Direct Asset Management Services have access to online portfolio software tools that assist in analyzing client portfolios. Such software is based upon Modern Portfolio Theory ("MPT"). MPT attempts to balance a portfolio's risk and return level based on a particular client's risk tolerance and investment objectives. Various research tools are used in conjunction with asset allocation software to provide clients with access to risk tolerance assessments, efficient frontier plotting, fund profiling and performance data, as well as portfolio optimization and re-balancing tools.

In addition, our IARs can use, without limitation, any of the following methods of analysis and sources of information: charting, fundamental technical and cyclical analysis; financial newspapers and magazines; research materials prepared by others; timing services; corporate rating services such as Morningstar, annual reports, prospectuses and press releases.

In the implementation of their analyses, IARs use some or all of the following strategies at any given time:

- Long-Term Purchases – securities purchased with the expectation that the value of those securities will grow over a relatively long period of time, generally greater than one year.
- Short-Term Purchases – securities purchased with the expectation that they will be

sold within a relatively short period of time, generally less than one year, to take advantage of the securities' short-term price fluctuations. Short-term gains in taxable accounts are subject to federal income tax at higher rates than long-term gains. This difference in tax treatment is a disadvantage of short-term trades for taxable clients.

- Trading – Representatives can use short-term trades (in general, selling securities within 30 days of purchasing the same securities) when managing account(s). An IAR can sell a security soon after purchasing it on occasions when they determine that there is a reasonable basis for the sale and it is suitable given a client's stated investment objectives and tolerance for risk. Short-term gains in taxable accounts are subject to federal income tax at higher rates than long-term gains, while losses realized on securities held 30 days or less are generally not tax deductible. These differences in tax treatment are disadvantages of short-term trades for taxable clients. There is also risk in that high velocity trading creates substantial transaction costs that in aggregate could negatively impact account performance.
- Short Sales – securities transactions in which an investor sells securities he or she borrowed in anticipation of a price decline. The investor is then required to return an equal number of shares at some point in the future. A short seller will profit if the stock goes down in price. The risk associated with a short sale is the potential of unlimited loss should the underlying value of the short position increase in value instead of the anticipated decline. Another risk is buy-in risk. Once borrowed, the shares are subject to buy-in at any time, which could force the client to cover the short position at a disadvantageous time or price. Short sales require the use of margin, which can increase cost and risk. Additional costs include interest on the value of borrowed securities. Risks also include additional margin calls in response to market fluctuations or at the discretion of the custodian.
- Margin Transactions – a securities transaction in which an investor borrows money to purchase a security, in which case the security serves as collateral on the loan. This allows the client to purchase more stock than they would otherwise be able to, based on the account's available cash, and would allow the IAR to purchase stock without selling other holdings, which is therefore a higher risk strategy. Securities purchased on margin are subject to liquidation, additional margin calls, and interest on the funds borrowed. Should the value of the securities decline, clients can be forced to deposit additional margin with limited notice, or to liquidate their securities at substantial losses.
- Option Purchases and Option Writing – Purchasing a long option gives the buyer the right, but not the obligation, to buy or sell a particular security at a specified price before the expiration date of the option. When an investor writes (or sells) an option, he or she is obligated to deliver to the buyer of the option a specified number of shares (or the calculated money difference) if the buyer exercises the option. The Firm does not generally permit uncovered option writing in advisory accounts. The seller receives a premium in exchange for writing the option. Options are wasting assets and expire at pre-determined dates. Commission charges for options transactions can be higher than the charges assessed for other assets, such as individual equities.



Please note: Investing in securities involves risk of loss that clients should be prepared to bear.

While the value of your investments could increase and your account(s) thereby enjoy a gain, it is also possible that the value of your investments could decrease and your account(s) thereby suffer a loss, including a complete loss. It is important that you understand the risks associated with investing in the securities markets, that you be appropriately diversified in your investments, and that you ask us any questions you have.

Although we seek to manage your account assets in a manner consistent with your stated investment objectives and risk tolerances, we do not represent or guarantee that our services or methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to market corrections or declines. We cannot offer any guarantees that your financial goals and objectives will be met. Past performance is in no way an indication or guarantee of future performance.

Prior to entering into an Investment Advisory Agreement with us, a client should carefully consider: (1) committing to management only those assets that the client believes will not be needed for current purposes and that can be invested on a long-term basis, usually a minimum of three to five years, (2) that volatility from investing in the stock and bond markets can occur, and (3) that over time the client's assets can fluctuate and at any time be worth more or less than the amount invested.

Described below are some particular risks associated with some types of investments we can recommend. Risk is inseparable from return. Every investment involves some degree of risk, and both the degree of risk and the type of risk varies depending on the investment. For example, the risk of loss to principal can be very close to zero in the case of a US Treasury security, or very high for something such as a concentrated exposure to one specific foreign security. On the other hand, purchasing power risk for a US Treasury security can be higher than the purchasing power risk of a higher-yield corporate bond or an equity. An understanding of risk in different forms can help clients to understand the opportunities, trade-offs and costs involved with different investment approaches. The principal risk of any investment is that despite any comprehensive analysis, the security or instrument will not perform as expected. This can be due to, among other things:

- Alternative Investment Risk: There are a number of different risks involved with alternative investments, including some or all of those listed below. The risks vary depending on the type of alternative investment, with the main risks generally being illiquidity, higher and multi layered fee structures, complex investments, less transparency, tax issues; and lack of diversification of investment;
- Interest-Rate Risk: Fluctuations in interest rates can cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline;
- Equity Risk: Investments in equity securities generally involve a high degree of risk. Prices are volatile and market movements are difficult to predict. These price movements can

result from factors affecting individual companies or industries. Price changes can be temporary or last for extended periods. In addition to, or in spite of, the impact of movements in the overall stock market, the value of investments can decline if the particular investments within the portfolio do not perform well in the market. Prices of growth stocks can be more sensitive to changes in current or expected earnings than prices of other stocks. Prices of stocks can fall or fail to appreciate regardless of movements in securities markets. A higher turnover rate, or increased trading can result in higher transactions costs and higher taxes in taxable accounts and can also affect the strategies' overall performance;

- Market Risk: The price of a stock, bond, mutual fund or other security can drop in reaction to tangible and intangible economic and market conditions, such as interest rates, availability of credit, inflation rates, commodity prices, economic uncertainty, changes in laws, trade barriers, currency fluctuations and controls, and national and international political circumstances. These factors can affect the levels of volatility of securities prices and the liquidity of investments in client portfolios. Such volatility or illiquidity could impair profitability or result in losses;
- Management Risk: the strategies utilized by the Firm, as well as portfolio managers of mutual funds and ETFs, can or will not be successful in some market conditions;
- Inflation Risk: When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation;
- Fixed Income Risks: investments in fixed income securities represent numerous risks such as credit, interest rate, reinvestment, and prepayment risk, all of which affect their price/value. These risks represent the potential for a large amount of price volatility. In general, securities with longer maturities are more sensitive to price changes. Additionally, the prices of high-yield, fixed income securities fluctuate more than high-quality debt issues. Prices are especially sensitive to developments affecting the company's business and to changes in the ratings assigned by rating agencies. Prices are often closely linked with the company's stock prices. High-yield securities can experience sudden and sharp price swings due to changes in economic conditions, stock market activity, large sales by major investors, default, or other factors. In the event of a default, the investment can suffer a partial or total loss;

Business Risk: These risks are associated with a particular industry or a particular company within an industry. Generally, business risk is that a company will go bankrupt or perform below expectations. Every company carries the business risk that it will produce insufficient cash flow in order to maintain operations. Business risk can come from a variety of sources, some systemic and others un-systemic. That is, every company has the business risk that the broader economy will perform poorly and therefore that sales will be poor, and also the risk that the market simply will not like its products;

- Market Liquidity Risk: Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if there is an active market for the asset. For example, Treasury Bills are highly liquid, while real estate properties are not. The value of securities

held in client accounts that are traded on exchanges and the risks associated with holding these positions vary in response to events that affect asset markets in general. Market disruptions such as those that occurred in 1987, in September 2001, and more recently the “Flash Crash” in May 2010 (the biggest one-day point decline, 998.5 points, on an intraday basis in Dow Jones Industrial average history) could lead to violent price swings in securities held within client portfolios and could result in substantial losses;

- Increased Regulations: Events during the past several years and adverse financial results have focused attention upon the necessity to maintain adequate risk controls and compliance procedures. These events have led to increased governmental and self-regulatory authority scrutiny of the financial industry. Various national governments have also expressed concern regarding disruptive effects of speculative trading and the need to regulate the markets in general. Any regulations that restrict the ability to employ, or broker-dealers and counterparties to extend credit or restrict trading activities could adversely impact profit potential;
- Leverage 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 can result in bankruptcy and/or a declining market value;
- Short Sales, Leverage and Derivatives Risk: Short sales, leverage and derivatives all represent substantial risks given their inherent heightened risk of loss. Leverage and derivatives imply borrowing capital. When such borrowing is deployed, losses can escalate quickly should investment suffer even small losses. Short sales involve a finite opportunity for appreciation, but a theoretically unlimited risk of loss. Short positions can also be subject to a “short squeeze” that could lead to accelerating losses for those short that particular security;
- Counterparty Risk: the risk that the other party in a transaction will not fulfill its contractual obligations;
- Expenses Risk: When investing in mutual funds and exchange traded funds, master limited partnerships, and REITs, and other pooled investments, the investor will incur a proportionate share of the expenses of the investment (including operating costs and investment management fees), in addition to the advisory fees and other expenses charged to the investor’s assets invested in the pooled investment;
- Small Capitalization Companies: a portion of assets can be invested in smaller and less established companies. Both debt and equity securities of such issuers tend to be more volatile than larger, more established companies. Such volatility could adversely impact client portfolios;
- Large Company Risk: The stocks of large capitalization companies can perform differently from other segments of the equity market or from the equity market as a whole. Large capitalization companies can be less flexible in evolving markets or unable to implement change as quickly as smaller capitalization companies;

- Credit Risk: the market's perception of a bond issuer's ability to pay interest and repay principal;
- Convertible Arbitrage Risk: If interest rates on the convertible security rise, its value usually falls;
- Tax Risk: The Firm in some cases can or will not manage client accounts with tax consequences in mind. Some strategies, including transactions in options and futures contracts, can be subject to special tax rules, which can have adverse consequences for the account holder;
- Non-US Investments: Client funds can be invested in securities (e.g., debt, equity, currencies, derivatives, etc.) of issuers domiciled outside the United States. Such investments expose a portfolio to a number of risks that can or will not exist in the domestic market alone. Such risks include, among other things, trade balances and imbalances and related economic policies, currency exchange rate fluctuations, imposition of exchange control regulation, withholding taxes, limitations on the removal of funds or other assets, possible nationalization of assets or industries, political difficulties, and political instability in foreign nations;
- Extraordinary Events: global terrorist activity and United States involvement in armed conflict can negatively affect general economic prospects, including sales, profits, and production, and can lead to depressed securities prices and problems relating to infrastructure and trading facilities;
- Potential Concentration: Client portfolios can have highly concentrated positions in issuers engaged in one or a few industries. This increases the risk of loss relative to the market as a whole.
- Pledging Assets: Certain custodians utilized by the Firm have partnered with certain banks to help facilitate clients' access to collateralized non-purpose lines of credit; however, clients are not required to use these banks, and can work directly with other banks ("nonpartner banks") to negotiate loan terms or obtain other financing arrangements. Clients who choose to use non-partner banks should notify their IARs of the amount of the line of credit. In these collateralized lending arrangements, clients borrow from the bank and pay interest to the bank. In some cases, an IAR may recommend that a client seeking to access funds (for purposes other than purchasing securities) hold his securities investments and instead utilize a non-purpose line of credit collateralized by the assets in his advisory account. Unless an IAR specifically recommends that a client hold his securities investments and instead utilize a collateralized line of credit to access funds, the decision regarding whether to arrange for a collateralized loan and the decision to draw down on such a loan are not covered by a client's advisory relationship with LPL or his IAR. While an IAR may assist the client with facilitating a line of credit, clients are responsible for independently evaluating the terms of the loan and deciding whether the loan meets their needs. Clients also should be aware that pledging assets in an account to secure a loan involves additional risks. The bank holding the loan has the authority to liquidate all or part of the securities at any time without your prior notice in order

to maintain required maintenance levels, or to call the loan at any time. As a practical matter, this may cause you to sell assets and realize losses in a declining market. Moreover, an IAR's ability to make investment decisions or recommendations for the account may be restricted by collateral requirements imposed by the bank. These restrictions or a forced liquidation may interfere with your long term investment goals and/or result in adverse tax consequences. Further, you should note that the returns on accounts or on pledged assets may not cover the cost of loan interest and advisory fees. Clients should be aware that collateralized loan programs are one way, among many, for clients to raise necessary cash. Before pledging assets in an account, clients should carefully review the loan agreements, loan applications and any forms required by the bank and any other forms and disclosures provided by the custodian. For additional information, please review the link to an SEC bulletin on

Securities-Backed Lines of Credit(SBLOC),

<https://www.sec.gov/oiea/investor-alerts-bulletins/sbloc.html>. Lastly, please know that there is a conflict of interest for an advisor to recommend an SBLOC since they will continue to receive advisory compensation while the SBLOC is in place in the account. Please feel free to discuss this conflict of interest with your advisor and review your options for accessing capital.

- Collateralized Debt Obligations, Collateralized Loan Obligations: IARs may invest client accounts in collateralized debt obligations (“CDO”), collateralized loan obligations (“CLO”) and other related instruments. The portfolio may consist of CLO equity, multi-sector CDO equity, trust preferred CDO equity and CLO mezzanine debt. Such securities are subject to credit, liquidity and interest rate risks. The equity and other tranches purchased by a client may be unrated or non-investment grade, which means that a greater possibility that adverse changes in the financial condition of an issuer or in general economic conditions or both may impair the ability of the related issuer or obligor to make payments of principal or interest. Such investments may be speculative. In addition, as a holder of equity, there are limited remedies available upon the default of the CLO or CDO.
- Structured Notes: IARs may invest clients' accounts in structured notes. These are complex instruments consisting of a bond component and an imbedded derivative. Structured notes that provide for the repayment of principal at maturity are subject to the credit risk of the issuing financial institution. Structured notes that do not offer this protection may cause a client to lose some, or all, of its principal. Depending on the nature of the linked asset or index, the market risk of the structured note may include changes in equity or commodity prices, changes in interest rates or foreign exchange rates, or market volatility. After issuance, structured notes may not be re-sold on a daily basis and thus may be difficult to value given their complexity. A client's ability to trade or sell structured notes in a secondary market is often very limited and clients should, therefore, be prepared to hold a structured note to its maturity date, or risk selling the note at a discount to its value at the time of sale. Structured notes may have complicated payoff structures that can make it difficult for clients to accurately assess their value, risk and potential for growth through the term of the structured note. Determining the performance of each note can be complex and this calculation can vary significantly from note to note depending on the structure. Notes can be structured in a wide variety of ways. Structured notes expose investors to credit risk: if the structured note issuer defaults on these obligations, investors may lose some, or all, of the principal amount they invested in the structured notes as well as any other payments that may be due on the structured notes. If a structured note has a

“call provision” and the issuer “calls” the structured note, investors may not be able to reinvest their money at the same rate of return provided by the structured note that the issuer redeemed.

- Master Limited Partnerships (“MLPs”): MLP investing includes risks such as equity and commodity-like volatility. Also, distribution payouts sometimes include the return of principal and, in these instances, references to these payouts as “dividends” or “yields” may be inaccurate and may overstate the profitability/success of the MLP. Additionally, there are potentially complex and adverse tax consequences associated with investing in MLPs. This is largely dependent on how the MLPs are structured and the vehicle used to invest in the MLPs.
- Insurance Linked Securities: Investments in insurance linked securities (“ILS”) are subject to various types of risk: The primary risk relates to reinsurance triggering events, for example: (i) natural catastrophes, such as hurricanes, tornados, or earthquakes of a particular size/magnitude in a designated geographic area; or (ii) non-natural events, such as large commercial accidents (e.g., marine or aviation). Such events, if they occur at unanticipated frequencies or severities, could result in reduced investment returns for ILS investors and even the loss of principal. There is no way to predict with complete accuracy whether a triggering event will occur, and because of this significant uncertainty, ILS carry a high degree of risk. Valuation risk is the risk that the ILS is priced incorrectly due to factors such as incomplete data, market instability, model & human error. In addition, pricing of ILS is subject to the added uncertainty caused by the inability to generally predict whether, when or where a natural disaster or other triggering event will occur.
- Managed Futures: Managed futures strategies typically utilize derivatives, such as futures, options, structured notes and swap agreements, which provide exposure to the price movements of a commodity (i.e., oil, grain, livestock) or a financial instrument (i.e., currency, index). The use of derivatives can be highly volatile, illiquid and difficult to manage. Derivatives involve greater risks than the underlying obligations because in addition to general market risks, they are subject to illiquidity risk, counterparty risk, credit risk, pricing risk and leveraging risk. A highly liquid secondary market may not exist for certain derivatives utilized by this strategy, and there can be no assurances that one will develop.
- Digital Assets: IARs may invest client accounts in virtual currencies, crypto-currencies, and digital coins and tokens (“Digital Assets”). The investment characteristics of Digital Assets generally differ from those of traditional currencies, commodities or securities. Importantly, Digital Assets are not backed by a central bank or a national, supra-national or quasi-national organization, any hard assets, human capital, or other form of credit. Rather, Digital Assets are market-based: a Digital Asset’s value is determined by (and fluctuates often, according to) supply and demand factors, the number of merchants that accept it, and/or the value that various market participants place on it through their mutual agreement, barter or transactions.
- Price Volatility of Digital Assets: A principal risk in trading Digital Assets is the rapid fluctuation of market price. High price volatility undermines Digital Assets’ role as a medium of exchange as consumers or retailers are much less likely to accept them as a form of payment. The value of client portfolios relates in part to the value of the Digital Assets held in the client portfolio and fluctuations in the price of Digital Assets could adversely affect the value of a client’s portfolio. There is no guarantee that a client will be able to achieve a better than average

market price for Digital Assets or will purchase Digital Assets at the most favorable price available. The price of Digital Assets achieved by a client may be affected generally by a wide variety of complex and difficult to predict factors such as Digital Asset supply and demand; rewards and transaction fees for the recording of transactions on the blockchain; availability and access to Digital Asset service providers (such as payment processors), exchanges, miners or other Digital Asset users and market participants; perceived or actual Digital Asset network or Digital Asset security vulnerability; inflation levels; fiscal policy; interest rates; and political, natural and economic events.

- Digital Asset Service Providers: Several companies and financial institutions provide services related to the buying, selling, payment processing and storing of virtual currency (i.e., banks, accountants, exchanges, digital wallet providers, and payment processors). However, there is no assurance that the virtual currency market, or the service providers necessary to accommodate it, will continue to support Digital Assets, continue in existence or grow. Further, there is no assurance that the availability of and access to virtual currency service providers will not be negatively affected by government regulation or supply and demand of Digital Assets. Accordingly, companies or financial institutions that currently support virtual currency may not do so in the future.
- Custody of Digital Assets: Under the Advisers Act, SEC registered investment advisers are required to hold securities with “qualified custodians,” among other requirements. Certain Digital Assets may be deemed to be securities. Currently, many of the companies providing Digital Assets custodial services fall outside of the SEC’s definition of “qualified custodian”, and many long-standing, prominent qualified custodians do not provide custodial services for Digital Assets or otherwise provide such services only with respect to a limited number of actively traded Digital Assets. Accordingly, clients may use non-qualified custodians to hold all or a portion of their Digital Assets.
- Government Oversight of Digital Assets: The regulatory schemes—both foreign and domestic—possibly affecting Digital Assets or a Digital Asset network may not be fully developed and subject to change. It is possible that any jurisdiction may, in the near or distant future, adopt laws, regulations, policies or rules directly or indirectly affecting a Digital Asset network, generally, or restricting the right to acquire, own, hold, sell, convert, trade, or use Digital Assets, or to exchange Digital Assets for either fiat currency or other virtual currency. It is also possible that government authorities may take direct or indirect investigative or prosecutorial action related to, among other things, the use, ownership or transfer of Digital Assets, resulting in a change to its value or to the development of a Digital Asset network.

Our clients also can elect to open margin accounts. Clients should be aware that there are a number of additional risks that all investors need to consider in deciding to trade securities on margin. The risks associated with margin include, but are not limited to, the following:

- Clients can lose more funds than they deposit in the margin account. A decline in the value of securities that are purchased on margin can require the client to provide additional funds to the firm that has made the loan to avoid the forced sale of those securities or other securities in the account;

- The lending firm can or will be able to force the sale of securities in a margin account. If the equity in margin account falls below the maintenance requirements under the law—or the lending firm’s higher "house" requirements—the firm can or will be able to sell the securities in the margin account to cover the margin deficiency. Clients using margin can also be responsible for any short fall in the account after such a sale.

In a cash account, your risk is limited to the amount of money that you have invested. In a margin account, your risk includes the amount of money invested plus the amount that has been loaned to you.

#### Other Risks:

- Cybersecurity: The Firm’s information and technology systems may be vulnerable to damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches, usage errors by its professionals, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes and earthquakes. Although the Firm has implemented various measures to protect the confidentiality of its internal data and to manage risks relating to these types of events, if these systems are compromised, become inoperable for extended periods of time or cease to function properly, the Firm will likely have to make a significant investment to fix or replace them. The failure of these systems and/or of disaster recovery plans for any reason could cause significant interruptions in the Firm’s operations and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information relating to clients. Such a failure could harm the Firm’s reputation or subject it or its affiliates to legal claims and otherwise affect their business and financial performance. The Firm will seek to notify affected clients of any known cybersecurity incident that will likely pose substantial risk of exposing confidential personal data about such clients to unintended parties. Further, certain IARs of the Firm may utilize their own information and technology systems and, while IARs will generally be required to implement cybersecurity measures, the Firm will not control the measures implemented in order to protect the confidentiality of data and manage risks.
- Regulation Risk: Regulation and laws affecting the Firm change from time to time. The Firm cannot predict the effects, if any, of future regulatory and legal changes on our business or the services provided.
- Market Risk: Either the market as a whole, or the value of an individual company, goes down, resulting in a decrease in the value of client investments. Global markets are interconnected, and events like hurricanes, floods, earthquakes, forest fires and similar natural disturbances, war, terrorism or threats of terrorism, civil disorder, public health crises, and similar “Act of God” events have led, and may in the future lead, to increased short-term market volatility and may have adverse long-term and wide-spread effects on world economies and markets generally. Clients may have exposure to countries and markets impacted by such events, which could result in material losses.

It is important that investors take time to learn about the risks involved in trading securities on margin, and investors should consult IARs regarding any questions or concerns they have with their



margin accounts.

All investments involve risks that can result in loss including loss of principal, a reduction in earnings (including interest, dividends and other distributions), and the loss of future earnings. The summary above is qualified in its entirety by the risk factors set forth in the applicable offering materials for the applicable product.

**ITEM 9: DISCIPLINARY INFORMATION**

Neither our firm nor any of our management persons have been subject to any material legal or disciplinary events.

## **ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

We have relationships that are material to our advisory business or to our clients with related persons that provide a variety of financial services and products, as detailed below. When appropriate for a client, we use and/or recommend services and products offered by our affiliates or parties in which we have a financial interest.

With respect to the affiliated services described herein, there exists a conflict of interest in our recommending such services as revenues earned by the related party ultimately flow to the Firm's parent company, Mariner or to Mariner's parent company, 1248. Martin Bicknell, the CEO of the Firm, has significant, indirect ownership stakes in Mariner and 1248, who owns various other investment managers of other financial entities as detailed below. Except as noted herein, our affiliated service providers charge fees in addition to the fees charged by the Firm. The Firm has mitigated this conflict by disclosing it to clients and providing IARs with tools to perform a review of client accounts, periodically, to ensure that the investments are suitable for the client in light of, among other factors, the client's investment objective and financial circumstances.

### **Other Investment Advisers**

The Firm is affiliated with and indirectly owned by Mariner Platform Solutions, LLC (CRD No. 305418), an SEC registered investment adviser, which also provides a platform solution for independent investment advisers.

The Firm is affiliated, and under common control, with Mariner, LLC ("MWA") (CRD No. 140195), an SEC registered investment adviser, which provides investment advisory and/or related services to its clients.

The Firm is affiliated, and under common control, with Mariner Wealth Advisors-IC, LLC (CRD No. 289886), an SEC registered investment adviser, which provides referral services to MWA by introducing prospective clients to MWA who may have an interest in utilizing MWA's investment advisory and/or related services.

The Firm is affiliated, and under common control with the following investment advisers as a result of 1248's significant ownership stake through its subsidiary holding company, Montage Investments, LLC.

- 1248 Partners, LLC (CRD No. 325304), an exempt reporting adviser;
- Alegria Energy, LLC (CRD No. 281531), an SEC registered investment adviser;
- Montage Fund Advisors, LLC (CRD # 315847), an exempt reporting investment adviser;
- Flyover Capital Partners, LLC (CRD No. 173709), an exempt reporting investment adviser; and
- Ubiquity Management, LP (CRD No. 311168), an exempt reporting investment adviser.

These investment advisers, along with MWA, serve as the investment manager or investment adviser to private funds, (please see the Form ADV of each advisor for specific information). IARs of the Firm further recommend that certain clients invest in affiliated private funds should the IAR determine such investments are in the client's best interest and in accordance with the client's investment objectives.

Relevant information, terms and conditions relative to the aforementioned affiliated private funds, including the investment objectives and strategies, minimum investments, qualification requirements, suitability, fund expenses, risk factors, and potential conflicts of interest, are set forth in the offering documents (which typically include confidential private offering memorandum, Limited Partnership Agreement/Limited Liability Company Agreement, or Subscription Agreement), which each investor is required to receive and/or execute prior to being accepted as an investor.

Through the ownership structures discussed above, Mariner's affiliates have a passive, direct or indirect, minority financial interest in the following investment advisers.

- Eaglebrook Advisors, Inc (CRD: 304438), a SEC registered investment adviser;
- Altruist, LLC (CRD: 299398), a SEC registered investment adviser;
- Lifeworks Advisors, LLC (CRD: 288255), a SEC registered investment adviser; and
- Dynasty Wealth Management, LLC (CRD: 153377), SEC registered investment adviser.

These investment advisers provide advisory services to a variety of clients, across various different formats, including through separately managed accounts, model portfolios and facilitating access to online marketplaces (please see the Form ADV of each adviser for specific information). MWA recommends or allocates client capital to these investment advisers should a client's adviser determine such investments are in the client's best interest and in accordance with the client's investment objectives.

### **Broker-Dealer**

We are affiliated, and under common control, with MSEC (CRD No. 154327), a broker-dealer registered with the SEC and various state jurisdictions, member of the Financial Industry Regulatory Authority (FINRA), Securities Investment Protection Corporation (SIPC), and Municipal Securities Rulemaking Board (MSRB). At the time of this filing, we do not have any IARs registered with MSEC.

As described in further detail in Item 12 of this Brochure, members of the Firm's management team and our IARs have outside business activities as registered representatives of LPL, for which they receive additional compensation. These outside business activities and additional compensation create conflicts of interest. For example, from time to time, our IARs recommend or invest on behalf of clients in investment products sold through LPL and by doing so receive usual and customary commissions and/or other compensation. This presents a conflict of interest to the extent that the IAR recommends that a client invest in a security which results in a commission being paid to him/her. The receipt of commissions provides an incentive to recommend investment products based on commissions received rather than on a particular client's need. Clients should be aware that they can purchase investment products recommended by Registrant through other non-affiliated broker-dealers.

### **Tax Consulting**

We are under common control with and in certain situations refer clients to MWA which, in

addition to advisory services, provides tax consulting, compliance and bookkeeping services to clients. To the extent that a client requires bookkeeping and/or tax preparation services, we recommend the services of MWA, which shall be rendered independent of the Firm pursuant to a separate agreement between the client and MWA. However, certain of our IARs may receive a portion of the fee paid to MWA.

### **Trust Company**

We are under common control with Mariner Trust Company, LLC. Mariner Trust Company, LLC, is a state-chartered public trust company organized under the laws of South Dakota and serves to provide its customers with administrative trust services and other related services. The entity is subject to the regulatory oversight of the South Dakota Department of Labor and Regulation. The Firm is deemed to have custody of any client account where Mariner Trust Company, LLC serves as trustee or co-trustee.

### **Investment Banking Firm**

We are under common control with Mariner Capital Advisors, LLC, (“MCA”) which provides investment banking, accounting, valuation advisory and forensic accounting services. To the extent that a client requires these services, we recommend MCA, all of which services shall be rendered independent of the Firm pursuant to a separate agreement between the client and MCA. the Firm receives compensation for referrals to MCA in addition to the indirect financial incentive to refer clients due to common ownership. Certain IARs of the Firm may receive a portion of the fee paid to MCA.

### **Insurance Companies or Agencies**

We are under common control with Mariner Insurance Resources, LLC, an insurance agency. Clients are reminded that they may purchase insurance products recommended by the Firm through other non-affiliated agencies.

Several of our IARs are also licensed insurance agents of various independent insurance companies. In the course of providing investment advisory services, these individuals can recommend that clients purchase products or policies underwritten by certain insurance carriers. Please note that a conflict of interest exists to the extent that certain recommendations result in a commission being paid to these individuals by the insurance company should a client purchase that company’s insurance products or policies. The amount paid is the normal commission paid for services rendered as an insurance agent. Clients should be aware that they are under no obligation to purchase insurance products or policies recommended by the Firm or any of its IARs, and can purchase insurance products or policies from non-affiliated insurance agents.

### **Financial Planning Wellness Platform**

We are under common control with Holberg Advisors, LLC dba Spring, which provides a Financial Wellness Platform to companies. Through the Financial Wellness Platform, employees of these companies are able to access Financial Wellness Coaching provided by advisors registered with MWA.

## **Legal Services Solution**

Through the ownership structures discussed above, Mariner's affiliates have a passive, direct or indirect minority financial interest in Vanilla, a software solution that provides certain legal services. To the extent that a client requires these services, we recommend Vanilla, all of which services shall be rendered independent of MWA pursuant to a separate agreement between the client and Vanilla.

## **Other Affiliates**

Through our ownership by HBP, we are affiliated with Honor Bound Consulting Services, LLC ("HBC") and Honor Bound Network, LLC ("HBN"). HBC is a California limited liability company that offers virtual administrative and training services, as well as technology consulting services to IARs of the Firm and IARs of other registered investment advisers/broker-dealers. HBN is a California limited liability company that primarily serves to hold the assets and income of an office of supervisory jurisdiction with LPL Financial. In this capacity, HBN is responsible for overseeing the activities of registered representatives assigned to the branch. In many instances, these same registered representatives serve as IARs of the Firm.

## **LPL**

Several of our IAR's are also dually registered with LPL Financial's RIA firm in order to provide consulting for ERISA plans. Our IAR's leverage some of the systems that LPL has built to provide fee-based advice to ERISA based 401k plans. Our IAR's may charge through an assets under management fee or a flat fee.

The recommendation by Registrant's IARs that a client purchase a securities and/or insurance commission product presents a conflict of interest as the receipt of commissions provides an incentive to recommend investment or insurance products based on commissions received, rather than on a particular client's need. No client is under any obligation to purchase any commission products from Registrant's IARs. Clients are reminded that they can purchase investment or insurance products recommended by Registrant through other non-affiliated broker dealers or insurance agents.

The conflicts surrounding these outside business activities are disclosed to clients at the time of entering into an Investment Advisory Agreement with the Firm, primarily through the delivery of this Brochure and the Supplemental Brochures (ADV Part 2Bs). Additionally, the Firm has implemented certain policies, procedures and internal controls to help mitigate these conflicts, including having procedures to monitor the outside business activities of the IARs. Importantly, as part of our fiduciary duty to clients, the Firm and its IARs endeavor at all times to put the interests of the clients first, and recommendations and investments will only be made to the extent that they are reasonably believed to be suitable and in the best interests of the client.

Additionally, as a result of the Firm's relationship with LPL, LPL will have access to certain confidential information (e.g., financial information, investment objectives, transactions and holdings) about the Firm's clients, even if the client does not establish any account through LPL.

If you would like a copy of the LPL Financial privacy policy, please contact Eric Hewitt, Chief Compliance Officer, at (650) 571-1934.

## **ITEM 11: CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

### **A. CODE OF ETHICS**

The Firm has adopted a Code of Ethics (the “Code”) to address securities-related conduct. The Code applies to all of our associated persons, including our IARs. An investment adviser is considered a fiduciary. As a fiduciary, the Firm has adopted policies and procedures that embrace certain fiduciary principles, such as:

- The responsibility to provide full and fair disclosure of all material facts;
- The duty at all times to act in the best interests of each of our clients and to place the interests of clients first;
- The requirement that all personal securities transactions be conducted in such a manner as to be consistent with the Code and to avoid any actual or potential conflict of interest or any abuse of an access person’s position of trust and responsibility;
- The principle that investment adviser personnel should not take inappropriate advantage of their positions;
- The fiduciary principle that information concerning the identity of security holdings and financial circumstances of clients is confidential; and
- The principle that independence in the investment decision-making process is paramount.

The Code focuses primarily on fiduciary duty, personal securities transactions, insider trading, gifts, and conflicts of interest. We require all of our supervised persons to conduct business with the highest level of ethical standards and to comply with federal and state securities laws at all times. Upon employment or affiliation and at least annually thereafter, all supervised persons will sign an acknowledgment that they have read, understood and agreed to comply with our Code of Ethics. Our Firm must conduct business in an honest, ethical, and fair manner and avoid all circumstances that might negatively affect or appear to affect our duty of complete loyalty to all clients.

We will provide a copy of the Code in its entirety, at no cost, to any client or prospective client upon request.

### **B. PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS**

The Firm’s access persons do engage in personal securities transactions. The personal securities transactions of our access persons can raise potential conflicts of interest when such person’s trade in a security that is (1) owned by a client or (2) considered for purchase or sale for a client. The Firm has adopted policies and procedures that are intended to ensure that transactions are placed for clients in a manner that is consistent with the fiduciary duty and in accordance with applicable law. Access persons that wish to purchase or sell securities of the types purchased or sold for clients can do so only in a manner consistent with the Firm’s policies and procedures.

From time to time, IARs of the Firm may recommend that certain clients invest in limited investment opportunities. The allocation of these investments across client portfolios is generally not executed on a pro rata basis as a number of factors will determine whether the limited offering



is appropriate or suitable for a client. Accordingly, such opportunities may be allocated based on another approach, including random selection, selection based on account size or another methodology. Factors which may impact the allocation, include but are not limited to: account size, liquidity, investor qualification and risk tolerance. We note that limited investment opportunities may not be appropriate for smaller accounts, depending on factors such as minimum investment size, account size, risk, and diversification requirements, and accordingly may not be allocated such investments.

The Firm generally does not engage in cross-trading of client accounts nor does it engage in any principal or agency cross securities transactions for client accounts. Any exceptions to the general prohibition against cross trades or principal trades must be approved in advance by a member of the Compliance Team. Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to any advisory client. A principal transaction may also be deemed to have occurred if a security is crossed between an affiliated hedge fund and another client account. If the Firm should at any time determine that a principal trade is in a client's best interest, then prior to the settlement of any such principal transaction, the Compliance Team is responsible for obtaining any affected client's informed written consent to the transaction. An agency cross transaction is generally defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, acts as broker for both the advisory client and for another person on the other side of the transaction. Agency cross transactions may arise where an adviser is dually registered as a broker-dealer or has an affiliated broker-dealer. .

## **ITEM 12: BROKERAGE PRACTICES**

### *The Custodians and Brokers We Use*

We do not maintain custody of your assets that we manage, although we may be deemed to have custody of your assets if you give us authority to withdraw assets from your account (see Item 15—Custody, below). Your assets must be maintained in an account at a “qualified custodian,” generally a broker-dealer or bank. We generally recommend that our clients use LPL Financial (“LPL”), Charles Schwab & Co., Inc. (“Schwab”), National Financial Services LLC/Fidelity Brokerage Services LLC (“Fidelity”) and Pershing LLC (“Pershing”), as the qualified custodian. We are not affiliated with LPL, Schwab, Fidelity or Pershing. LPL, Schwab, Fidelity and Pershing will each hold your assets in a brokerage account and buy and sell securities when we instruct them to. While we recommend that you use LPL, Schwab, Fidelity and/or Pershing as custodian/broker, you will decide whether to do so and will open your account with LPL, Schwab, Fidelity and/or Pershing by entering into an account agreement directly with them. Not all advisors require their clients to use a particular broker-dealer or other custodian selected by the advisor. Even though your account is maintained at LPL, Schwab, Fidelity and/or Pershing, we can still use other brokers to execute trades for your account as described below (see “Your brokerage and custody costs”). Additionally, while we generally recommend the use of LPL, Schwab, Fidelity and/or Pershing, we also manage accounts for clients custodied with other qualified custodians.

We may establish additional accounts on the behalf of clients with select qualified custodians at which the client maintains an existing account. For retirement accounts, the client receives notification from the custodian upon the account being established. For non-retirement accounts, the client receives notification when an asset movement authorization is elected. Clients receive quarterly statements from the custodian for any accounts opened on the client’s behalf.

### *How we select brokers/custodians*

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

- Combination of transaction execution services and asset custody services (generally without a separate fee for custody)
- Capability to execute, clear, and settle trades (buy and sell securities for your account)
- Capability to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.)
- Breadth of available investment products (stocks, bonds, mutual funds, exchange-traded funds, 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 the prices
- Reputation, financial strength, security and stability
- Prior service to us and our clients

- Availability of other products and services that benefit us, as discussed below (see “Products and services available to us from Custodians”)

The Firm is not required to weigh any of these factors equally. The Firm’s selection of brokers on the basis of considerations which are not limited to applicable commission rates may at times result in the Firm’s clients being charged higher transaction costs than they could otherwise obtain.

#### *Your brokerage and custody costs*

For our clients’ accounts that LPL, Schwab, Fidelity and/or Pershing maintain, LPL, Schwab, Fidelity and/or Pershing generally do not charge you separately for custody services but are compensated by charging you commissions or other fees on trades that they execute or that settle into your account. Certain trades (for example, many mutual funds and ETFs) may not incur commissions or transaction fees. Commission rates for LPL, Schwab, Fidelity and Pershing applicable to our client accounts were negotiated. We believe our commitment to LPL, Schwab, Fidelity and Pershing benefits you because the overall commission rates you pay are lower than they would be otherwise. In addition to commissions, LPL, Schwab, Fidelity and/or Pershing charge 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 (settled) into your LPL, Schwab, Fidelity or Pershing 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 the custodian of your account (generally, LPL, Schwab, Fidelity or Pershing) execute most trades for your account unless we believe it is beneficial to step out and trade at other broker dealers. We have determined that having the custodian execute most trades is consistent with our duty to seek “best execution” of your trades. Best execution means the most favorable terms for a transaction based on all relevant factors, including those listed above (see “How we select brokers/custodians”). Clients utilizing the same custodian may be subject to differing levels of custody fees, based on the billing practices of the applicable custodian.

#### *Products and services available to us from LPL, Schwab, Fidelity and Pershing*

LPL, Schwab, Fidelity and Pershing each provide us and our clients with access to their institutional brokerage services (trading, custody, reporting, and related services), many of which are not typically available to retail customers. They also make 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. These support services are generally available on an unsolicited basis (we don’t have to request them) and at no charge to us. Following is a more detailed description of these support services:

**Services that benefit you.** The 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 LPL, Schwab, Fidelity and/or Pershing include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients. The services described in this paragraph generally benefit you and your account.

**Services that may not directly benefit you.** LPL, Schwab, Fidelity and Pershing also make available to us other products and services that benefit us but may not directly benefit you or your account. These products and services assist us in managing and administering our clients' accounts and include investment research. We may use this research to service all or a substantial number of our clients' accounts, including accounts not maintained at LPL, Schwab, Fidelity or Pershing. In addition to investment research, LPL, Schwab, Fidelity and Pershing also make 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
- Assist with back-office functions, recordkeeping, and client reporting

**Services that generally benefit only us.** LPL, Schwab, Fidelity and Pershing also offer other services intended to help us manage and further develop our business enterprise. These services include, but are not limited to:

- Educational conferences and events
- Consulting on technology and business needs
- Publications and conferences on practice management and business succession
- Marketing consulting and support

LPL, Schwab, Fidelity and/or Pershing may provide some of these services themselves. In other cases, they will arrange for third-party vendors to provide the services to us. They may also discount or waive fees for some of these services or pay all or a part of a third party's fees. They may also provide us with other benefits, such as occasional business entertainment of our personnel.

*Our interest in services provided by LPL, Schwab, Fidelity and Pershing*

The availability of these services from LPL Schwab, Fidelity and Pershing benefits us because we do not have to produce or purchase them. For certain IARs transitioning to the Firm, LPL, Schwab and Fidelity have also each agreed to pay certain costs our clients will incur in transitioning accounts to LPL, Schwab or Fidelity (such as ACAT fees) and, in certain circumstances, for costs we would otherwise incur for certain third-party products and services once the value of the IAR's clients' assets in accounts at LPL, Schwab or Fidelity reaches a certain agreed upon threshold. These services are not contingent upon us committing any specific amount of business to either LPL, Schwab or Fidelity in trading commissions; however, the amount of the benefit is generally based on the amount of assets expected to transition to LPL, Schwab or Fidelity. This creates an incentive for an IAR to recommend that you maintain your account with LPL, Schwab or Fidelity, based on interest in receiving these services that benefit the IAR's business and the payment for services for which we/the IAR would otherwise have to pay 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 LPL, Schwab or Fidelity as custodian and broker is in the best interests of our

clients. Our selection is primarily supported by the scope, quality, and price of the services provided by LPL, Schwab and Fidelity (see “How we select brokers/ custodians”) and not the services that benefit only us.

### *Other Economic Benefits*

Receipt by an investment adviser of products and services provided by brokers, without any cash payment by an investment adviser, based on the volume of brokerage commission revenues generated from securities transactions executed through those brokers on behalf of the investment adviser’s clients is commonly referred to as “soft dollars.” Section 28(e) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), provides a “safe harbor” to investment advisers with respect to potential liability for violating their duty to obtain best execution for a client’s securities transactions in circumstances in which such advisers use soft dollars generated by their advised accounts only for purposes of obtaining investment research and brokerage services (i) that provide lawful and appropriate assistance to the investment adviser in the performance of investment decision making responsibilities and (ii) where the commissions paid are reasonable in relation to the value of the services provided.

The Firm does not currently have any formal soft dollar arrangements. The Firm is not required to allocate either a stated dollar or stated percentage of its brokerage business to any broker for any minimum time period.

### *Trade Execution*

If the client requests us to arrange for the execution of securities brokerage transactions for the client’s account, we shall direct such transactions through broker-dealers that we reasonably believe will provide best execution given prevailing market conditions. We generally execute transactions for clients with the account custodian; however, transactions are cleared through other broker-dealers, when determined to be appropriate, with whom the Firm and the financial institution(s) have entered into agreements for prime brokerage clearing services. In addition, certain custodians utilized by the Firm may charge custodial clients a flat dollar amount or “trade away” fee for each trade that the Firm has executed by a different broker-dealer. As a result, the client could incur both the fee (commission, mark-up/mark-down) charged by the executing broker and the separate “tradeaway,” “step-out” and/or prime broker fee charged by the custodian. We shall periodically and systematically review our policies and procedures regarding recommending broker-dealers to our clients in light of our duty to obtain best execution. Generally, our IARs are restricted to those broker-dealers, with whom the Firm has entered into a prime brokerage relationship. It should be noted that not all investment advisers require their clients to use specific or particular broker-dealers or other custodians required by the investment adviser and/or affiliated broker dealer. The fees charged by other broker-dealers may be higher or lower than those charged by those broker/dealers or custodians that have been approved by the Firm.

The Firm has delegated authority to place trades for certain model accounts to MWA, as applicable depending on the platform the client is using. If a client’s account is managed by a third-party, trades will be placed, aggregated and allocated according to the trading policy of the manager.

### *Directed Brokerage*

Clients do not have the option to direct us in writing to use a particular broker-dealer to execute some or all transactions for the client.

### *Trade Error Policy*

The Firm has a policy to minimize the occurrence of trade errors and, should they occur, detect such trade errors and take steps to resolve the error to make the client whole. Upon the timely discovery of a trade error, the Firm corrects the trade error. The trade error resolution process varies depending on the policies and practices of the custodian where the relevant client account is maintained. Clients may obtain additional information about the trade error policies and practices applicable to their account by contacting the Firm.

### **LPL FINANCIAL**

Many of our IARs are also registered representatives of LPL (“Dually Registered Persons”) and our primary custodial relationship is with LPL. Prior to engaging the Firm to provide investment management services, the client will be required to enter into a formal Investment Advisory Agreement with Registrant setting forth the terms and conditions under which Registrant shall manage client assets, and a separate custodial agreement with each designated broker-dealer or custodian. If the client desires to engage the IAR to provide brokerage services acting as a registered representative of LPL, the IAR has the option to place clients in investment products sold through LPL and will receive brokerage-related compensation for those services, such as commissions and trail fees. Many such products have fixed commissions as they are sold through a prospectus. For example, Dually Registered Persons, in their capacity as registered representatives of LPL, receive compensation (such as 12b-1 fees) from the sale of mutual fund products to clients of the Firm. This compensation is consideration for various services that the representative provides, such as presenting information to the Firm’s clients regarding the funds and recommending shares of the funds for investment. Payment of these fees is included in the expense ratios of the mutual funds. Registered representatives can have a greater incentive to recommend certain funds or fund families with 12b-1 fees or funds with higher 12b-1 fees over other funds or fund families with no or lower 12b-1 fees.

LPL provides information regarding such brokerage compensation at the time of a brokerage transaction. When considering whether to implement a recommendation through your IAR and LPL, clients should discuss with the IAR how LPL and the IAR will be compensated. Fees and commissions can also be higher or lower than services provided by other vendors. Using our IARs to provide brokerage services to you creates a potential conflict of interest that can give an IAR an incentive to recommend services based on the compensation they will receive. This in no way prohibits you from purchasing investment products recommended by us through other brokers or agents which are not affiliated with us. Please refer to Item 10 for additional information on this potential conflict of interest. Please refer to Item 5 of this Brochure for additional detail on fees.

### **LPL Services That Generally Benefit Us**

Our IARs will also receive from LPL (1) bonuses based on their production, (2) restricted stock units of shares of LPL’s parent company, LPL Investment Holdings, Inc., (3) reimbursement of

fees they pay to LPL for items such as administrative services, and (4) other items of value such as complimentary or reduced-cost attendance at LPL's national sales conference or other events. These financial incentives from LPL are based on their overall business production.

LPL also provides various benefits and payments to Dually Registered Persons that are new to LPL to assist the representative with the costs (including foregone revenues during account transition) associated with transitioning his or her business to LPL (collectively referred to as "Transition Assistance"). The proceeds of such Transition Assistance payments are intended to be used for a variety of purposes, including but not necessarily limited to, providing working capital to assist in funding the Dually Registered Person's business, satisfying any outstanding debt owed to the Dually Registered Person's prior firm, offsetting account transfer fees (ACATs) payable to LPL as a result of the Dually Registered Person's clients transitioning to LPL's custodial platform, technology set-up fees, marketing and mailing costs, stationary and licensure transfer fees, moving expenses, office space expenses, staffing support and termination fees associated with moving accounts.

The amount of the Transition Assistance payments is often significant in relation to the overall revenue earned or compensation received by the Dually Registered Person at his/her prior firm.

Such payments are generally based on the size of the Dually Registered Person's business established at his/her prior firm and/or assets under custody with LPL. Please refer to the relevant Part 2B brochure supplement for more information about the specific Transition Payments your IAR can or will have received.

Transition Assistance payments and other benefits are provided to associated persons of the Firm in their capacity as registered representatives of LPL. However, the receipt of Transition Assistance by such Dually Registered Persons creates conflicts of interest relating to the Firm's advisory business because it creates a financial incentive for Registrant's representatives to recommend that its clients maintain their accounts with LPL. In certain instances, the receipt of such benefits is dependent on a Dually Registered Person maintaining its clients' assets with LPL and therefore the Firm has an incentive to recommend that clients maintain their account with LPL in order to generate such benefits.

The Firm attempts to mitigate these conflicts of interest by evaluating and recommending that clients use LPL's services based on the benefits that such services provide to our clients, rather than the Transition Assistance earned by any particular Dually Registered Person. As discussed further in Section B – Best Execution of this Item 12, the Firm considers a number of factors when recommending that clients maintain accounts with LPL. However, clients should be aware of this conflict and take it into consideration in deciding whether to custody their assets with LPL.

#### **LPL Services That Can or Will Not Directly Benefit Clients**

LPL also makes available to us other products and services that benefit us but can or will not directly benefit our clients or their accounts held at LPL. These products and services assist us in managing and administering our clients' accounts. They include investment research, both LPL's own and that of third parties. The Firm and its IARs can use this research to service all or a substantial number of our clients' accounts, including accounts not maintained at LPL. In addition to investment research, LPL 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 the Firm's advisory fees from clients' accounts; and
- Assist with back-office functions, recordkeeping, and client reporting.
- Financial Planning and Investment Proposals

## **INSTITUTIONAL INTELLIGENT PORTFOLIOS**

With respect to the IIP Program, as described above under Item 4 Advisory Business, we do not pay SPT fees for the IIP Platform so long as we maintain \$100 Million in client assets in accounts at CS&Co. that are not enrolled in the IIP Program. In light of our arrangements with Schwab, we can have an incentive to recommend that our clients maintain their accounts with CS&Co. based on our interest in receiving Schwab's services that benefit our business rather than based on the client's interest in receiving the best value in custody services and the most favorable execution of transactions. This is a potential conflict of interest. We believe, however, that our selection of CS&Co. as custodian and broker is in the best interests of our clients. It is primarily supported by the scope, quality, and price of CS&Co.'s services and not Schwab's services that benefit only us.



### **ITEM 13: REVIEW OF ACCOUNTS**

For those clients to whom Registrant provides investment advisory services, account reviews are conducted at least annually by its IARs. All investment advisory clients are advised that it remains their responsibility to advise their IAR of any changes in his/her/its financial situation, investment objectives and/or risk tolerance. All clients (in person, virtual meeting, or telephone) are encouraged to discuss and review all such changes with their IAR on an annual basis. Clients who do not respond to requests to meet will be sent communication via mail or email to help them understand their current financial position and assist their IAR in the continued management of the account(s)

IAR's can or will conduct account reviews on an other-than-periodic basis upon the occurrence of a triggering event, such as a change in client financial situation, investment objectives, risk tolerance, market corrections, and client request.

Financial planning clients do not receive reviews of their written plans unless they take action to schedule a financial consultation with their IAR. We do not provide ongoing services to Comprehensive Financial Planning or Hourly Consulting clients unless they separately contract with us for a post-financial plan meeting or update to their initial written financial plan.

Retirement Plan Consulting clients receive reviews of their pension plans for the duration of the pension consulting service. IAR's also provide ongoing services to pension consulting clients where we meet with such clients upon their request to discuss changes to their circumstances and resulting updates to their plans.

## **ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION**

### **Recommendation of Brokers to Clients**

As discussed in Item 12 of this Brochure, the Firm typically recommends LPL as the broker-dealer or custodian to clients. If the client desires to engage the IAR to provide brokerage services acting as a registered representative of LPL, the IAR has the option to place clients in investment products sold through LPL and will receive brokerage-related compensation for those services. The recommendation by Registrant's IARs that a client purchase a securities and/or insurance commission product presents a conflict of interest as the receipt of commissions can provide an incentive to recommend investment products based on commissions received, rather than on a particular client's need. No client is under any obligation to purchase any commission products from Registrant's IARs. Clients are reminded that they can purchase investment products recommended by Registrant through other non-affiliated broker dealers or insurance agents. Please contact the CCO should you have any questions regarding the above conflict of interest.

### **Referral/Solicitor Fees**

From time to time, the Firm and/or its IARs may enter into arrangements with third parties or other financial intermediaries for lead generation, client referrals or solicitation for program accounts (collectively, "solicitation arrangements"). These solicitation arrangements range from largely impersonal referrals to specific client introductions to an IAR of the Firm. Under solicitation arrangements, the third parties and financial intermediaries are independent contractors.

Under such solicitation agreements, we pay referral fees (non-commission based) to third party Promoters for the referral of their clients to our Firm. All such agreements are in writing and comply with the requirements of Rule 206(4)-1 of the Advisers Act and applicable state and federal laws. The compensation paid under the solicitation arrangements is structured in various ways, including a one-time fee, a flat fee per lead or referral, and sharing a portion of the ongoing Account Fee. Any such fee shall be paid solely from the Firm's investment advisory fee and shall not result in any additional charge to the client.

For clients who are introduced to us by an unaffiliated Promoter, the client is given, prior to or at the time of entering into any advisory contract with the client, a copy of the Promoter's disclosure statement containing the terms and conditions of the solicitation arrangement including compensation. Any affiliated Promoter of ours, or a Promoter in which an affiliate holds a direct or indirect ownership interest, shall disclose the nature of his/her relationship to prospective clients at the time of the solicitation.

Depending on the Promoter's arrangement with the Network, a Promoter may not be compensated for referring a client who opens a brokerage account rather than an advisory account. Solicitation arrangements give rise to conflicts of interest because the referring party has a financial incentive to introduce new investment advisory clients to the Network and its IARs. LPL's participation in these referral arrangements does not diminish its fiduciary obligations to its clients.

The Firm's IARs may also act as Promoters by referring potential clients to third party investment advisory firms. When the client enters into an agreement with the third party advisory firm, the Firm is paid a portion of the annual management fee that the third party advisory firm

collects from each client solicited by the Firm. IARs provide each solicited client written disclosures at the time of solicitation, outlining the solicitation arrangement and the compensation to be paid to the Firm for soliciting the client. Upon receipt of the fees, the Firm will pay a portion of such solicitation fee to the IAR soliciting the potential client. The third party advisory firm, not the Firm, provides investment management services to each solicited client and is responsible for ensuring client suitability.

We receive client referrals from our affiliates for which we pay a referral fee. We refer clients to our affiliates for which we receive a referral fee. The compensation has generally included a recurring payment of a percentage of the client's annual advisory fee.

### **Other Compensation**

The IAR can also receive additional compensation from product sponsors. However, such compensation can or will not be tied to any product sales. They can include such compensation as gifts valued at less than \$100 annually, an occasional dinner or sporting event, or reimbursement in connection with educational meetings or training events. Product sponsors can also pay for education or training events.

As outlined in Item 12 of this Brochure, the Firm will recommend LPL, Schwab, TD, Fidelity and Pershing for the execution and settlement of client transactions and custody of their assets. As part of these arrangements, the Firm receives products and services from these broker-dealers, including software to enable direct electronic downloading of client account information, electronic trading, and access to investment research and information provided by broker-dealers. Clients do not pay higher commissions or transaction fees as a result of these products and services furnished by broker-dealers to the Firm. Although IARs registered with LPL can receive commissions in LPL accounts, the Firm earns no commissions from these transactions. Transaction charges or other charges for services to clients by broker-dealers can be more or less than other broker-dealers not recommended by the Firm that charge for comparable services. Clients are not required to use a specific broker-dealer to retain the services of the Firm. Please refer to Item 12 above for complete information on the benefits received by the Firm from these broker-dealers.

Mutual funds purchased or sold in broker-dealer accounts can generate transaction fees that would not exist if the purchase or sale were made directly through the mutual fund company. Mutual funds held in broker-dealer accounts also charge management fees. These mutual fund management fees can be more or less than the mutual fund management fees charged if the client held the mutual fund directly with the mutual fund company. These management fees are in addition to the management fee charged by the Firm.

On occasion, LPL provides funding in the form of loans as incentive to independent registered representatives to establish broker-dealer relationships with LPL. Such loans are to assist in the transition and expansion of their practice.

Some IARs will also receive from LPL bonuses based on their production, issued restricted stock units of shares of LPL's parent company, LPL Investment Holdings, Inc., reimbursement of fees they pay to LPL for items such as administrative services, and other things of value such as complimentary or reduced-cost attendance at LPL's national sales conference or other events.

These financial incentives from LPL are based on their overall business production. However, in

some cases, the incentives are greater for assets they service in advisory programs. This can present a conflict of interest as the need to meet production levels can influence investment recommendations.

The Firm receives asset-based advisory fees as a result of its clients' participation in the LPL sponsored programs. The amount of these fees can be more or less than what the Firm would receive if a client participated in other LPL programs or paid separately for investment advice, brokerage and other client services. Additionally, the Firm or one or more of its IARs will receive all or a portion of certain third party fees that are paid by program clients. Therefore, the Firm has a financial incentive when recommending that its clients open an account under the LPL managed account program. As part of the Firm's fiduciary duty to its clients, the Firm and its IARs will endeavor at all times to put the interest of the clients first and will only make recommendations when they are reasonably believed to be in the best interests of the client. Please refer to Item 5 of this Brochure for further details regarding fees.

## **ITEM 15: CUSTODY**

The Firm does not maintain actual custody of client funds or securities. Under federal regulations, our Firm is deemed to have custody of client funds solely because the Firm has the authority and ability to debit its fees directly from clients' accounts that are being charged an asset-based advisory fee. To mitigate any potential conflicts of interests, all client assets are maintained with an independent qualified custodian, as discussed earlier in this Brochure.

Situations where the Firm is deemed to have custody may also include affiliates serving as trustee or co-trustee of client accounts; however, at the time of this filing, there are no clients for which this is true.

Notably, in most cases a client's broker-dealer also will act as the custodian of the client's assets for little or no extra cost. Clients should be aware, however, of the differences between having their assets held at a broker-dealer versus at a bank or trust company. Some of these differences include, but are not limited to, custodian costs, trading issues, security of assets, client reporting and technology.

The Firm will only implement its investment management recommendations after the client has arranged for and furnished the Firm with all information and authorization regarding its accounts held at a qualified custodian.

Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the qualified custodian and/or program sponsor that holds and maintains their assets. These custodial statements will reflect the account holdings, transactions for the period reported, and any additions and withdrawals from the account, including the withdrawal of the Firm's advisory fees. IARs utilize third party software applications to produce written reports summarizing periodic account activity and performance, which they can provide to their clients from time to time. These reports will vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities. Clients are urged to carefully review all custodial statements, compare them to any reports and/or statements provided by the Firm and its IARs, and notify the Firm of any discrepancies as soon as possible, including any error they believe can or will have occurred in the fee calculation. Please refer to Item 12 above for additional important disclosure information relating to the Firm's practices and relationships with custodians.

## **ITEM 16: INVESTMENT DISCRETION**

The Firm provides investment advisory services on a discretionary basis. Prior to the Firm assuming discretionary authority over a client's account, the client shall be required to execute an Investment Advisory Agreement naming the Firm as the client's attorney and agent in fact, granting the Firm full authority to determine, without obtaining specific client consent, securities to be bought or sold, or the amount of securities to be bought or sold under Direct Asset Management Services.

Clients can, at any time, impose investment restrictions in writing on the Firm's discretionary authority (i.e. limit the types/amounts of particular securities purchased for their account, exclude the ability to purchase securities with an inverse relationship to the market, limit or proscribe the use of margin in the account, etc.) Overall, the ability to have discretion over an account allows an advisor to periodically change the allocation of the client's account to maintain a balance between the client's portfolio and their risk tolerance as part of a strategic plan or implement changes due to markets and due diligence information as part of a tactical plan for the client.

### **ITEM 17: VOTING CLIENT SECURITIES**

Registrant does not take any action or render any advice with respect to voting of proxies solicited by or with respect to the issuers of securities in which client assets are invested. In addition, Registrant does not take any action or render any advice with respect to any securities held in any accounts that are named in or subject to class action lawsuits. We do, however, forward to clients any information that we receive regarding class action legal matters involving any security held in client accounts. Clients will receive their proxies or other solicitations directly from the custodian. Clients can contact the Firm to discuss any questions they have regarding a particular solicitation.

### **ITEM 18: FINANCIAL INFORMATION**

Registrant is not required to provide financial information in this Brochure because we: (1) do not take custody of client funds or securities, other than deduction of advisory fees as described in Item 15 of this Brochure; (2) are not aware of any financial commitment that is likely to impair our ability to provide the services identified in this Brochure; (3) have not been the subject of a bankruptcy proceeding; and (4) do not require the prepayment or solicit prepayment of more than \$1,200 in fees per client six (6) months in advance.