



# FORM ADV PART 2A

Current as of June 27, 2024

**Arbor Point Advisors, LLC**

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This brochure provides information about the qualifications and business practices of Arbor Point Advisors, LLC. If you have any questions about the contents of this brochure, please contact us at (800) 747-6111. Arbor Point Advisors, LLC is registered with the Securities and Exchange Commission (SEC) as a registered investment adviser. Registration does not imply any level of skill or training. The information in this brochure has not been approved or verified by the SEC or by any state securities authority.

Additional information about Arbor Point Advisors, LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. The CRD number for the Firm is 165127.

## ITEM 2 – MATERIAL CHANGES

This Item discusses only specific material changes that are made to this Brochure and provides clients with a summary of such changes. The last annual amendment to the Arbor Point Advisors, LLC Form ADV Part 2A Brochure was filed March 31, 2023. Since then, the following changes have occurred.

- Item 4 – Discretionary managed were updated as of 12/31/2023.
- Item 8 – Disclosure of the risks associated with ESG/SRI investment practices have been added to the document.
- Item 10 – Updates were made to reflect changes to and renaming of certain related persons and affiliates.
- Item 14 – Revisions were made to the disclosure of conflicts.

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## ITEM 4 – ADVISORY BUSINESS

Arbor Point Advisors, LLC (“APA”) is registered as an investment adviser with the Securities and Exchange Commission (“SEC”), SEC File No. 801-77135, in order to offer investment advisory products and services to its advisory clients. Osaic Wealth, Inc. (“Osaic Wealth”), APA’s broker-dealer affiliate, is registered with the SEC as a broker-dealer engaged in the offer and sale of securities products and is a member of the Financial Industry Regulatory Authority (“FINRA”). Advisory products and services are offered through certain Financial Advisers (“FAs”) who have registered as Investment Adviser Representatives (“Advisory Representative”). Registration does not imply a certain level of skill or training. APA and Osaic Wealth are wholly owned subsidiaries of Securities America Financial Corporation (“SAFC”). SAFC is a wholly-owned subsidiary of Osaic Holdings, Inc., which is owned primarily by a consortium of investors through RCP Artemis Co-Invest, L.P., an investment fund affiliated with Reverence Capital Partners LLC. The consortium of investors includes RCP Genpar Holdco LLC, RCP Genpar L.P., RCP Opp Fund II GP, L.P. and The Berlinski Family 2006 Trust.

Osaic Wealth, Inc. the broker-dealer, will henceforth be referred to as “Osaic Wealth”. APA will henceforth be referred to as “we”, “us”, “our” or the “Firm”.

We have been an SEC Registered Investment Adviser since 2012 and manage, as of December 31, 2023, \$6,929,575,682 of assets on a discretionary basis.

Each of our Advisory Representatives is permitted to offer all or any combination of the advisory programs described below to our clients (“you” or “your”).

### ASSET MANAGEMENT SERVICES PROGRAM

The Asset Management Services Program provides comprehensive investment management of your assets through highly customized and individualized investment strategies crafted to focus on your specific goals and objectives. We provide this investment management service through accounts maintained through Schwab Advisor Services (“Schwab”) and Fidelity Institutional Wealth Services (“Fidelity/IWS”).

The Asset Management Service Program is a program where the Advisory Representative is the portfolio manager. Your Advisory Representative has the option to allocate your portfolio amongst a mix of stocks, bonds, options, exchange-traded funds, mutual funds, cash and other securities (“Program Investments”) which are based on your individual needs, investment goals, objectives, and risk tolerance.

Additionally, you can elect to place reasonable restrictions on the types of investments to be held in the portfolio. Restrictions can include requiring your Advisory Representative to avoid investing in certain industries, companies, securities, or types of securities. There is no additional charge for applying these types of restrictions to your Ally or Counsel Programs. If you would like to impose reasonable restrictions on the management of your Ally or Counsel Portfolio, or modify reasonable restrictions that you have previously imposed, please contact your Advisory Representative.

Clients should expect that the performance of advisory accounts with restrictions will differ from, and may be lower than, the performance of advisory accounts without restrictions. In addition, the account’s risk profile, sector weights and other characteristics may differ from advisory accounts without restrictions. The Advisory Representatives and the Firm do not assume responsibility for investment restrictions that are imposed by the client or any non-client individual or entity, including clients’ employers, or that are not communicated in writing to and accepted by the Advisory Representative.

For further Asset Management Services Program details, please see the Asset Management Services Program Brochure. We provide this brochure to you prior to or concurrent with your enrollment in the Asset Management Services Program. Please read it thoroughly before investing.

### PARTICIPANT RETIREMENT PROGRAM

Through the Participant Retirement Program, APA and Advisory Representatives offer investment advisory services to participants in tax-exempt retirement account assets in employer sponsored retirement plans (“Plan”).

Under the Participant Retirement Program, you elect to have your Advisory Representative manage your contributions to the Plan, any contributions by your employer or Plan sponsor on your behalf and any other additions to the Plan on behalf of or attributable to you (collectively, "Plan Assets"). Through your Advisory Representative, the Firm provides advice with respect to Plan Assets in your account only including additions, substitutions and proceeds. The Firm is not responsible for the actions or non-actions of predecessor investment advisors, managing any assets other than the Plan Assets allocated to your account or administration of the Plan. In managing your account, the Firm will, but is not required to, consider any other securities, cash or other investments owned by you.

You maintain the ability to impose reasonable restrictions on management of your account, including the ability to instruct us to not purchase certain investments or securities. Your Advisory Representative will contact you at least annually to discuss any changes or updates regarding your financial situation, risk tolerance, investment objectives, investment time horizon or restrictions you may wish to impose on the account.

At no time will the Firm act as custodian of the Plan or have direct access to the Plan's funds and/or securities. Fidelity/IWS maintains custody of all Plan Assets in your account and will process the orders for securities transactions in your account in its broker-dealer capacity when your Advisory Representative enters such orders.

### **TRANSFERRED SSN ADVISORY, INC. ACCOUNTS**

In September 2020, certain accounts at SSN Advisory, Inc. ("SSNAI"), were acquired and merged into the Firm. The Firm replaced SSNAI as the registered investment adviser on any non-wrap Fidelity/IWS program accounts transferred due to the acquisition. The non-wrap Fidelity/IWS program accounts ("Transferred SSNAI Accounts") are only available to clients who are already invested in them and are not being offered to new clients or accounts.

Through this legacy program, we provide comprehensive investment management of your assets through highly customized and individualized investment strategies crafted to focus on your specific goals and objectives. We provide this investment management service through accounts maintained through Fidelity/IWS.

In this legacy program, the Advisory Representative is the portfolio manager. Your Advisory Representative has the option to allocate your portfolio amongst a mix of stocks, bonds, options, exchange-traded funds, mutual funds and other securities ("Program Investments") which are based on your investment goals, objectives, and risk tolerance.

Each portfolio is designed to meet your individual needs, stated goals and objectives. Additionally, you have the opportunity to place reasonable restrictions on the types of investments to be held in the portfolio.

Each of our Advisory Representatives negotiates his or her own account fee schedule. The account fees paid by you include portions paid to your Advisory Representative, as well as to the Firm. Mutual funds and ETFs invested in the account also have their own internal fees ("internal fund expenses") which are separate and distinct from the program account fees (for more information on these fees, see the applicable fund prospectus).

### **TRANSFERRED KMS FINANCIAL SERVICES, INC. ACCOUNTS**

In November 2020, certain accounts at KMS Financial Services, Inc. ("KMS"), were acquired and merged into the Firm. The Firm replaced KMS as the registered investment adviser on any Schwab and Fidelity/IWS program accounts transferred due to the acquisition. These program accounts ("Transferred KMS Accounts") are only available to clients who are already invested in them and are not being offered to new clients or accounts.

Through this legacy program, we provide comprehensive investment management of your assets through highly customized and individualized investment strategies crafted to focus on your specific goals and objectives. We provide this investment management services through accounts maintained through Schwab and Fidelity/IWS.

In this legacy program, the Advisory Representative is the portfolio manager. Your Advisory Representative has the option to allocate your portfolio amongst a mix of stocks, bonds, options, exchange-traded funds, mutual funds and other securities ("Program Investments") which are based on your investment goals, objectives, and risk tolerance.

Each portfolio is designed to meet your individual needs, stated goals and objectives. Additionally, you have the opportunity to place reasonable restrictions on the types of investments to be held in the portfolio.

Each of our Advisory Representatives negotiates his or her own account fee schedule. The account fees paid by you include portions paid to your Advisory Representative, as well as to the Firm. Mutual funds and ETFs invested in the account also have their own internal fees (“internal fund expenses”) which are separate and distinct from the program account fees (for more information on these fees, see the applicable fund prospectus).

### **THIRD-PARTY ADVISORY SERVICES**

The Firm can also offer you the services of various Third-Party Money Managers (“Third-Party Money Managers” or “TPMMs”) for the provision of certain investment advisory programs including mutual fund wrap and separately managed account programs. In doing so, we act in a “co-advisory” or, in certain circumstances, “promoter” capacity. TPMMs typically maintain their own custodial relationships and do not leverage the custodial relationship the Firm has with Schwab or Fidelity except for certain TPMMs detailed below.

When acting in a co-advisory capacity, the Firm and the Third-Party Money Manager are jointly responsible for the ongoing management of your account. In connection with this agreement, your Advisory Representative will provide assistance in the selection and ongoing monitoring of a particular Third-Party Money Manager. Factors we consider in the selection of a particular Third-Party Money Manager include, but are not limited to:

- i. our assessment of a particular Third-Party Money Manager;
- ii. your risk tolerance, goals, objectives and restrictions, as well as investment experience; and
- iii. the assets you have available for investment.

The Firm’s role in these relationships is limited as one that monitors Third-Party Money Managers’ investment strategies generally as part of its initial and annual diligence of Third-Party Money Managers. In this case, the Firm does not exercise discretion in selecting, holding or selling portfolio investments.

Third-Party Money Managers have differing minimum account requirements and a variety of fee ranges. Each manager’s advisory services, fees and expenses, program termination and other information are set forth in their disclosure brochures, client agreements, account opening documents and applicable fund prospectuses. The fees charged by Third-Party Money Managers who offer their programs directly to you may be more or less than the combined fees charged by the Third-Party Money Manager and us for our participation in the investment programs.

Your Advisory Representative will assist you in opening an account and, when doing so, you will execute an agreement directly with the selected TPMM. Most TPMMs assume limited discretionary authority over your account, meaning that the selected TPMM has the authority to purchase and sell securities in your account without contacting you or your Advisory Representative first. Some TPMMs may allow you to impose restrictions on investing in specified securities or types of securities. In addition to the advisory relationship that you will have with these Third-Party Money Managers, you will also enter into an advisory relationship with us by signing our client agreement. If you are interested in learning more about these services, please note that a complete description of the programs, services, fees, payment structure and termination features are available via the applicable Third-Party Money Manager’s disclosure brochures, investment advisory contracts, and account opening documents. You should know that the services provided by us through the use of Third-Party Money Managers are under certain conditions directly offered by them to you. Not all TPMMs are open to all Advisory Representatives, as some are available on a limited basis, for the most part, as the result of transitions and our Firm’s growth.

Your Advisory Representative can also act purely in a promoter capacity when referring you to a TPMM. When acting as a promoter for the TPMM program, the Firm and your Advisory Representative do not provide advisory services in relation to the TPMM program. Instead, your Advisory Representative will assist you in selecting one or more TPMM programs. The TPMM will be responsible for assessing the suitability of their investment recommendations against your risk profile. Your Advisory Representative is compensated for referring you to the TPMM program. This compensation generally takes the form of the TPMM sharing a percentage of the advisory fee you pay to the TPMM. When we act as a promoter for a TPMM program, you will receive a written promoter disclosure statement describing the nature of our relationship with the TPMM program, if any; the terms of our compensation arrangement with the TPMM program, including a description of the compensation that we will receive for referring you to the TPMM program. Please consult the applicable Third-Party Money Manager’s agreement for further information.

The amount of compensation received by the Firm and your Advisory Representative from a particular TPMM could be higher than the compensation received from another TPMM. This is because compensation structures vary by product type as well as TPMM programs provided. This results in a conflict of interest because your Advisory Representative has a financial incentive to recommend one TPMM over another in order to receive greater compensation. There can be other suitable TPMM programs that are more or less costly. If you would like additional information on costs of TPMM programs chosen for you, please discuss with your Advisory Representative.

Trading by Third-Party Money Managers can trigger wash sale rule implications. A wash sale occurs when a security is sold at a loss and then the same or substantially identical security is repurchased within a short time period. The Third-Party Money Manager cannot necessarily manage accounts in a manner to avoid wash sale implications. You are encouraged to consult with a tax advisor to discuss any tax implications involving your portfolios in these and in all advisory programs.

#### Envestnet Asset Management, Inc.

The Firm has an agreement with Envestnet that allows its Advisory Representatives to offer third party money managers to clients through the Envestnet Private Wealth Management Program. The Private Wealth Management Program allows you to establish an account using Fund Strategist Portfolios (“FSP”), Separately Managed Account Portfolios (“SMA”) and Unified Managed Account Portfolios (“UMA”). Envestnet acts as the platform manager and provides overlay management of the investment models by performing administrative services and trading services. APA and its Advisory Representative act in a co-advisory capacity under this agreement. As a co-adviser, the Advisory Representative will assist you in determining which Third-Party Money Managers are best suited for you, gather information from you about your financial situation, investment objectives, and other information you need to open your account.

The fees you pay for will be designated in the agreement with Envestnet. You pay an annual account fee, payable quarterly or monthly and calculated as a percentage of account assets under management for advisory services provided. Both APA and your Advisory Representative take a portion of this fee.

The advisory fee you pay does not cover certain custodial fees that are charged to clients by the custodian. A custodian can charge a minimum account fee. Clients are also charged for specific account services, when applicable, such as ACAT transfers, electronic fund and wire transfer charges, and for other optional services elected by Clients. Accounts are subject to transaction-based ticket charges assessed by the custodian for the purchase of certain mutual funds, as applicable. Similarly, the Program Fee does not cover certain non-brokerage-related fees such as individual retirement account (“IRA”) trustee or custodian fees and tax-qualified retirement plan account fees and annual and termination fees for retirement accounts (such as IRAs). For certain accounts, APA passes these transaction charges to your Advisory Representative.

The Firm and your Advisory Representative utilize multiple broker-dealer custodians for brokerage and clearing services. Refer to the *Item 12: Brokerage Practices* for more details.

A complete description of the programs, services, fees, payment structure and termination features are available via Envestnet’s Form ADV 2A and/or applicable wrap fee brochures, investment advisory contracts, and account opening documents.

#### Ladenburg Thalmann Asset Management Inc.

The Firm has an agreement with Ladenburg Thalmann Asset Management Inc. (LTAM) that allows our Advisory Representatives to offer the LTAM sponsored Investment Consultant Services (ICS) Program and the Ladenburg Asset Management Program (LAMP) through the Firm’s custodial relationship to clients. Through the ICS program, Firm’s Advisory Representatives assist the client in selecting one or more managers available through the Program (“ICS Managers”), which may include LTAM, to provide discretionary management services for the client’s account from those available through ICS. Through the LAMP Program, Firm’s Advisory Representatives gather information from the client regarding their investment objectives, risk tolerance, investment time horizon, and any investment policies, guidelines, or reasonable restrictions applicable to the assets. Based on the information provided, the Advisory Representative assists the client in determining if there is an appropriate LAMP solution for their investment needs and helps select an investment strategy for the client’s account from those available through LAMP. A team of investment managers employed by LTAM (LAMP Managers) manage the accounts in LAMP on

a discretionary basis in accordance with the investment strategy that the client selects and information provided by the clients on the Agreement.

LTAM is affiliated with the Firm. Refer to Item 10, *Other Financial Industry Activities and Affiliations*, for additional information.

A complete description of the programs, services, fees, payment structure and termination features are available via LTAM's Form ADV 2A and/or applicable wrap fee brochures, investment advisory contracts, and account opening documents.

## **FINANCIAL PLANNING AND CONSULTING SERVICES**

Arbor Point Advisors and your Advisory Representative offer advice through the presentation of financial plans. Clients using these services can receive a written financial plan providing them with a financial blueprint designed to achieve their stated financial goals and objectives. Plans can be comprehensive or focus only on specific areas of concern to you. In general, a financial plan can address any or all of the following areas:

- Cash management
- Insurance coverage
- Death and disability planning
- Divorce planning
- College planning
- Investment portfolio review
- Estate and retirement planning
- Income distribution

In addition, Arbor Point Advisors and your Advisory Representative provide financial planning consultation services on specific areas of concern to you. These services can also include retirement plan consulting services provided to the plan sponsor or to individuals wanting advice on how their plan investments should be allocated. Additionally, APA and your Advisory Representative can provide financial planning services to business entities and groups requesting educational services and financial planning seminars or individual consulting and planning services for employees or members. If individual planning or consulting services are provided, each participating employee or member will be required to execute a separate agreement with us. These services will be advice-only services; APA and your Advisory Representative will not implement transactions on your behalf as part of these services.

If you want APA or your Advisory Representative to implement transactions on your behalf, you need to contract with APA and your Advisory Representative for our investment management services described elsewhere in this section. In the alternative, your Advisory Representative may also be a Osaic Wealth registered representative and, if so, you can engage him or her in this separate capacity to establish a brokerage account and implement transactions.

When providing financial planning and financial planning consultation services, your Advisory Representative gathers information through interviews concerning your current financial status, goals and objectives, risk tolerance and time horizon. We may also request that you complete a questionnaire and provide additional documentation. Depending on the level of services requested, your Advisory Representative can prepare a written report. Implementing any recommendation can require you to work closely with your attorney, accountant and/or insurance agent. Implementation is entirely at your discretion. Your Advisory Representative can also provide advice on non-securities matters. Generally, this is in connection with rendering estate planning, college planning and insurance and/or annuity advice.

Financial planning and consulting services are provided pursuant to a separate agreement for a fee agreed upon in that agreement.

## **RETIREMENT PLAN CONSULTING SERVICES**

The Firm offers retirement consulting services to employee benefit plans (collectively, "Plans") and their fiduciaries. The services are designed to assist the plan sponsor (the "Company") in meeting its management and fiduciary

obligations to the Plan under the Employee Retirement Income Security Act (“ERISA”). Retirement consulting services are provided pursuant to a retirement plan consulting services agreement, and will consist of general or specific advice, that includes services other than investment advisory services. Retirement plan consulting services include one or more of the following:

1. **Plan Set Up:** Your Advisory Representative will assist you with the initial set up of a new Plan on a record-keeping platform.
2. **Plan Conversion:** Your Advisory Representative will assist you with converting a Plan from an existing record-keeping platform to a new record-keeping platform.
3. **Recommend and monitor investment options:** Your Advisory Representative will assist you by periodically reviewing (at least annually) the investment options of the Plan’s investment menu and, when warranted, recommend possible change in investment option(s).
4. **Plan Performance Review:** Your Advisory Representative will assist you by conducting a periodic review (at least annually) to assist you with determining whether the terms of the Plan and the design are meeting your needs and those of the Plan’s participants.
5. **Benchmarking of the platform, fees and services:** Your Advisory Representative will assist you by periodically reviewing and benchmarking the Plan’s fees, services and investments.
6. **Plan Compliance Review:** Your Advisory Representative will conduct a periodic review (at least annually) of specific Plan items as determined by the Plan and advise the Plan whether it is operating in accordance with Plan documents and applicable provisions of ERISA as it relates to the specific items.
7. **Participant Education Services:** Your Advisory Representative will coordinate and/or conduct periodic investment, enrollment and/or retirement education meetings for Plan participants as determined by the Plan.
8. **Self-Directed Brokerage Account (“SDBA”) Education:** Your Advisory Representative will, to the extent directed by the Responsible Plan Fiduciary, conduct periodic employee investment education meetings with respect to implementing trades through the SDBA.

There is opportunity for the Company to engage us to provide a review of executive benefits, for separate compensation.

We will determine with the Company in advance the scope of services to be performed and the fees for all requested services. Prior to engaging us to provide consulting services, the Company will be required to enter into a written agreement with us setting forth the terms and conditions of the engagement, describing the scope of the services to be provided, and the relevant fees and fee-paying arrangements. The services outlined above that we provide are explained in more detail in the written agreement. We will also provide additional disclosures about our services and fees, where required by ERISA.

When we perform the agreed upon services, we will not be required to verify the accuracy or consistency of any information received from the Company.

We will serve in a non-discretionary ERISA fiduciary capacity with respect to some but not all of the services that we provide which will be further explained in the written agreement we sign with the Company. The Company is always free to seek independent advice about the appropriateness of any recommendations made by us.

The agreement we sign with the Company includes the disclosures required of Advisory Representative under Section 408(b)(2) of ERISA, in particular, (i) the services to be provided by Advisory Representative, (ii) the extent to which Advisory Representative is acting as a fiduciary, (iii) the compensation to be received by Advisory Representative, and the manner of receipt of that compensation, and (iv) any fees payable on termination of the agreement. Advisory Representative receives no indirect compensation in respect of the services provided pursuant to the agreement. We retain a portion of the compensation described in the agreement for our services in connection with the agreement, the amount of which varies with our arrangement with each Advisory Representative. Pursuant to the agreement, Advisory Representative neither provides recordkeeping services nor makes available any designated investment alternative for the plan nor advises any investment contract, fund or entity in which the plan has a direct equity investment, and no disclosures under Section 408(b)(2) are thus required to be provided in respect of those matters.



## **Our Fiduciary Acknowledgement**

When the Firm and your financial professional provide “investment advice” within the meaning of Title 1 of the Employee Retirement Income Security Act and/or the Internal Revenue Code (“Retirement Laws”) to you regarding your retirement plan account or individual retirement account (“Retirement Account(s)”), we are fiduciaries under the Retirement Laws with respect to such investment advice. The way we make money creates certain conflicts with your interests, so we operate under a special rule that requires us to act in your best interest and not put our interest ahead of yours. Under these requirements, when providing certain investment recommendations, we must:

- Meet a professional standard of care (give prudent advice);
- Not put our financial interests ahead of yours;
- Avoid misleading statements about our conflicts of interest, fees, and investments;
- Follow policies and procedures designed to ensure that we give advice that is in your best interest;
- Charge no more than what is reasonable for our services; and
- Give you basic information about our conflicts of interest.

### **Rollovers and Transfers from an Employer Sponsored Plan**

We may provide (1) general information and education to you about the factors to consider when deciding whether to move retirement assets to the Firm, or (2) a recommendation that you roll or transfer assets out of an employer sponsored plan to the Firm. If we provide you with a recommendation to roll assets out of an employer plan, you understand and agree that our analysis of the costs and services of your retirement plan, as compared to the costs and services the Firm provides, depends on the information you provide to us (or in certain circumstances, information we obtain from third parties about the plan (or similar types of plans)). You are responsible for updating us promptly if your investment objectives, risk tolerance, and financial circumstances change.

### **Transfer of Individual Retirement Account (“IRA”) to IRA**

If your financial professional makes a recommendation that you move assets from an IRA at another financial institution to the Firm, he or she is required to consider, based on the information you provide, whether you will be giving up certain investment-related benefits at the other financial institution, such as the effects of breakpoints or rights of accumulation, and has determined that the recommendation is in your best interest because (1) greater services and/or other benefits (including asset consolidation and holistic advice and planning) can be achieved with the Firm IRA; and (2) the costs associated with the Firm IRA are justified by these services and benefits.

### **Limitations to our Acknowledgment of Fiduciary Status**

This acknowledgment of status under the Retirement Laws does not create or expand any “fiduciary” relationship, capacity or obligations of the Firm and your financial professional under any federal or state laws, other than the Retirement Laws. There are many communications and recommendations that are not considered to be fiduciary “investment advice” under the Retirement Laws (which are subject to change). For additional information please refer to our Fiduciary Acknowledgement available at [www.arborpointadvisors.com/disclosures](http://www.arborpointadvisors.com/disclosures).

## **Our Material Conflicts of Interest**

Our material conflicts of interest are described in this brochure. Investment advisory, financial planning, or retirement service recommendations as described above may pose a conflict between the interests of the Firm and the interests of clients. For example, a recommendation to engage the Firm for investment advisory services or to increase the level of investment assets with the Firm, including through rollovers or other transfers of retirement plan accounts or IRAs, would pose a conflict, as it would increase the advisory fees paid to the Firm.

A conflict exists if your Advisory Representative is an Osaic Wealth registered representative and you choose to buy product(s) through him or her in this separate capacity. In this separate capacity, he or she receives a commission on the product(s) sold in addition to the fees charged for financial planning and/or financial planning consultations. This means there is a financial incentive for your Advisory Representative to recommend investments to you in which you pay management fees and/or broker/dealer commissions if Osaic Wealth, our broker/dealer affiliate, processes the transaction. You are under no obligation to act upon APA’s or your Advisory Representative’s recommendations, and you have sole discretion whether or not to implement any

recommendations. If you elect to act on any of the recommendations, you are under no obligation to effect transactions through APA or Osaic Wealth .

You are not obligated to implement any recommendations made by the Firm or maintain an ongoing relationship with the Firm. If a client elects to act on any of the recommendations made by the Firm, the client is under no obligation to execute the transaction through the Firm. Certain of our Advisory Representatives, in addition to being investment adviser representatives of the Firm, may also be registered representatives of Osaic Wealth. We encourage you to review the Osaic Wealth, Inc. Broker-Dealer Firm Brochure located at [www.osaic.com/disclosures](http://www.osaic.com/disclosures) which describes the material conflicts of interest associated with those brokerage services.

#### Advisory Services vs. Brokerage Services

In most cases, the total compensation that our Firm receives for providing investment advisory services is more than it receives for providing brokerage services. Also, the advisory fees you would pay to us in an investment advisory account do not decrease even where the level of investment trading activity in your advisory account is low. Both our Firm and our individual Advisory Representatives typically make more money if you choose an advisory account over a brokerage account with the Firm. Thus, we have a financial incentive to encourage you to select an advisory account over a brokerage account with the Firm.

#### Rollovers and Account Type Changes

Regardless of the investments and services you select, the Firm will make more money if you roll over assets from a retirement plan or IRA for which we do not provide services, to a retirement plan or IRA for which we do provide services, whether the rollover is from (1) a plan to an IRA, (2) an IRA to an IRA, (3) a plan to another plan, or (4) an IRA to a plan (as those terms are described above). As noted above, Advisory Representatives are typically compensated in part based on the total advisory fee and commission revenues they generate for our Firm. Therefore, both our Firm and Advisory Representatives have financial incentives to recommend plan and/or IRA rollovers to plans and IRAs serviced by us. You are under no obligation, contractually or otherwise, to complete the rollover. Furthermore, if you do complete the rollover, you are under no obligation to have the assets in an IRA managed by us.

Some of Advisory Representatives are not licensed to provide brokerage services (i.e., through Osaic Wealth or otherwise) at all. Thus, our Firm and such Advisory Representatives often have additional incentives to recommend that clients roll over or transfer (or otherwise convert) brokerage accounts held at other financial institutions (which may be IRAs, retirement plan accounts or otherwise types of brokerage accounts) to advisory accounts with our Firm.

### **ALTERNATIVE INVESTMENTS AND CAIS**

The Firm has contracted with CAIS Capital, LLC and Capital Integration Systems LLC (collectively “CAIS”) and has granted Advisory Representatives access to the CAIS alternative investment platforms. CAIS and its affiliates conduct the initial and on-going due diligence (investment and operational) on private equity and hedge fund offerings available on their platform. The Firm relies on the due diligence provided by CAIS related to the offerings available on the platform. Only Firm-approved alternative investment are available on the CAIS platform. Our agreement with CAIS provides for a payment to us of up to 10 basis points (.10%) on the sale amount of alternative investment products sold through the CAIS platform to our clients. CAIS also pays a fee to attend our Firm’s conferences for our Advisory Representatives. Please note that with privately held alternatives valuations can lag a month or more and are received from the issuer’s or offerings’ third-party administrator. The fee billing calculation uses this data to calculate the Program Fee (as defined below in Item 5 Fees and Compensation). Please refer to Item 5 Fees and Compensation for additional information on fee calculation.

### **LENDING SERVICES**

#### **Securities Backed Line of Credit (SBLOC) / Non-Purpose Loans**

The Firm offers you SBLOCs offered through participating third-party banks. SBLOCs are loans whereby an investor borrows against the assets in his or her investment portfolio without having to liquidate these securities. These loans require monthly interest-only payments, and the loan remains outstanding until it is re-paid. SBLOCs are non-purpose loans, which means the loan proceeds can be used for purposes other than to purchase or trade securities.

An SBLOC allows you the opportunity to avoid potential capital gains taxes because you don't have to liquidate securities for access to funds. You might also be able to continue to receive the benefits of your holdings, like dividends, interest and appreciation. However, as with virtually every financial product, SBLOCs have risks and downsides. For instance, if the value of the securities you pledge as collateral decreases, you may need to come up with extra money fast, or your positions could be liquidated.

Prior to establishing a SBLOC, you should carefully review the disclosure form provided by the Firm.

## **Margin Loans**

The Firm can arrange for its clearing brokers/custodian for your account to loan you money against the value of certain stocks, bonds and mutual funds that are held in your account at that clearing broker. That borrowed money is called a margin loan and can be used to purchase additional securities. Margin loans are not available in retirement or custodial accounts. There's no set repayment schedule with a margin loan—monthly interest charges accrue to the account, and the borrower has the option to repay the principal at their convenience, subject to margin calls as discussed below.

Margin loans can be profitable when securities in an account increase in value and the increase in value exceeds the interest you pay on the margin loan. However, the magnifying effect works the other way as well. The marginable investments in the portfolio provide the collateral for the margin loan. While the value of that collateral fluctuates according to the market, the amount borrowed stays the same. If the value of the margined securities decline to the point where they no longer meet the minimum equity requirements for the margin loan, there will be a margin call. When this happens, the Firm or its clearing brokers/custodian for your account will ask that more cash or marginable securities be deposited into the account to meet the minimum equity requirement or they may sell securities in the account as needed. Please remember:

- Margin loans increase an account's level of market risk;
- The clearing broker/custodian for your account may initiate the sale of any security in the account without contacting the account owner, to meet the margin call; and
- Account owners are not entitled to an extension of time on a margin call.

Please refer to your margin agreement for additional details regarding your margin loan.

## **ITEM 5 – FEES AND COMPENSATION**

### **ASSET MANAGEMENT SERVICES PROGRAM**

We offer Asset Management Services Program accounts where no separate transaction charges apply, and a single fee is paid for all advisory services and transactions ("Wrap Account"). For certain wrap accounts, the wrap fee is set-up so that the Advisory Representative pays the underlying ticket charges for securities transactions. When the Advisory Representative pays the ticket charges, a conflict exists that the Advisory Representative will trade less frequently which results in the Advisory Representative retaining a greater portion of the wrap fee. The Firm has policies and procedures to monitor and reduce the risk of this occurring.

We also offer Asset Management Services Program accounts with separate advisory fees and transaction charges ("Unwrapped Account"). As such, in addition to the monthly and quarterly account fee described below for advisory services, you will also pay separate per-trade transaction charges.

You will pay a monthly or quarterly fee, in advance or arrears, based upon either the average daily balance (ADB) or the period ending balance (PEB) of your account assets under management for the previous period. Your account fees are negotiable and will be debited from your account by your custodian. On an exception basis, you can have your management fees paid from other accounts or have us bill you directly by invoice. If you terminate your participation in this program, you will be entitled to a pro-rata refund of any prepaid monthly or quarterly fees based upon the number of days remaining in the month or quarter after the date upon which the notice of termination is received.

Each of our Advisory Representatives negotiates his or her own account fee schedule.

Mutual funds and ETFs invested in the account have their own internal fees which are separate and distinct from the program account fees (for more information on these fees, see the applicable fund prospectus).

For complete fee details, please refer to the Asset Management Services Program Brochure.

## **PARTICIPANT RETIREMENT PROGRAM**

You pay management fees to the Firm and your Advisory Representative pursuant to the provisions of a client fee schedule, with a maximum 3% annual fee charged. The fee can be a fixed percentage fee on the total assets in your account or a tiered fee schedule where the percentage-based fee is lowered as assets in your accounts increase. The exact fee charged or fee schedule used is disclosed prior to services being provided.

Fees are negotiated based on the complexity of your financial situation, the investment services to be provided, the experience and standard fees charged by your Advisory Representative and the nature and total dollar value of Plan Assets maintained in your account. The management fee covers only the investment management services provided by us and does not include brokerage commissions or other costs associated with the purchase and sale of securities, custodial fees, interest, taxes or other account expenses.

The Firm retains up to 25 basis points (0.25%) of the annual fee charged to your account for the administrative and support services we provide. Although not required, we can bundle your related accounts to achieve a break on management fees. Account bundling does not reduce our administrative fee; each account is priced separately for purposes of the administrative fee. Account bundling can be done on accounts with the same fee schedule and with clients in the same immediate family or under the same qualified plan. When accounts are bundled, the total average daily balance (ADB) or total period ending balance (PEB) for all of the bundled accounts is used to determine the applicable fee percentage from the client fee schedule. This percentage is then applied to each account and a fee charged to each respectively.

Fees are calculated at the beginning of each period (monthly or quarterly) based on either the ADB or the PEB of the account assets under management for the previous period. Frequency (monthly or quarterly) and basis (ADB or PEB) will be disclosed in the fee schedule. Management fees will be billed either in advance or arrears, as disclosed in the fee schedule, with the exception of the initial fee. The initial fee is billed in arrears based on the number of days that services are provided during the first billing period. The Firm retains the right to change the basis (ADB or PEB) upon which the management fee is calculated and/or the timing of billing (advance or arrears). At its discretion, the Firm and/or our Advisory Representative may exclude certain assets from the calculation of management fees.

If your account has not maintained adequate cash in the account to pay management or other fees, the Firm reserves the right to direct Fidelity Institutional Wealth Services to liquidate, at any time, a portion of other Plan Assets to cover the charges. You should review the documents establishing the Fidelity account for details on the tax reporting treatment of deducting management fees.

Depending upon the investment services provided, assets in excess of a threshold amount (as determined from time to time by the Firm) deposited into or withdrawn from the account by you may be charged or refunded a pro-rated portion of the management fee based on the number of days during the billing period the assets were held in the account.

## **TRANSFERRED SSNAI ACCOUNTS**

The maximum annual fee charged in the Transferred SSNAI Accounts is 3%. Our Advisory Representatives charge either (1) a fixed flat percentage fee on the total assets in the account, (2) a tiered fee schedule where the fee is calculated by applying different (decreasing) rates to different portions of the account (tiers) or (3) a linear fee where the percentage-based fee is lowered as asset volume thresholds are met. In a tiered fee schedule, assets in each tier are charged at the tier's corresponding rate. In a linear fee schedule, once assets in the account exceed a set threshold, all of the assets are then charged at the lower percentage rate. Your Advisory Representative can choose to "bundle" related Transferred SSNAI Accounts for you to achieve a break on management fees. Account

bundling can be done on accounts with the same fee schedule and with clients in the same immediate family or under the same qualified plan. When accounts are bundled, the total average daily balance or period ending balance for all of the bundled accounts is used to determine the fee percentage from the fee schedule. This percentage is then applied to each account and a fee charged to each account respectively.

The Firm retains up to 0.25% of the Advisory Representative's annualized management fee as compensation for providing administrative and support services. The Firm and the Advisory Representative then splits the balance of the annualized management fee by a pre-determined payout schedule. Account bundling does not reduce our administrative fee; each account is priced separately for purposes of our administrative fee.

Management fees are billed in advance or arrears, as disclosed in the fee schedule, with the exception of the initial fee. The initial fee is billed in arrears based on the number of days that services were provided during the first billing period. Fees are calculated at the beginning of each period (monthly or quarterly) based on either the Average Daily Balance (ADB) or the Period Ending Balance (PEB) of the account assets under management for the previous period.

You can also be assessed ticket charges on account transactions and other miscellaneous charges by the qualified custodian on account transactions. Miscellaneous charges can include custodial fees levied by the custodian, and account assets can also be subject to additional fees and expenses as explained in the prospectus for mutual funds or exchange traded funds. At its discretion, the Firm and/or the Advisory Representative can exclude certain assets from the calculation of management fees.

Management fees are automatically deducted from your account according to authorization provided in your agreement for services. On an exception basis, you can have management fees paid from other accounts or billed directly by invoice. In such cases, management fee debits will be noted as zero on account statements. However, any method of paying management fees other than deducting them from your account can result in additional charges being imposed to cover associated administrative costs. Management fees cannot be withdrawn or deducted from any variable annuity that is part of the account or which is being managed by your Advisory Representative.

If fees are deducted from an account, clients agree to maintain cash in an account investment vehicle to pay for fees and any other charges. If a client has not maintained adequate cash in the account to pay fees or other charges, the Firm reserves the right to direct Fidelity/IWS to liquidate a portion of other account assets to cover those costs.

Depending on the investment services provided and on the custodian selected by client, assets in excess of a threshold amount (as determined from time to time by the Firm) deposited into or withdrawn from the account by the client can be charged or refunded a pro-rated portion of the management fee based on the number of days during the billing period the assets were held in the account.

Commissions and other transaction charges, and any charge relating to the custody of securities in the account will be paid by you. The brokerage commissions and/or transaction ticket fees charged by Fidelity/IWS are billed directly to the client's account by Fidelity/IWS. The Firm and its Advisory Representative do not receive any portion of such commissions or fees from the client or Fidelity/IWS.

## **TRANSFERRED KMS ACCOUNTS**

The maximum annual fee charged in the Transferred KMS Accounts is 2.75%. Our Advisory Representatives charge either (1) a fixed flat percentage fee on the total assets in the account, (2) a tiered fee schedule where the fee is calculated by applying different (decreasing) rates to different portions of the account (tiers) or (3) a linear fee where the percentage-based fee is lowered as asset volume thresholds are met. In a tiered fee schedule, assets in each tier are charged at the tier's corresponding rate. In a linear fee schedule, once assets in the account exceed a set threshold, all of the assets are then charged at the lower percentage rate. Your Advisory Representative can choose to "bundle" related advisory accounts for you to achieve a break on management fees. Account bundling can be done on accounts with the same fee schedule and with clients in the same immediate family or under the same qualified plan. When accounts are bundled, the total average daily balance or period ending balance for all

of the bundled accounts is used to determine the fee percentage from the fee schedule. This percentage is then applied to each account and a fee charged to each account respectively.

The Firm retains up to 0.25% of the Advisory Representative's annualized management fee as compensation for providing administrative and support services. The Firm and the Advisory Representative then splits the balance of the annualized management fee by a pre-determined payout schedule. Account bundling does not reduce our administrative fee; each account is priced separately for purposes of our administrative fee.

Management fees are billed in advance or arrears, as disclosed in the fee schedule, with the exception of the initial fee. The initial fee is billed in arrears based on the number of days that services were provided during the first billing period. Fees are calculated at the beginning of each period (monthly or quarterly) based on either the Average Daily Balance (ADB) or the Period Ending Balance (PEB) of the account assets under management for the previous period.

You are also assessed ticket charges on account transactions and other miscellaneous charges by the qualified custodian on account transactions, when applicable. Miscellaneous charges can include custodial fees levied by the custodian, and account assets can also be subject to additional fees and expenses as explained in the prospectus for mutual funds or exchange traded funds. At its discretion, the Firm and/or the Advisory Representative can exclude certain assets from the calculation of management fees.

Management fees are automatically deducted from your account according to authorization provided in your agreement for services. You can have management fees paid from other accounts. On an exception basis, you can have management fees billed directly by invoice.

If fees are deducted from an account, clients agree to maintain cash in an account investment vehicle to pay for fees and any other charges. If a client has not maintained adequate cash in the account to pay fees or other charges, the Firm reserves the right to direct the custodian to liquidate a portion of other account assets to cover those costs.

Depending on the investment services provided and on the custodian selected by client, assets in excess of a threshold amount (as determined from time to time by the Firm) deposited into or withdrawn from the account by the client can be charged or refunded a pro-rated portion of the management fee based on the number of days during the billing period the assets were held in the account.

Commissions and other transaction charges, and any charge relating to the custody of securities in the account will be paid by you. The brokerage commissions and/or transaction ticket fees charged by the custodian are billed directly to the client's account by the custodian. The Firm and its Advisory Representative do not receive any portion of such commissions or fees from the client or the custodian.

### **THIRD-PARTY ADVISORY SERVICES**

Compensation in connection with Third-Party Advisory Services generally consists of six elements: i) management fees paid to Third-Party Money Managers; ii) management fees paid to us as outlined in the client agreement that you sign with us; iii) transaction costs – if applicable – which are charged when purchasing and selling such securities; iv) custody fees; v) revenue sharing paid to the Firm and vi) fees paid to us for administrative and/or supervisory services. Your account will be held with the Third-Party Advisory Services custodian where your fees will be assessed and deducted.

Similar investment strategies offered through Third-Party Advisory Services can be offered by more than one provider, including other TPMMs, as well as through other advisory programs offered through the Firm and its affiliates. You should be aware that lower fees for comparable services may be available from other sources.

The account fees paid by client include portions paid to your Advisory Representative ("Advisory Fees"), as well as to the Firm, the custodian, and the Third-Party Money Managers selected ("Program Fees"). Mutual funds, exchange traded funds and other pooled investment vehicles invested in the account also have their own internal fees ("internal fund expenses") which are separate and distinct from the program account fees (for more information on these fees, see the applicable fund prospectus). Since fees billed to your account for Third-Party Advisory Services are typically comprised of both Program Fees and Advisory Fees, Advisory Representatives may have an

incentive to select Third-Party Advisory Services with lower platform Program Fees in order to manage the overall fee charged to you. You and your Advisory Representative should consider the overall fees and expenses, including internal fund expenses, when selecting managers and other portfolio investments.

For further details, please see the applicable Third-Party Money Manager's disclosure brochures, investment advisory contracts and account opening documents.

Each of our Advisory Representatives negotiates his or her own management fee schedule; however, management fees charged by the Third-Party Advisory Service in connection with their services are not negotiable.

The Firm maintains certain revenue sharing arrangements with certain Third-Party Advisory Services and product sponsors (please refer to Item 14, Other Compensation).

## **FINANCIAL PLANNING AND CONSULTING SERVICES**

The fee ranges detailed in this section are indicative of the standard fees typically charged. In some instances, fees higher than those stated may be charged if the scope of the contracted project warrants a higher fee. Advisory Representatives charge an hourly fee, a fixed fee or a percentage of the assets on which the Advisory Representative is providing financial planning and/or consultation services. Hourly fees for financial planning and consultation services are generally charged at a rate of up to \$750 or more per hour. As an alternative, a flat fee can be charged. Flat fees for financial planning and consultation services can range up to \$15,000 or more. Clients contracting for ongoing financial planning and consultation services can be charged an annual, semi-annual, quarterly or monthly retainer fee. This retainer fee is charged as a flat fee or a percentage of assets on which the Advisory Representative is providing advice. The maximum percentage charged is 3% of the value of assets on which the consulting services are provided.

All fees are negotiable and you and your Advisory Representative jointly determine the exact fee and how it is to be paid. Fees are negotiable based on the services provided, the complexity of your personal circumstances, your financial situation, your gross income, the experience and standard fees charged by your Advisory Representative and the nature and total dollar asset value of the assets on which services are provided. In addition, fees can be negotiated based on whether you have assets under management with your Advisory Representative. All fees are agreed upon prior to entering into a contract. At the sole discretion of your Advisory Representative, fees can be waived or reduced if you buy products or enter into agreements for other services with your Advisory Representative.

Fees can be charged to clients in advance of services being provided, upon completion of services provided or with a portion of the fee charged in advance and the remaining balance due upon completion and/or receiving an invoice from APA. Fees for ongoing services are due upon receiving an invoice from APA.

Financial plans are generally presented to you within 90 days of signing the client agreement, as long as all information needed to prepare the plan has been promptly provided by you. We do not collect fees of more than \$1,200 six or more months in advance.

Additionally, APA and its Advisory Representatives provide educational seminars and workshops at no charge or for fees that generally do not exceed \$15,000. APA and/or its Advisory Representatives may also be entitled to receive reimbursement from product sponsors for seminar expenses if disclosed and agreed to in advance by seminar attendees or sponsors.

You have sole discretion whether or not to implement any or all advisory recommendations. If you elect to implement, you are not under any obligation to engage APA's Advisory Representatives who can also be Osaic Wealth registered representatives. You can engage individuals from non-affiliated broker/dealers to implement the advisory recommendations. If you select an individual from a non-affiliated broker/dealer, you would not receive the services provided by your Advisory Representative.

## **RETIREMENT PLAN CONSULTING SERVICES**

Fees for retirement plan advisory services can be paid as an asset-based fee (or level commissions in lieu thereof) or flat fee paid on a set schedule provided to your advisory account, although some legacy accounts can instead

be charged advisory fees or level commissions. Management fees are calculated by the plan sponsor on our behalf. Details of the compensation calculation and payment methods are disclosed in the Retirement Plan Advisory Agreement, investment product prospectus and/or other document executed when the account is established. Your Advisory Representative can provide copies of these documents and additional specific details.

In addition to the fees for retirement plan advisory services provided, plan assets invested in products (i.e., mutual funds, group variable annuities and/or other retirement plan investment vehicles) bear the operating expenses and cost of investing in those products, which can include sales charges or redemption fees. Those expenses are detailed in the product's prospectus, contract or related disclosure document. If the plan incurs such fees or costs as a result of the services provided, the named fiduciary acknowledges (on behalf of the plan, its participants and beneficiaries) that the fees or costs will be assessed on the purchase or deducted from redemption proceeds in accordance with the conditions set forth in the investment product's prospectus, contract or related disclosure documents. The plan may incur fees and other expenses including, but not limited to, investment-related expenses imposed by other service providers not affiliated with APA or its Advisory Representative and other fees and expenses charged by the plan's custodian, third-party administrator and/or record keeper. APA and its Advisory Representative make no representations about any costs or expenses associated with the services provided by third parties.

At no time will APA act as custodian of the plan or have direct access to the plan's funds and/or securities. A qualified independent custodian maintains

## **NEGOTIATION OF FEES**

Fees are negotiated on a case-by-case basis, depending on a variety of factors, including the nature and complexity of the particular service, your relationship with us and our Advisory Representative, the size of the account, the potential for other business or clients, the amount of work anticipated, and the attention needed to manage your account. As a result of these and other factors, the sponsors of the advisory programs offered also set different limits on fees that are charged to you. Please note that the same or similar services to those described above may be available elsewhere to you at a lower cost.

## **ADDITIONAL FEES AND EXPENSES**

Mutual fund investments in the programs that we offer are no-load or load at NAV. Certain mutual fund investments are subject to early redemption fees, 12b-1 fees and mutual fund management fees as well as other mutual fund expenses. These fees are in addition to the fees and expenses referenced above. Please review the mutual fund prospectus for full details. The Firm and your Advisory Representative do not retain 12b-1 fees paid by mutual funds. For details, please refer to Item 4 of the Asset Management Services program brochure.

Variable annuity companies generally impose internal fees and expenses on your variable annuity investment, including contingent deferred sales charges and early redemption fees. In addition, variable annuity companies generally impose mortality charges. These fees are in addition to the fees and expenses referenced above. Complete details of such internal expenses are specified and disclosed in each variable annuity company's prospectus. Please review the Variable Annuity prospectus for full details.

There are additional fees relating to IRA and Qualified Retirement Plan accounts that you normally incur such as maintenance and termination fees. You will find these fees disclosed in the account application paperwork provided to you associated with these accounts.

Advisory Representatives may receive commissions, other fees and/or compensation in relation to any investment or insurance product placed through or with Osaic Wealth as a broker-dealer outside your advisory account. Therefore, Advisory Representatives have a conflict of interest in recommending such products.

Please be aware that you are under no obligation to purchase products or services recommended by us or members of our Firm in connection with providing you with any advisory service that we offer.

Mutual funds generally offer multiple share classes available for investment based upon certain eligibility and/or purchase requirements. For instance, in addition to the more commonly offered retail share classes (typically, Class A, B and C shares), some mutual funds also offer institutional share classes and other share classes that are



specifically designed for purchase in an account enrolled in fee-based investment advisory programs. Institutional share classes or classes of shares designed for purchase in an investment advisory program usually, but not always, have a lower expense ratio than other share classes. An investor who holds a more expensive share class of a fund will pay higher fees over time – and earn lower investment returns – than an investor who holds a less expensive share class of the same fund. Not all mutual funds and share classes offered to the investing public are available through our advisory programs for which a client might otherwise be eligible to purchase.

The Firm and its Advisory Representatives have a financial incentive to recommend or select share classes that have higher expense ratios because such share classes generally result in higher compensation. The Firm has taken steps to minimize this conflict of interest by implementing additional training for Advisory Representatives, increasing the proportion of institutional share classes that are available on the platform. Clients should not assume that they will be invested in the share class with the lowest possible expense ratio.

## **WRAP ACCOUNTS**

For advisory programs with wrap account pricing, the fee for transactions executed in your account are included in your monthly or quarterly account fee. As a result, in some cases the fees charged in a wrap account will be higher than a non-wrap account with separate advisory fees and transaction charges. Please consider that, depending upon the level of the wrap fee charges, the amount of portfolio activity in the account, the value of services provided under the investment program and other factors, the wrap fee may or may not exceed the aggregate cost of services if they were to be provided separately. Generally, wrap programs are relatively less expensive for actively traded accounts. However, the fees in a wrap account will be a higher overall cost to the client than in a non-wrap, if the wrap account has low trading activity. The Firm has policies and procedures to monitor and reduce the risk of this occurring.

For certain wrap accounts, APA will assess the transaction charges to our Advisory Representatives. As a result, your Advisory Representative has an incentive to trade your wrap account less often or to trade your account with certain securities where transaction charges can be waived by the clearing firm or product sponsor.

## **OPTIONS FOR ASSETS INVESTED IN RETIREMENT PLAN ACCOUNT**

If you have an employer-sponsored retirement plan, you may have several choices as to what to do with your assets when you retire or change jobs. Generally, you might choose one of the following options:

1. Keep your assets in the employer's plan (if allowed)
2. Rollover your assets into an individual retirement account, commonly referred to as an IRA
3. Rollover the assets to another employer-sponsored plan
4. Take a distribution in cash from the plan

Your Advisory Representative has a financial incentive to recommend an IRA rollover because of the compensation he or she will receive when you transfer funds to an account on which the Advisory Representative will receive a fee from an employer-sponsored retirement plan or from another IRA. This conflict also pertains to situations where you are a participant in a plan where your Advisory Representative is a fiduciary. You should carefully discuss and weigh the advantages and disadvantages of each option with your Advisory Representative before making your decision.

You should speak to your Advisory Representative to address any questions that a client or prospective client may have regarding its prospective engagement and the corresponding conflict of interest presented by such engagement.

For additional information please refer to our Fiduciary Acknowledgement available at [www.arborpointadvisors.com/disclosures](http://www.arborpointadvisors.com/disclosures).

## ITEM 6 – PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

Neither the Firm nor our Advisory Representatives accept performance-based fees (i.e. fees based on a share of capital gains or capital appreciation of the assets of a client). Nor does the Firm engage in side-by-side management (i.e. managing accounts that are charged performance-based fees while at the same time managing accounts that are not charged performance-based fees).

## ITEM 7 – TYPES OF CLIENTS

Our Advisory Representatives provide investment advisory services to:

- Individuals (including high net worth individuals)
- Banking or thrift institutions
- Pension and profit-sharing plans
- Trusts
- Estates or charitable organizations
- Corporations
- State and municipal governmental entities
- Other business entities

Our minimum account size requirements for opening an account with us are as follows:

<b>Program</b>	<b>Requirement</b>
Asset Management Services Program	\$25,000
Participant Retirement Program	No minimum
Third-Party Advisory Services	Each Third-Party Advisory Service sets their own minimums.
Financial Planning & Consulting Services	No minimum
Retirement Plan Consulting Services	No minimum

*All account minimums may be waived at the sole discretion of the Program Sponsor.*

## ITEM 8 – METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

Advisory Representatives rely on various types of tools and methods to assist in recommending or selecting investment strategies to you. As noted in Item 4, your Advisory Representative formulates an investment strategy based on discussions with you regarding, among other things, your personal investment objectives and goals, time horizon, risk tolerance, account restrictions, needs, personal circumstances, and overall financial situation. Based on these discussions, a portfolio of investments is constructed for you.

Investment returns are highly dependent on the value of underlying securities which are impacted by trends in the various investment markets. All investments carry a certain degree of risk and no one particular security, investment product, investment style or portfolio manager is suitable for all types of investors. Since the Firm and its Advisory Representatives recommend and offer a broad spectrum of investment products, programs and strategies, the methods of analysis and investment strategies recommended will vary based upon the Advisory Representative making the assessment and providing the advice. Under the Third-Party Advisory Services Program, each TPMM has its own methods of analysis, investment strategies and unique investment risks that should also be reviewed and considered.

## **METHODS OF ANALYSIS**

The Firm does not require our Advisory Representatives to implement a particular investment strategy or method of analysis which will vary based upon the individual Advisory Representative making the assessment and providing the advice. Some of the more common methods of analysis that are used are Fundamental and Technical analysis. Fundamental analysis is security analysis grounded in basic factors such as the financial condition and management of a company as well as overall economic and industry conditions which are used to predict the future value of an investment. The resulting data is used to measure the true value of the company's stock compared to the current market value. Technical analysis is the practice of using statistics to determine trends in security prices and make or recommend investment decisions based on those trends. Technical analysis involves using chart patterns, momentum, volume, recurring price patterns, trends based upon business cycles and relative strength in an effort to identify patterns that suggest future activity.

Your Advisory Representative has access to third-party vendors that provide programs or software to analyze individual securities. We also offer your advisor access to third-party vendors that provide support services in portfolio design and strategy implementation. One of our affiliates, LECO, provides research designed to help clients capitalize on inefficiencies in the market. Their institutional quality research provides their partners with value-added insights that enables their decision-making processes, informs their strategies and allows them to address critical market issues. Your Advisory Representative can use the services of LECO in addition to other third-party services made available. Refer to Item 10, *Other Financial Industry Activities and Affiliations*, for more information about our affiliates.

Your Advisory Representative or a Third-Party Money Manager can engage in a tactical strategy involving active trading. Tactical strategies can be risky and your portfolio can be more volatile with shorter term fluctuations from more frequent trading. This type of strategy may not be appropriate for clients with a low risk tolerance. You should be prepared for higher volatility and may lose funds when you invest in securities. Active trading can result in tax consequences due to shorter-term purchases and sells. Consult your tax professional for advice. Clients should review a Third-Party Money Manager's disclosure brochure before investing.

## **ASSOCIATED RISKS**

Fundamental Analysis generally relies on, among other things, company earnings, balance sheet variables and management quality which are used to predict the future value of an investment. Data reviewed is generally considered reliable but cannot be guaranteed nor verified for its accuracy. In addition, the data reviewed is sometimes subjective in nature and open to interpretation. Even if data and interpretation of the data is correct, there can be other factors that determine the value of securities other than those considered in Fundamental Analysis.

Technical Analysis is based on statistics to determine trends in security prices and make investment decisions based on those trends. This analysis is used to predict how an investment will perform short-term. In addition, this analysis does not take into account, the more fundamental properties of what an investment may be worth such as company performance and balance sheet variables which play a part in determining the value of an investment.

When pursuing strategic long-term investing strategies, the general assumption is that the financial markets will go up in the long-term which cannot be assured. There is also the risk that the segment of the market that you are invested in or perhaps just your particular investment will go down over time even if the overall financial markets advance. In addition, purchasing investments long-term creates an opportunity cost, "locking-up" assets that may be better utilized in the short-term in other investments.

### **1. General Investment Risks**

In addition to the personal risk considerations discussed above, APA believes it is important for you to understand the risks associated with each recommendation and investment type available. The following is a summary of some of the general risks associated with investing. Please note that this list is not all inclusive, and is provided as an indication of some of the factors that can impact the value of your investments:

**Business risk**

This is the risk that the strength of the company you are buying a piece of ownership in (stock for example) or are loaning money to (a bond, for example) affects your potential returns. Your returns from the stock purchase or bond purchase are influenced by factors like the company going out of business, or going into bankruptcy, or having a viable and strong revenue stream from the products or services it sells that is not over-shadowed by expenses. If a company goes bankrupt and its assets are liquidated, common stockholders are the last in line to share in the proceeds.

**Call risk**

This is the risk that your bond or other fixed-income investment will be called or purchased back from you when conditions are favorable to the product issuer and unfavorable to you.

**Concentration risk**

This is the risk of loss because your money is concentrated in one investment or type of investment. When you diversify your investments, you spread the risk over different types of investments, industries and geographic locations.

**Credit risk**

This is the risk that the government entity or company that issued the investment will run into financial difficulties and won't be able to pay the interest or repay the principal at maturity. Credit risk applies to debt investments such as bonds. You can evaluate credit risk by looking at the credit rating of the bond or the issuer. For example, long-term U.S. government bonds currently have a credit rating of AAA, which indicates the lowest possible credit risk.

**Currency risk**

This is the risk of losing money because of a movement in the exchange rate. For example, if the U.S. dollar becomes less valuable relative to the Canadian dollar, your U.S. stocks will be worth less in Canadian dollars. This applies when you own foreign investments.

**Cybersecurity risk**

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, tornados, 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.

**Default risk**

This is the risk that a bond or other fixed-income investment issuer is unable to pay the contractual interest or principal on the product in a timely manner or at all.

**Risk of Environmental, Social and Governance Investing ("ESG"), Socially Responsible Investing (SRI) and Other Forms of Sustainable, Responsible, Impact and Religion-based Investing**

The risk that another party disagrees on differences in interpretations of what it means for a company to be an environmental and/or social impact investment. There are significant differences in interpretations of what it means for a company to be an environmental and/or social impact investment. There is a risk that issuers self-label an issuance Green (or Social, Sustainable, or any other type of impact-related adjective) without adhering to the Green Bond Principles, Social Bond Principles, Sustainability Bond Guidelines, or other commonly followed market guidance. There exists no binding third-party authority to certify all Green, Social, Sustainable, or other labeled issuance at this time. There is a similar risk when a third-party money manager or a portfolio manager labels their strategy as ESG, SRI or based on religious principles.

### **ESG and SRI Government Funding/Subsidy Risk**

The risk that the success of certain environmental and social impact investments depends on government funding, tax credits, or other public or private sector subsidies, which are not guaranteed over the life of the investment.

### **ESG/SRI/Impact Investment Return Risk**

The risk that environmental and/or social impact investments do not provide as favorable returns or protection of capital as other investments or are more concentrated in certain sectors than investments that do not have the intention of generating measurable social and environmental impact. This could cause ESG securities to generate lower returns than non-ESG securities.

### **ESG/SRI/Impact Investment Selection Return Risk**

The risk that there are lower financial returns as a result of taking into account the potential environmental and/or social impact when making decisions regarding the selection, management and disposal of investments, which means that a portfolio containing only such securities will generate lower returns than a portfolio of securities selected without regard to ESG/SRI/Impact investing criteria.

### **Financial risk**

This is the risk that the companies you invest in will perform poorly, which affect the price of your investment. You can't eliminate financial risk; however, you may be able to minimize the impact through diversification.

### **Foreign Investment risk**

This is the risk of loss when investing in foreign countries. When you buy foreign investments, such as shares of companies in emerging markets, you face risks that do not exist in the United States (for example, the risk of nationalization).

### **Horizon risk**

This is the risk that your investment time horizon may be shortened due to a foreseen or unforeseen event, thus requiring you to sell the investment(s) that you were expecting to hold for a longer term. If you must sell at a time when the markets are down, you may lose money.

### **Hypothetical Performance and Projected Returns Risk**

The risk arising from reliance in making an investment decision on performance of a portfolio not necessarily achieved by any particular investor. Projected returns are hypothetical, do not reflect actual investment results, and are not guarantees of future results. Such projected performance is subject to a number of limitations and assumptions designed to determine the probability or likelihood of a particular investment outcome based on a range of possible outcomes. It is possible that any of those assumptions will prove not to be accurate. In addition, performance of a model portfolio, other portfolios, or a client's advisory account may differ materially from investment gains and avoidance of investment losses projected, described, or otherwise referenced in forward-looking statements and the projected returns associated with any portfolio may not materialize.

### **Inflation risk**

Inflation risk, also called purchasing power risk, is the chance that the cash generated by an investment today won't be worth as much in the future. Changes in purchasing power due to inflation may cause inflation risk. There are investments that help minimize inflation risk.

### **Interest Rate risk**

This is a risk that can affect the value of bonds or other fixed-income investments you may purchase. When interest rates rise, the market value of bonds fall. When interest rates fall, the market value of bonds rise.

### **Liquidity risk**

This is the risk that an investor would not be able to sell or redeem an investment quickly or would not be able to sell or redeem an investment quickly without significantly affecting the price. Liquidity risk is heightened when markets are distressed. Generally, alternative investments have higher liquidity risk than equities, fixed income securities or mutual funds or ETFs. You may be able to minimize this risk by diversifying. A good option is index

investing where risk is diversified over the various stocks held in a portfolio tracking a particular index. You can't invest directly in an index.

### **Manager risk**

This is the risk that an investment manager will fail to execute its stated investment strategy.

### **Market risk**

This is the risk that the stock market will decline, decreasing the value of the securities owned. Stock market bubbles and crashes are good examples of heightened market risk. You can't eliminate market risk; however, you may be able to minimize the impact through diversification.

### **Margin Risk**

Margin trading involves interest charges and risks, including the potential to lose more than deposited or the need to deposit additional collateral in a falling market. A margin transaction occurs when an investor uses borrowed assets by using other securities as collateral to purchase financial instruments. The effect of purchasing a security using margin is to magnify any gains or losses sustained by the purchase of the financial instruments on margin. To the extent that a client authorizes the use of margin, and margin is thereafter employed by the Firm in the management of a client's investment portfolio, the market value of the client's account and corresponding fee payable by the client to the Firm will generally be increased, unless accounts hold options, in which case the fee may be decreased under certain market conditions. As a result, in addition to understanding and assuming the additional principal risk associated with the use of margin, clients authorizing margin are advised of the potential conflict of interest whereby the client's decision to employ margin will correspondingly increase the advisory fee payable to the Firm.

### **Non-Diversification Risk**

If a strategy is "non-diversified," its investments are not required to meet certain diversification requirements under federal law. A "non-diversified" strategy is permitted to invest a greater percentage of its assets in the securities of a single issuer than a diversified strategy. Thus, the strategy may have fewer holdings than other strategies. As a result, a decline in the value of those investments would cause the strategy's overall value to decline to a greater degree than if the strategy held a more diversified portfolio.

### **Political and Government risk**

This is the risk that the value of your investment will be affected by the introduction of new laws or regulations.

### **Regulatory risk**

This is the risk that changes in law and regulations from any government can change the value of a given company and its accompanying securities. Certain industries are susceptible to government regulation. Changes in zoning, tax structure or laws impact the return on these investments.

### **Reinvestment risk**

This is the risk of loss from reinvesting principal or income at a lower interest rate.

## **2. Specific Investment Risks**

The Firm and your Advisory Representative offer various types of investments. The different types of investments we offer and their potential risks are described below.

**Stock** – A stock, also known as "shares" or "equity," implies owning a proportionate amount of a company that issued the stock. It entitles the stockholder (you) to that proportion of the company's assets and earnings.

- Major risks: Business, Concentration, Currency, Financial, Foreign Investment, Inflation, Market, Political and Governmental

**Bonds** – This is a fixed income investment that represents a loan by you (the investor) to a borrower (typically a company, government/municipality, or governmental agency).

- Major risks: Business, Call, Credit, Default, Financial, Inflation, Interest Rate, Liquidity, Reinvestment

**Options** – This is the risk of the option holder losing the entire amount paid for the option in a relatively short period of time, reflecting the nature of the option as a wasting asset becoming worthless when it expires. If you don't sell an option in the secondary market or exercise it prior to expiration, you will lose your entire investment in the option.

- FLEX Options – These are options issued and guaranteed for settlement by the Options Clearing Corporation (OCC). The options target the over-the-counter (OTC) market of index options and provide customers with more flexibility, allowing users to specify key contract terms, including exercise prices, exercise styles, and expiration dates. FLEX options may be less liquid than standardized options. A significant difference between FLEX options and traditional options is that FLEX options do not have a continuous quote stream. Therefore, the generation of a quote for FLEX options occurs only when a request for quote is made.
- Major risks: Counterparty, Liquidity, Manager and Market

**Notes (Including Structured Notes)** – This is a fixed-income investment where you (the investor) purchase a secured debt (or other assets) and become the lender, after which you receive payments (principal and interest) over a specific period (usually a shorter time period than a bond) from the borrower.

- Types:
  - Principal Protected Note (PPN) – This is a fixed-income security that guarantees a minimum return equal to the investor's initial investment (the principal amount), regardless of the performance of the underlying assets.
  - Non-Principal Protected Note (NPPN) – This is a fixed-income security that does not guarantee a minimum return equal to the investor's initial investment (the principal amount), because it allows clients to customize the date of return to suit their investment needs. NPPNs can be linked to a variety of underlying investments including indices, single stocks, portfolios of shares, industry sectors, commodities and currencies.
  - 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.
- Major risks: Call, Credit, Default, Inflation, Interest Rate, Liquidity, Market, Reinvestment

**Certificate of Deposit (CD)** (Including Structured CDs) – This is a fixed-income investment where you (the investor) deposit a sum of money for a specified period and you will receive either a specific rate of interest or a rate of interest linked to an index with a capped gain. Certain CDs can be FDIC insured.

- Major risks: Call, Default, Inflation, Interest Rate, Market, Reinvestment

**Unit Investment Trust (UIT)** (including Buffer UITs) – This is where a U.S. financial company that buys or holds a group of securities, such as stocks or bonds, and makes them available to investors as redeemable units. UITs have a stated expiration date based on what investments are held in their portfolio; when the portfolio terminates, investors get their share of the UIT's net assets.

- Major risks: Business, Credit, Interest Rate, Liquidity, Market, Reinvestment

**Exchange Traded Fund (ETF) and Exchange Traded Note (ETN)** (including Buffer ETFs) – An ETF is a basket of securities that trades on an exchange (open stock market), just like a stock and it often seeks to track an underlying index. ETF share prices fluctuate throughout the trading day as the ETF is bought and sold; this is different from mutual funds that only trade once a day after the market closes. An ETN is a debt instrument that mimics the performance of a basket of securities but does not actually hold them for the benefit of the client. An ETN is an obligation of the issuing company, often an investment bank.

- Major risks: Concentration, Currency, Foreign Investment, Inflation, Liquidity, Manager, Market, (for ETN: Credit risk)

**Mutual Fund** – This is a type of investment vehicle consisting of a portfolio of stocks, bonds, or other securities. Mutual funds give small or individual investors easier access to diversified, professionally managed portfolios. Mutual funds are divided into several kinds of categories, representing the kinds of securities they invest in, their investment objectives, and the type of returns they seek. Mutual funds charge annual fees (called expense ratios) and, in many cases, commissions, which can affect their overall returns. Most mutual funds offer you different types of shares, known as "classes." Each class invests in the same portfolio of securities and has the same investment objectives and policies. But each class has different shareholder services and/or distribution arrangements with different fees and expenses.

- *Open-end* -- With an open-end fund, if you want to buy shares, the management company will sell them to you. They will take your money, add it to the portfolio, and create more shares. You always buy and sell shares of an open-end fund with the issuing fund company, never on the secondary market.
  - Major risks: Concentration, Currency, Foreign Investment, Inflation, Manager, Market

**Annuity** – This is a long-term investment that is issued by an insurance company designed to help protect the annuitant from the risk of outliving the income generated by their deposits into the contract. Because these are long-term vehicles annuity contracts include contingent deferred sales charges ("CDSCs") that would result in a forfeiture of a percentage of account value if surrendered prior to their expiration, typically three to 10 years depending on the contract.

Annuities have two phases. Phase one of the annuity contract is known as the accumulation phase, where deposits are designed to accumulate on a tax-deferred basis. During the accumulation phase contract holders can choose annuities with any one or, in some cases, a combination of the following accumulation account options:

- **Variable Annuity** – This is a tax-deferred retirement contract that allows you to choose from a selection of investments called subaccounts. These investments are designed to provide contract holders with a diversified investment portfolio in a specified asset class or general investment strategy. Subaccounts are managed by an investment specialist or a team of specialists who make decisions to manage the subaccount based on the stated objective. Each subaccount will have a unique expense ratio based on the services provided by the investment specialist team. For example, subaccount designed to follow the return of a stock index, such as the S&P 500 will have a lower expense ratio than a subaccount seeking to actively manage a portfolio based on a stated objective.
  - Major risks: Business, Credit, Liquidity
- **Investment-only Variable Annuity (IOVA)** – This is a type of annuity contract that provides you with a simple way to set aside taxable assets in a tax-deferred entity focused on investments only. Unlike most variable annuities which offer living income stream and death benefits (for a cost), IOVAs only offer investments and the ability to access the assets without penalty as early as age 59 ½.
  - Major risks: Business, Liquidity, Market
- **Registered Index Linked Annuity (RILA)** – This is a type of annuity contract that calculates account value adjustments based on the performance of a specified market index, such as the S&P 500. The account value will receive protection against market losses typically through a buffer (carrier accepts the first xx% of losses and the account accepts any additional losses in market value) or a floor (the account accepts the first xx% of losses and the carrier accepts any additional losses in market value). This protection is in exchange for limiting gains in account value to a cap (a maximum account value increase of xx%) or a participation rate (account participates in xx% of



the market gains). Fees and caps may limit the potential upside. At the end of the sample period, the account value could increase or decrease.

- Major risks: Business, Liquidity, Market

Phase two of the annuity contract is known as the annuitization phase. This option converts your purchase payments (what you contribute) and accumulated growth (if any) into periodic payments that can be paid out under various payment options, including a lifetime option. Annuities can provide clients with additional benefits above and beyond tax deferred growth in the form of living benefits or enhanced death benefits including but not limited to the following.

- **Guaranteed Minimum Withdrawal Benefit (GMWB)** – Guarantees clients a stream of lifetime income based on a percentage of the contract's benefit base. Lifetime GMWB payments are available without having to immediately annuitize the contract.
- **Guaranteed Minimum Accumulation Benefit (GMAB)** – Guarantees a certain portion of the investment is returned to the contract owner regardless of the performance of the subaccounts.
- **Guaranteed Minimum Death Benefit (GMDB)** – Guarantees an enhanced benefit to the contract owner's beneficiaries regardless of the account value on the date of death. These benefits can be based on a return of the initial investment, the highest contract value on the contract's anniversary over a specified period of time or increase at a specified percentage over a period of time.

**Alternative Investments** – Alternative investments include but are not limited to closed-end funds, interval funds, hedge funds, non-traded real estate investment trusts, managed futures, private credit, private equity, other limited partnerships. Alternative investments are subject to various risks such as limitations on liquidity, pricing mechanisms, and specific risk factors associated with the particular product, which for products associated with real estate, would include, but not be limited to, and property devaluation based on adverse economic and real estate market conditions. Alternative investments may not be suitable for all investors. A prospectus that discloses all risks, fees and expenses, and risk factors associated with a particular Alternative Investment may be obtained from your Advisory Representative. Read the applicable prospectus(es) or offering document(s) carefully before investing. Investors considering an investment strategy utilizing alternative investments should understand that alternative investments are generally considered speculative in nature and involve a high degree of risk, particularly if concentrating investments in one or few alternative investments or within a particular industry.

- Major risks: Potentially greater and substantially different than those associated with traditional equity or fixed income investments. They include but are not limited to: Liquidity, Market, Inflation, Currency, Concentration, Manager, Credit

**Closed-end Fund** – This is a type of investment vehicle where, at fund inception, the investment company raises a set amount of money and issues a specific number of shares. No new shares are created after that point. Investors can buy the fund shares only on the secondary market, from someone else who is selling shares. Like stocks, closed-end fund shares can be traded at any time of the day when the market is open. The shares reflect market values rather than the net asset value of the fund itself.

- Major risks: Concentration, Currency, Foreign Investment, Inflation, Manager, Market

**Hedge Fund** – This is a broad alternative investment category of pooled investment vehicles with a variety of strategies. Strategies may include investing in non-traditional asset classes, using leverage, or taking short positions. Hedge funds are not subject to the same regulation as mutual funds and are often limited to institutions or wealthy individuals.

- Major risks: Business, Concentration, Currency, Interest Rates, Liquidity, Manager, Market

**Interval Fund** – This is a type of investment company that periodically offers to repurchase its shares from shareholders. These shares typically do not trade on the secondary market. These shares are subject to periodic repurchase offers that may be limited by volume by the fund at a price based on net asset value.

- Major risks: Credit, Liquidity, Manager, Market

**Managed Futures** – This is an alternative investment where a portfolio of futures contracts is *actively* managed by professionals. Managed futures are considered an alternative investment and are often used by funds and institutional investors to provide both portfolio and market diversification.

- Major risks: Foreign Investment, Horizon, Inflation, Interest Rate, Manager, Market

**Non-Traded REIT** – This is an alternative real estate investment designed to reduce or eliminate tax while paying dividends and/or providing returns on real estate appreciation. A non-traded REIT does not trade on a securities exchange and is therefore quite illiquid for extended periods of time.

- Major risks: Business, Concentration, Credit, Financial, Inflation, Interest Rate, Liquidity, Manager, Political and Government

**Non-Traded Preferred Stock** – Preferred stock is a type of hybrid security that has characteristics of both common stock and bonds. Non-traded preferred stock does not trade on a securities exchange and may be illiquid for an extended period of time.

- Major risks: Business, Call, Concentration, Credit, Financial, Inflation, Liquidity

### 3. Additional Risks of investing in Third-Party Money Managers

Allocations to third-party managers and investors in third-party investment funds (including registered funds and private funds) are subject to the following additional risks:

**Third-Party Aggressive Investment Technique Risk** – Managers and investment funds may use investment techniques and financial instruments that may be considered aggressive, including but not limited to investments in derivatives, such as futures contracts, options on futures contracts, securities and indices, forward contracts, swap agreements and similar instruments. Such techniques may also include taking short positions or using other techniques that are intended to provide inverse exposure to a particular market or other asset class, as well as leverage, which can expose a client's account to potentially dramatic changes (losses or gains). These techniques may expose a client to potentially dramatic changes (losses) in the value of its allocation to the manager and/or investment fund.

**Liquidity and Transferability** – Certain investment funds – for example, private funds and interval funds - offer their investors only limited liquidity and interests are generally not freely transferable. In addition to other liquidity restrictions, investments investment funds may offer liquidity at infrequent times (i.e., monthly, quarterly, annually or less frequently). Accordingly, investors in investment funds should understand that they may not be able to liquidate their investment in the event of an emergency or for any other reason.

**Possibility of Fraud and Other Misconduct** – When client assets are allocated to a manager or investment funds, the Firm does not have custody of the assets. Therefore, there is the risk that the manager or investment fund or its custodian could divert or abscond with those assets, fail to follow agreed upon investment strategies, provide false reports of operations, or engage in other misconduct. Moreover, there can be no assurances that all managers and investment funds will be operated in accordance with all applicable laws and that assets entrusted to manager or investment funds will be protected.

**Counterparty Risk** – The institutions (such as banks) and prime brokers with which a manager or investment fund does business, or to which securities have been entrusted for custodial purposes, could encounter financial difficulties. This could impair the operational capabilities or the capital position of a manager or create unanticipated trading risks.

When you are deciding whether to invest in a specific investment, make sure you obtain, review and discuss with your Advisory Representative the documentation related to the investment which outlines the details of the investment (i.e., prospectuses, annual reports and offering memorandums that discuss the structure of the investment, fees/costs, management, portfolio, restrictions, contributions, distributions, risks, etc.) The documentation should be provided by your Advisory Representative or can be obtained directly from the investment sponsor.

## Pledging Assets

Clients should be aware that pledging assets in an account to secure a loan or purchase securities on margin involves additional risks. The broker/dealer or 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. These actions may interrupt your long-term investment goals and result in adverse tax consequences and additional fees to the bank. The returns on accounts or pledged assets may not cover the cost of loan interest and account fees and may dictate a more aggressive investment strategy to support the costs of borrowing. Before pledging assets in an account, clients should carefully review the loan agreement, loan application and any forms required by the bank and any other forms and disclosures provided by the Firm.

Listed above are some of the primary risks associated with the way we recommend investments to you. Please do not hesitate to contact us to discuss these risks and others in more detail. In instances where we recommend that a third party manage your assets, please refer to the third-party's ADV and associated disclosure documents for details on their investment strategies, methods of analysis and associated risks.

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

## ITEM 9 – DISCIPLINARY INFORMATION

Not applicable. Neither we, nor any of our management personnel have been involved in any disciplinary events that are material to your evaluation of our programs or the integrity of our management.

## ITEM 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

### OVERVIEW

This section contains information about our financial industry activities and affiliations. We provide information about the material relationships and arrangements we have with any related persons, including broker-dealers and investment advisors. We identify if any of these relationships or arrangements create a material conflict of interest with clients and discuss how we address these conflicts. "Related Persons" are defined as entities that we control or control us or are under common control with us.

### CORPORATE STRUCTURE

Arbor Point Advisors, LLC is a wholly-owned subsidiary of Securities America Financial Corporation (SAFC). SAFC is a wholly owned subsidiary of Osaic Holdings, Inc., which is owned primarily by a consortium of investors through RCP Artemis Co-Invest, L.P., an investment fund affiliated with Reverence Capital Partners LLC. The consortium of investors includes, RCP Genpar Holdco LLC, RCP Genpar L.P., RCP Opp Fund II GP, L.P., and The Berlinski Family 2006 Trust.

### OTHER INDUSTRY AFFILIATES

The Firm has the following affiliates, which are wholly owned subsidiaries of Osaic Holdings, Inc.

Securities America Financial Corporation (SAFC) Holding Company	100% owned by Osaic Holdings, Inc.
Ladenburg Thalmann Asset Management, Inc. Registered Investment Advisor	100% owned by Osaic Holdings, Inc.
Ladenburg Thalmann & Co., Inc. Broker/Dealer	100% owned by Osaic Holdings, Inc.

Triad Advisors, LLC Registered Investment Advisor, Broker/Dealer & Insurance	100% owned by Osaic Holdings, Inc.
Osaic Advisory Services, LLC Registered Investment Advisor	100% owned by Osaic Holdings, Inc.
Highland Capital Brokerage Insurance Company	100% owned by Osaic Holdings, Inc.
Premier Trust, Inc. Trust Company	100% owned by Osaic Holdings, Inc.
Osaic Institutions Holdings, Inc. (OIHI) Holding Company	100% owned by Osaic Holdings, Inc.
American Portfolios Holdings, Inc. (APHI) Holding Company	100% owned by Osaic Holdings, Inc.
Osaic Institutions, Inc. Registered Investment Advisor, Broker/Dealer	100% owned by OIHI
American Portfolios Advisory, Inc. Registered Investment Advisor	100% owned by APHI
American Portfolios Financial Services, Inc. Broker/Dealer	100% owned by APHI

APA also has Related Persons under common control with Osaic Holdings, Inc. The following chart details the Related Persons, which are wholly owned subsidiaries of Osaic, Inc., which is a wholly owned subsidiary of Osaic Holdings, Inc.

Osaic, Inc. Holding Company	100% owned by Osaic Holdings, Inc.
Osaic Wealth, Inc. Registered Investment Advisor, Broker/Dealer	100% owned by Osaic, Inc.
Vision2020 Wealth Management Corp. Registered Investment Advisor	100% owned by Osaic, Inc.

The following chart details the Related Persons, which are not wholly owned subsidiaries of Osaic Holdings, Inc. or Osaic, Inc. These Related Persons, however, are under common control of Osaic Holdings, Inc.. Your Advisory Representative, however, cannot recommend the purchase of securities through such affiliates and do not conduct advisory business through these Related Persons.

Black Diamond Financial, LLC Registered Investment Advisor	100% owned by Black Diamond Financial Holdings, LLC
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## **BROKER-DEALER AFFILIATE**

As noted in Item 4, the Firm's affiliate, Osaic Wealth, is registered as a broker-dealer with the SEC, and a member of FINRA, engaged in the offer and sale of securities products.

Most of our Advisory Representatives are associated with Osaic Wealth as Registered Representatives. Your Advisory Representative will take into consideration all types of accounts that could be offered (i.e., both brokerage and advisory accounts) when making the recommendation of an account that is in your best interest. Refer to the Investment Advisor Public Disclosure website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) for more information on your Advisory Representative's specific licenses or [brokercheck.finra.org](http://brokercheck.finra.org) for registered representatives specific licenses.

Account recommendations include recommendations of securities account types generally (e.g., to open an IRA or other brokerage account), as well as recommendations to roll over or transfer assets from one type of account to another (e.g., a workplace retirement plan account to an IRA).

If acting as a Registered Representative, your Advisory Representative can recommend the purchase of securities offered by Osaic Wealth. In that case, your Advisory Representative would receive commissions for those products which will be in addition to advisory fees charged on assets covered by your client advisory relationship. As such, Advisory Representatives have an incentive to sell you commissionable products in addition to providing you with advisory services when such commissionable products may not be suitable. Alternatively, they have an incentive to forego providing you with advisory services when appropriate, and instead recommend the purchase of commissionable investments, if they deem that the payout for recommending the purchase of these investments would be higher than providing management advice on these products for an advisory fee. Therefore, a conflict of interest could exist between their interests and your interests. We maintain policies and procedures to ensure recommendations are in your best interest.

While our securities sales are reviewed for suitability by an appointed supervisor, you should be aware of the incentives we have to sell certain securities products and are encouraged to ask us about any conflict presented.

All such transactions are affected in compliance with the Advisers Act and other applicable law, including our duty to seek best execution.

Please be aware that you are under no obligation to purchase products or services recommended by us or members of our Firm in connection with providing you with any advisory service that we offer.

## **INSURANCE**

Osaic Wealth is also an insurance agency licensed to do business in all 50 states.

Advisory Representatives that are also insurance licensed are permitted to sell fixed insurance products including, but not limited to, fixed annuities, term life insurance, and whole life insurance for compensation through Osaic Wealth's insurance agency or an independently owned agency.

Highland Capital Brokerage ("Highland") is a Related Person of the Firm and an independent insurance brokerage firm that delivers life insurance, fixed and equity indexed annuities, long-term care solutions and variable insurance wholesaling support to investment and insurance providers. Some employees of Highland are also registered with us and/or our broker-dealer affiliates.

## **OUTSIDE BUSINESS ACTIVITIES**

Since registered representatives are independent contractors of Osaic Wealth, they have the ability to engage in certain other business activities separate from the activities they conduct through Osaic Wealth. Some of Osaic Wealth's affiliated registered representatives are permitted to be employed by, or own, a financial services business entity, including an investment adviser business, separate from Osaic Wealth. Although this is not considered a conflict of interest, clients should be aware that these situations can exist. Such activities include tax preparation, insurance, and/or real estate services. When your Advisory Representative engages in these certain other business activities (other than the provision of brokerage and advisory services through us), they could receive greater compensation through the outside business activities.

## **BUSINESS OPERATIONS WITH AFFILIATES**

Some of our business operations involve directing clients to products or services of our Related Persons. In that case we or our Related Persons can receive compensation when doing so which results in a conflict of interest.

Your Advisory Representative, however, does not receive a portion of the compensation paid to us or our Related Persons and therefore does not have a conflict of interest in recommending the use of one of our affiliated companies. As a result of the fact your Advisory Representative is not compensated for directing you to products or services offered by our Related Persons, we believe that the Firm's conflict of interest is mitigated. The Firm maintains policies and procedures to ensure recommendations made to you are in your best interest. The Firm or its Advisory Representatives may direct you to the following Related Persons:

Premier Trust: Premier Trust is a Nevada chartered trust company that provides trust, estate planning and administrative services. When making any recommendation, Advisory Representatives first consider whether Premier Trust can adequately service client needs and whether any other efficiencies or benefits will result to the client. Clients are not obligated to follow our recommendations or use Premier Trust's services. When used, Premier Trust provides full disclosure with respect to its trust and administrative services and related costs.

Highland Capital Brokerage (Highland): Highland is an independent insurance brokerage firm that distributes fixed and variable life insurance, disability insurance, fixed and indexed annuities, and long-term care solutions to financial professionals and their clients. Some employees of Highland are also registered with us and/or our broker-dealer affiliates. Advisory Representatives receive indirect compensation in the form of rebated fees when recommending and selling Highland products to you. This is a conflict of interest as Advisory Representatives have an incentive to recommend and sell these products to you.

Ladenburg Thalmann & Co. Inc. (LTCO): LTCO is a registered broker/dealer. Your Advisory Representative can also recommend clients invest in securities issued in an initial public ("new issue") and secondary offering for which LTCO acts as a manager, an underwriter and/or a member of the selling syndicate. APA and/or our affiliated broker/dealer, Osaic Wealth, can also act as a member of the selling syndicate. We have a conflict of interest when recommending these securities because:

- LTCO receives all or a portion of the concession (the difference between the price paid by the client for the security and the price for which LTCO purchases the security) in connection with such sales. This concession will vary between different offerings. If APA or Osaic Wealth also act as a member of the selling syndicate, they receive a portion of the concession. If your Advisory representative is also a registered representative, he or she generally receives a portion of this compensation in that separate capacity.

Because of our affiliation with LTCO, we have incentives to recommend investments in these initial and secondary offerings for the above reasons rather than based on client needs. To address these conflicts, we have policies and procedures in place to make sure that securities in initial public offerings are recommended only to clients for whom they are in the client's best interest based on client investment objectives and holdings. If securities acquired in initial public and secondary offerings become oversubscribed, we have policies and procedures in place addressing the allocation process under these circumstances.

Clients are not obligated to use any LTCO services recommended.

Ladenburg Thalmann Asset Management, Inc. (LTAM): LTAM is an SEC registered investment advisor specializing in investment management, market analysis, due diligence, fund selection, asset allocation and diversification strategies. LTAM sponsored programs and their characteristics are more fully described in its disclosure brochures, which are available to any client or prospective client upon request.

LTAM offers the Ladenburg Funds (i.e., Ladenburg Income Fund, Ladenburg Income & Growth Fund, Ladenburg Growth & Income Fund, Ladenburg Growth and Ladenburg Aggressive Growth), each of which is an open-end fund; as well as the Total Portfolio Series funds (Collective Investment Trusts) established for retirement plans. Our Advisory Representatives can recommend clients invest in these funds as well as other Ladenburg portfolios. Transactions within these funds are executed through LTCO, which receives no commissions when executing trades on behalf of the Funds. Therefore, there is a conflict of interest if clients elect to invest in these products since LTAM, LTCO and APA generally receive more compensation than if clients purchase other investments.

- LTAM operates \$ymbil®, an online, interactive tool designed to assist clients in selecting among the five Ladenburg Funds by using a questionnaire to gauge a client's time horizon, risk tolerance and investment objectives. A client investment profile is created from the responses to this online questionnaire. LTAM has no discretion over a client's investments. Our Advisory Representatives can recommend clients use \$ymbil®, and if clients implement transactions using \$ymbil®, both APA and our Advisory Representatives receive promoter fees. This creates a conflict of interest; however, clients have no obligation to accept any suggestions provided by \$ymbil® or to invest in any of the Ladenburg Funds.
- LTAM offers the Qui(k) program. LTAM serves as the ERISA Section 3(38) investment fiduciary for the plans associated with this program. LTAM has entered into an agreement to provide 3(38) investment fiduciary services to TRG Fiduciary Services, LLC (TRGF). TRGF is the Pooled Plan Provider (PPP) for the Qui(k) platform, TRGF's Pooled Employer Plan (PEP). LTAM, as well as the other Qui(k) platform service providers, are engaged by TRGF in their capacity as the PPP named fiduciary and PEP plan sponsor. Certain collective investment trusts ("CITs") managed by LTAM are available as investment options in Qui(k). However, LTAM utilizes a share class that does not pay a fee to LTAM for management of the CIT assets. Employers who participate in Qui(k) will sign a separate agreement engaging TRGF as the PPP. TRGF, LTAM, and APA do not engage in any revenue sharing as a result of this relationship. The specific manner in which fees are charged is established for a client in the client's written investment advisory agreement. Advisory Representatives are not acting as a fiduciary for purposes of ERISA when recommending employer participation in Qui(k) versus the other programs or options.

We offer clients access to professional Third-Party Money Managers that create and implement portfolios with a variety of investment strategies (see Item 4 *Advisory Business* for additional information). LTAM is among the Third-Party Money Managers that can be recommended to clients. APA has a conflict of interest when recommending LTAM to clients. Advisory Representatives receive compensation that varies depending on the TPMMs recommended. APA earns more total compensation when a client selects LTAM as a Third-Party Money Manager than we would earn if the client selects certain other unaffiliated TPMMs. Thus, our Advisory Representatives have a conflict of interest because of an incentive to recommend certain TPMM over others. We address these conflicts of interest through policies and procedures that, among other things, require Advisory Representatives to make suitable recommendations, to act as a fiduciary to clients, and to act solely in clients' best interests.

## **CAIS ALTERNATIVE INVESTMENTS PLATFORM**

As described above, the Firm is a subsidiary of Osaic Holdings, Inc., which is ultimately owned by a number of private investment funds organized and sponsored by Reverence Capital Partners. In addition to its ownership of Osaic Holdings, Inc., private investment funds organized and sponsored by Reverence Capital Partners, directly or indirectly, own (whether through majority or minority interest) other investment advisers and securities and financial services firms. One of such firms is Capital Integration Systems LLC ("CAIS"), which, as disclosed in Item 4, together with its affiliates provides the alternative investments platform to the Firm's clients. This ownership entitles Reverence Capital Partners to appoint a member to the board of directors of CAIS and certain committees thereof and otherwise grants the Reverence Capital Partners certain consent and veto rights over actions taken by CAIS and its affiliates. In addition, our agreement with CAIS provides for a payment to us of up to 10 basis points (.10%) on the sale amount of alternative investment products sold through the CAIS platform. The Firm has therefore an incentive to recommend alternative investments on the CAIS platform to you, which is a conflict of interest. However, your Advisory Representative does not receive any portion of this compensation.

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

We have adopted a Code of Ethics (the "Code") to address securities-related conduct. The Code focuses primarily on fiduciary duty, personal securities transactions, insider trading, gifts, and conflicts of interest. The Code includes our policies and procedures developed to protect your interests in relation to the following topics:

- The duty at all times to place your interests 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 employee'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 your security holdings and financial circumstances are confidential; and
- The principle that independence in the investment decision-making process is paramount.

This response is only intended to provide you with a summary description of our Code of Ethics. Please refer to our Code of Ethics in its entirety located at [www.arborpointadvisors.com/disclosures](http://www.arborpointadvisors.com/disclosures).

It is the Firm's policy to prohibit agency cross transactions where representatives act as brokers for both buying and selling a single security between two different clients and are compensated through an agency commission or principal mark-up for the trades. If we adopt a different policy in this area or an exception is made, we will observe all rules and regulations in accordance with the disclosure and consent requirements of Section 206(3) of the Advisers Act. Additionally, we are aware that such transactions can only occur if we can ensure that we meet our duty of best execution for the client.

Related Person(s) to us may have an interest or position in securities which may be recommended to you.

Our Advisory Representatives, from time to time, can recommend investment products to you, including mutual funds, variable and fixed annuities, and other insurance products, sponsored, distributed, or managed by our Related Persons. Advisory Representatives may also recommend that you select portfolio managers that are Related Persons. These Related Persons may, from time to time, place brokerage transactions with Osaic Wealth and refer you to us. Such recommendations and arrangements might create a conflict of interest because they may result in an increase in compensation for us, our Advisory Representatives and our Related Persons. The Firm stands to receive earnings from the internal fees of the recommended securities as well as earnings from a portion of the investment advisory fee received by us. Advisory Representatives are not under any obligation to sell these products or to meet any selling quotas related specifically to these products.

While our security sales are reviewed for suitability by an appointed supervisor, you should be aware of the incentives we have to sell certain securities products and are encouraged to ask us about any conflict presented.

We may recommend securities to you or buy or sell securities for your account at or about the same time we buy or sell the same securities in our own account. In those instances, the Firm maintains policies and procedures to avoid, detect, and correct conflicts of interest that arise if you and the Advisory Representative (including Related Persons) invest in the same security on the same side of the market on the same day.

Due to our affiliation with another investment company, investment advisors and broker/dealers, we maintain a Restricted and Pre-Clearance Equity List which may limit our firm and the Advisory Representative's ability to transact in certain equities on your behalf in a discretionary advisory program. Your Advisory Representative may not be able to place certain transactions or may experience delays in submitting certain transactions on your behalf based on any pre-clearance or pre-approval requirements implemented by the firm. You can receive a worse price than what you might receive if you placed the transaction through another Advisory Representative not affiliated with Osaic Wealth and not subject to any trading restrictions. These trading restrictions are subject to change without notice.

## ITEM 12 – BROKERAGE PRACTICES

### Recommendation of Broker/Dealers and Custodians for Investment Management Services

You are under no obligation to act on the recommendations of the Firm and are free to select any broker/dealer or investment advisor you'd like to implement our recommendations. In other words, you are not *required* to work with us. However, if you want to hire us for our investment management service, we are responsible for executing your



account transactions and therefore responsible for attaining the best execution possible. Please note that we cannot promise or guarantee our brokerage platforms are the least expensive in the industry. There may be other platforms with lower costs.

If client's contract for our investment management services, we require them to use particular broker/dealers recommended or approved by us. Please note that not all investment advisors require the use of particular broker/dealers. Some investment advisors permit clients to use any broker/dealer of the client's own choosing. In very rare cases, we may work with a client that wants to direct us to use a particular broker/dealer. In such cases, those clients must understand that we may be unable to effectively negotiate brokerage compensation on the client's behalf. When directing brokerage business, clients should consider whether the commission expenses and execution, clearance and settlement capabilities that they obtain through their selected broker/dealer(s) are adequately favorable in comparison to those that we would otherwise obtain for our clients. Clients with client-directed brokerage arrangements should also understand we may be limited in our trading ability (compared to platforms recommended by the Firm) and may be required to execute client directed trades after trades are implemented through accounts at our preferred platforms. Clients are encouraged to discuss available alternatives with their Advisory Representative.

When selecting brokerage platforms for client accounts, we consider standard benefits that are available without cost to all investment advisor firms using the platform, including our firm. These benefits include, but are not necessarily limited to, the following products and services: receiving duplicate client statements and confirmations; research related products and tools; access to a trading desk serving the Firm's account participants; the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client accounts; the ability to have advisory fees deducted directly from client accounts; access to an electronic communications network for client order entry and account information; and access to mutual funds with no transaction fees. Some of the products and services made available by a broker/dealer through their program may benefit APA but may not benefit client accounts. These products or services may assist the Firm in managing and administering client accounts, including accounts not maintained at the broker/dealer providing the benefit.

APA receives additional services which includes assistance with transitioning assets to custodial platforms. Without these arrangements, APA might be compelled to purchase the same or similar services at its own expense. As a result of receiving such services for no additional cost, APA may have an incentive to continue to use or expand the use of a custodian's services. APA examines these potential conflicts of interest when it chooses to enter into a relationship with a custodian to determine that the relationship is in the best interests of APA clients and satisfies its client obligations, including its duty to seek best execution. Clients can pay a commission that is higher than another qualified broker/dealer might charge to affect the same transaction where APA determines in good faith that the commission is reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although APA will seek competitive rates, to the benefit of all clients, it may not necessarily obtain the lowest possible commission rates for specific client account transactions. Although the investment research products and services that may be obtained by APA will generally be used to service all of its clients, a brokerage commission paid by a specific client may be used to pay for research that is not used in managing that specific client's account. APA and the qualified custodians are not affiliates, and no broker/dealer affiliated with APA is involved in the relationship.

Our recommendation of broker/dealers will be partially based on past experiences, minimizing commissions and other costs as well as offerings or services the broker/dealer provides that APA or client may require or find valuable such as online access. However, clients can pay commissions higher than those obtainable from other broker/dealers in return for those products and services. Commission and fee structures of various broker/dealers are periodically reviewed to ensure clients are receiving best execution. Accordingly, while APA considers competitive rates, it may not necessarily obtain the lowest possible commission rates for client account transactions. Therefore, the overall services provided by the broker/dealer are evaluated to determine best execution.

#### Clearing and Custodial Arrangement for Asset Management Services Program

Although we permit our Advisory Representatives to use several different brokerage platforms and consider the overall services provided by those brokerage firms, we have material arrangements with some firms that create an incentive for us to recommend those firms over other broker/dealers. We receive economic benefits from brokerage

platforms in the form of the support products and services it makes available to APA and its Advisory Representatives whose clients maintain their accounts at a brokerage platform. In addition, brokerage platforms also agree to pay for certain negotiated products and services for which we would otherwise have to pay once the value of our clients' assets in accounts at a brokerage platform reaches a certain amount. Some of the arrangements result in conflicts of interest with our clients and are explained in the following sections. Our Advisory Representatives receive indirect compensation from the Firm for certain level of assets with Custodians. Thus, they are incentivized to recommend these Custodians to you over other options.

A referring broker/dealer firm may also have paid for business consulting and professional services received by APA related persons and may also pay or reimburse expenses (including travel, lodging, meals and entertainment expenses) for APA's personnel to attend conferences or meetings relating to the programs or advisor custody and brokerage services generally. Some of the products and services made available by such referring firms can benefit APA but not benefit its client accounts. These products or services can assist APA in managing and administering client accounts, including accounts not maintained at the referring firm. Other services made available can help APA manage and further develop its business enterprise. The benefits received by APA or its personnel generally do not depend on the amount of brokerage transactions directed to a referring firm. As part of its fiduciary duties to clients, APA at all times endeavors to put the interests of its clients first. Clients should be aware, however, that receiving economic benefits in and of itself creates a potential conflict of interest and can indirectly influence APA's choice of one of these referring broker/dealer firms for custody and brokerage services.

### **Schwab Advisor Services**

The Firm can also recommend or require that clients establish brokerage accounts with the Schwab Advisor Services division of Charles Schwab & Co., Inc. (Schwab), a registered broker/dealer, member SIPC, to maintain custody of clients' assets and to effect trades for their accounts. The final decision to custody assets with Schwab is at the discretion of clients, including those accounts under ERISA or IRA rules and regulations, in which case the client is acting as either the plan sponsor or IRA accountholder. The Firm is independently owned and operated and not affiliated with Schwab. Schwab provides the Firm with access to its institutional trading and custody services, which are typically not available to Schwab retail investors. These services generally are available to independent investment advisors on an unsolicited basis, at no charge to them so long as a total of at least \$10 million of the advisor's clients' assets are maintained in accounts at Schwab Advisor Services. Schwab's services include brokerage services that are related to the execution of securities transactions, custody, research (including that in the form of advice, analyses and reports) and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

Schwab generally does not charge separately for custody services for the Firm's client accounts maintained in its custody. Instead, it is generally compensated through commissions or other transaction-related or asset-based fees for securities trades that are executed through Schwab or that settle into Schwab accounts. Because the Firm pays Schwab the execution costs associated with securities transactions, there is a potential disincentive to trade securities. The Firm does not receive any portion of the commission or fees from either Schwab or from clients.

In addition, clients can incur certain charges imposed by third parties other than us in connection with investments made through your account including, but not limited to, wire fees, overnight check fees, mutual fund sales loads, 12b-1 fees and surrender charges, variable annuity fees and surrender charges and Advisory Representatives and qualified retirement plan fees. The Firm's fees are separate and distinct from the fees and expenses charged by investment company securities that may be recommended to you. A description of these fees and expenses is available in each security prospectus.

The Arbor Point Advisors Asset Management Services program can cost clients more or less than if the assets were held in a traditional brokerage account. In a brokerage account, clients are charged commissions for each transaction and the Advisory Representative has no duty to provide ongoing advice with respect to the account. If clients plan to follow a buy and hold investment strategy for the account or do not wish to purchase ongoing investment advice or management services, they should consider opening a brokerage account rather than an Asset Management Services account.

Schwab also makes available to the Firm other products and services that benefit us but may not benefit our clients' accounts. These benefits can include national, regional or specific Firm educational events organized and/or

sponsored by Schwab Advisor Services. Other potential benefits can include occasional business entertainment of Firm personnel by Schwab Advisor Services personnel, including meals, invitations to sporting events (including golf tournaments) and other forms of entertainment, some of which may accompany educational opportunities.

Other products and services assist the Firm's in managing and administering clients' accounts. These include software and other technology (and related technological training) that provide access to client account data (such as trade confirmations and account statements), facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts), provide research, pricing information and other market data, facilitate payment of the Firm's fees from its clients' accounts, and assist with back-office training and support functions, recordkeeping and client reporting. Many of these services generally may be used to service all or some substantial number of the Firm's accounts, including accounts not maintained at Schwab Advisor Services.

Schwab Advisor Services also makes available to the Firm other services intended to help the Firm manage and further develop its business enterprise. These services may include professional compliance, legal and business consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance, employee benefits providers, human capital consultants, insurance and marketing. In addition, Schwab can make available, arrange and/or pay vendors for these types of services rendered to the Firm by independent third parties. Schwab Advisor Services can discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to the Firm. As a fiduciary, the Firm endeavors to act in its clients' best interests, but its recommendation and/or requirement that clients maintain their assets in accounts at Schwab can be based in part on the benefit to the Firm of the availability of some of the foregoing products and services and other arrangements and not solely on the nature, cost or quality of custody and brokerage services provided by Schwab. This may create a potential conflict of interest.

The Firm participates on the Schwab Advisor Services Technology, Operations and Service Advisory Board (the "TOS Advisory Board"). As described above, Advisory Representatives can establish brokerage accounts with Charles Schwab & Co., Inc. ("Schwab") to maintain custody of the clients' assets and effect trades for their accounts. The TOS Advisory Board consists of representatives of independent investment advisory firms who have been invited by Schwab management to participate in meetings and discussions of Schwab Advisor Services' services for independent investment advisory firms and their clients. TOS Advisory Board members are not compensated by Schwab for their service, but Schwab does pay for or reimburse TOS Advisory Board members' travel, lodging, meals and other incidental expenses incurred in attending Board meetings. Any benefits received by the Firm or its personnel by serving on the TOS Advisory Board do not depend on the amount of brokerage transactions directed to Schwab.

### **Fidelity Institutional Wealth Services**

The Firm can also recommend or require that clients establish a brokerage account with Fidelity Institutional Wealth Services (Fidelity) to maintain custody of clients' assets and to effect trades for their accounts. The Firm is independently owned and operated and is not affiliated with Fidelity. Fidelity provides us with access to their institutional trading and custody services, which are typically not available to retail investors. The services from Fidelity include brokerage, custody, research and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

Fidelity also makes available other products and services that benefit us but may not benefit our clients' accounts. Some of these other products and services assist us in managing and administering client accounts. These include software and other technology that:

- Provide access to client account data (such as trade confirmation and account statements)
- Facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts)
- Provide research, pricing information and other market data
- Facilitate payment of our fees from client accounts
- Assist with back-office functions, recordkeeping and client reporting.

Many of these services generally can be used to service all, or a substantial number, of our accounts, including accounts not maintained at Fidelity. Fidelity also makes available other services intended to help us manage and further develop our business. These services can include:

- Consulting, publications and conferences on practice management
- Information technology
- Business succession
- Regulatory compliance
- Marketing

In addition, Fidelity can make available, arrange and/or pay for these types of services rendered by an independent third party providing these services to us. As a fiduciary, we endeavor to act in your best interest. Our recommendation or requirement that you maintain your assets in accounts at Fidelity can be based in part on the benefit to us in the availability of some of the foregoing products and services and not solely on the nature, cost or quality of custody and brokerage services provided by Fidelity. This creates a potential conflict of interest.

#### Clearing and Custodial Arrangement for Participant Retirement Program

In the Participant Retirement Program, transactions are cleared by Fidelity Institutional Wealth Services, which is not affiliated with the Firm or Osaic Wealth . The Firm and Osaic Wealth do not maintain custody of client funds or securities. Outside custodians maintain custody of all funds and securities. Because the Participant Retirement Program allows for the direct deduction of advisory fees from client accounts, we can be deemed to have limited custody of client assets. The Firm and Osaic Wealth can also be deemed to have limited custody for certain transmittal policies. For example, by giving you the ability to transfer funds between accounts you own and that are titled in the same name or, if you specifically request it, transferring funds between accounts you own that are titled in different names, Osaic Wealth can be deemed to have limited custody. Additionally, Osaic Wealth can be deemed to have limited custody by giving you the ability to have funds sent from your account to your address of record or, if you specifically request, to some other address.

For a description of products and services that Fidelity Institutional Wealth Services makes available to us, please refer to the Fidelity description above.

The Firm has an arrangement with National Financial Services LLC, and Fidelity Brokerage Services LLC (together with all affiliates, "Fidelity") through which Fidelity provides the Firm with Fidelity's "platform" services. The platform services include, among others, brokerage, custodial, administrative support, record keeping and related services that are intended to support intermediaries like APA in conducting business and in serving the best interests of their clients but that may benefit the Firm.

Fidelity charges brokerage commissions and transaction fees for effecting certain securities transactions (i.e., transactions fees are charged for certain no-load mutual funds, commissions are charged for option contracts and debt securities transactions). Fidelity enables the Firm to obtain many no-load mutual funds without transaction charges and other no-load funds at nominal transaction charges. Fidelity's commission rates are generally considered discounted from customary retail commission rates. However, the commissions and transaction fees charged by Fidelity can be higher or lower than those charged by other custodians and broker-dealers. As part of the arrangement and at no additional charge, Fidelity also makes available to the Firm certain research and brokerage services, including research services obtained by Fidelity directly from independent research companies. The Firm can select from these services (within specified parameters) and use them to manage accounts for which the Firm has investment discretion. For more information on these transaction charges or commissions, please ask your Advisory Representative.

#### **TRADING PRACTICES**

Occasionally, a trading error can occur where either we, or our Advisory Representatives, are at fault for effecting one or more erroneous securities transactions for a client's brokerage account. If this occurs in your account, the error will be corrected, and your account will be restored to the same economic position had the error never occurred. In the process of restoring your account, a profit may be realized, or a loss suffered in connection with correcting this error. Neither losses nor gains realized will be passed on to you. As a result, trade corrections can result in a financial benefit to us or our affiliated broker/dealers.

In connection with the provision of Third-Party Advisory Services, our choice of custodian will be limited to those choices offered by the Third-Party Advisory Service.

When possible, the Firm and your Advisory Representative can aggregate client transactions to improve the quality of execution. Mutual funds held in client accounts do not lend themselves to aggregate or block trades. To the extent other securities are purchased that do lend themselves to aggregating or block trading (e.g., stocks or exchange traded funds), the Firm and your Advisory Representative can aggregate client transactions. The Firm and our Advisory Representatives allocate trades to advisory clients in a fair and equitable manner that is applied consistently. When trades are not aggregated, clients may not enjoy the effects of lower transaction per share costs that often occur as a result of aggregating trades. As a result, you can pay a higher transaction cost than could be received elsewhere. Partial fills will be allocated in a way that does not consistently advantage or disadvantage particular client accounts and are generally filled pro-rata among participating accounts.

The aggregation and allocation practices of mutual funds and Third-Party Money Managers that we recommend to you are disclosed in the respective mutual fund prospectuses and Third-Party Money Manager disclosure documents which will be provided to you.

## **ITEM 13 – REVIEW OF ACCOUNTS**

Each purchase or sale of a security affected by our Advisory Representative in your account is monitored for suitability by an appointed supervisor. In addition, our Advisory Representatives periodically review your accounts as needed, but no less than annually. Such review and any consultation typically contain, when warranted, advice regarding recommended changes to your investments and recommendations for implementation of proposed changes.

You will receive monthly and/or quarterly account statements from the custodian. Your Advisory Representative can also send you a quarterly performance report (“QPR”). QPRs are for informational purposes only and based on information believed to be accurate, but that we have not verified. For accurate account information, you must refer to the account statement from the account custodian.

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

### **CLIENT REFERRALS**

The Firm has promoter arrangements with individuals. A Promoter (including solicitors) is any person providing a testimonial or endorsement. Promoter arrangements are conducted in accordance with the SEC’s “Marketing Rule” (Rule 206(4)-1). The Marketing Rule covers both cash and non-cash compensation paid to promoters. This includes advisory fees based on a percentage of assets under management or amounts invested, flat fees, hourly fees, reduced advisory fees, fee waivers, cash sales awards and any other methods of cash compensation. If you are introduced to us through a Promoter, a separate disclosure statement is provided, advising you of the compensation arrangement to an individual that is unaffiliated with the Firm.

We have established a relationship with LTAM’s \$ymbil program. APA Advisory Representatives can provide clients access to LTAM’s \$ymbil program through the Advisory Representative’s website. APA receives a portion of the asset management fee that LTAM charges. These fees can be paid on an ongoing basis and can continue even if your relationship with the Advisory Representative and/or APA is terminated.

### **NETWORKING ARRANGEMENTS**

There is an option for the Firm and its Advisory Representatives to offer advisory services on the premises of unaffiliated financial institutions, like banks or credit unions. In such a case, the Firm will enter into networking agreements with financial institutions pursuant to which we share compensation, including a portion of the advisory fee, with the financial institution for the use of the financial institution’s facilities and for client referrals.

### **OTHER COMPENSATION**

As previously described in item 10, Osaic Wealth, the Firm and Osaic, Inc. are subsidiaries of Osaic Holdings, Inc. where Osaic Wealth is a broker dealer and the Firm is a Registered Investment Adviser. Osaic Wealth and the Firm offer a range of investments and services to its clients. As you work with your Advisory Representative to determine

the right investments and services to achieve your investment goals, it is also important for you to understand how the Firm, Osaic Wealth,, Osaic, Inc. and your Advisory Representative are compensated. Certain forms of compensation can create conflicts of interest, and it is important for you to assess these conflicts of interest when making investment decisions.

In some cases, we pay a portion of an Advisory Representative's compensation to an Advisory Representative's designated supervisor(s). This creates a conflict of interest because the compensation affects the designated supervisor's ability to provide objective supervision of the Advisory Representative. The Firm mitigates this conflict through policies, procedures and its governance structure. The Firm and our designated supervisors have an obligation to supervise Advisory Representatives and may decide to terminate an Advisory Representative's association with the Firm based on performance, a disciplinary event, or other factors. The amount of assets serviced or revenue generated by an Advisory Representative creates a conflict of interest when considering whether to terminate an Advisory Representative.

The Firm maintains policies and procedures to ensure recommendations are suitable and require that Advisory Representatives always act in your best interest. We also maintain a supervisory structure to monitor the advisory activities of your Advisory Representative to reduce potential conflicts of interest. You are encouraged to ask us about any conflict presented. In particular, we note the following:

### **RECRUITING AND TRANSITION ASSISTANCE**

To assist in the costs of transitioning from another investment adviser, we provide various benefits and/or payments to certain Advisory Representatives that are newly associated with the Firm. The proceeds of the transition assistance payments are intended to be used for a variety of purposes, including but not limited to, providing working capital to assist in funding the Advisory Representative's business, satisfying outstanding debt owed to the Advisory Representative's previous firm, technology set-up fees, marketing and mailing costs, stationery and licensure transfer fees, moving expenses, office space expenses, and staffing support. The amount of the transition assistance is generally based on the size of the Advisory Representative's business established at his or her prior firm. This assistance is generally in the form of loans to the Advisory Representative and are forgiven by us based on the years of service with the Firm.

The receipt of the recruiting/transition assistance creates a conflict in that the Advisory Representative has a financial incentive to recommend a client to open and maintain an account with the Firm.

### **TOP PRODUCER OPPORTUNITIES**

The Firm offers additional educational, training, marketing and home office support services for those Advisory Representatives that meet overall revenue production goals. While these goals are not specific to any type of product or service offered, a conflict of interest exists because these opportunities provide a financial incentive for Advisory Representatives to recommend investment products and advisory services in general.

### **ADVISOR APPRECIATION PROGRAM**

The Firm provides the following compensation and ownership opportunities to certain Advisory Representatives:

- The Retention Program – In very limited situations the Firm provides compensation to certain Advisory Representatives that have been affiliated with the Firm for many years and are profitable to the organization. Although there is no production requirement for these limited situation loans, the loan does create a conflict of interest by requiring the Financial Professional to retain affiliation with the Firm in order to avoid repayment of the loan.
- The Referral Rewards Program – Subject to certain qualifications and restrictions, the Firm will make payments to affiliated Financial Professionals for referrals of unaffiliated Financial Professionals. For each qualified referred Financial Professional who affiliates with the Firm, the referring Financial Professional will receive up to 3% of the referred Financial Professional's trailing 12-month production and up to 3% of the referred Financial Professional's first 12 months of production. The Firm is responsible for these payments and the payments to the Financial Professional are not a portion of the fees and/or commissions you pay. Your Financial Professional's status as a referring Financial Professional is not a conflict to you because if

referring, the referred Financial Professional's production is unrelated to your account. Your Financial Professional's status as a referred Financial Professional is not a conflict to you, because your Financial Professional is not compensated specifically for being part of the Referral Rewards Program.

- The Equity Ownership Plan – Certain Advisory Representatives who are accredited investors are offered the opportunity to invest in AG Artemis Holdings, L.P., the parent entity of Osaic Wealth and the Firm.

## **LOANS**

Osaic Wealth or the Firm provide loans to certain Advisory Representatives as an incentive to establish, maintain, or expand their brokerage and advisory relationships. The repayments of such loans are typically dependent on the financial professional retaining affiliation with us through the end of the loan period. These loans create a conflict of interest for the financial professional to retain affiliation with the firm in order to avoid repayment of the loan.

## **INDIRECT COMPENSATION AND REVENUE SHARING**

### **Strategic Partners**

In addition to commissions or asset-based fees, the Firm, Osaic Wealth, Inc. and/or Osaic, Inc. receives compensation ("revenue sharing payments") from the below categories:

- *Packaged Products*: certain mutual funds, exchange traded funds (ETFs), variable insurance products, fixed insurance products, direct participation programs, alternative investments, and unit investment trusts (UITs)
- *Retirement Plan Partners*: third-party firms, including plan recordkeeping platforms as well as investment managers of mutual funds and the issuers of annuities
- *Third-Party Managers*: certain third-party money managers offered through accounts custodied away from the Broker-Dealer
- *Collateralized Lending Partners*: certain banking institutions that collateralize certain investment accounts to obtain secured loans

The above categories are hereinafter referred to as ("Strategic Partner" or "Strategic Partners"). Strategic Partners are selected, in part, based on the competitiveness of their products, their technology, their customer service and their training capabilities. Strategic Partners have more opportunities than other companies to market and educate our Advisory Representatives on investments and the products they offer. Revenue sharing payments are typically calculated as a fixed fee, as an annual percentage of the amount of assets held by customers, or as a percentage of annual new sales, or as a combination. Strategic Partners pay the Firm, Osaic Wealth and/or Osaic, Inc. differing amounts of revenue sharing, for which the Strategic Partner receives different benefits. You do not pay more to purchase Strategic Partner investment products through Osaic Wealth/the Firm than you would pay to purchase those products through another broker-dealer or RIA. Additionally, revenue-sharing payments received by the the Firm, Osaic Wealth and/or Osaic, Inc. are not paid to or directed to your Advisory Representative. Nevertheless, a conflict of interest exists, in that the Firm, Osaic Wealth and/or Osaic, Inc. is paid more if you purchase a Strategic Partner product, and your Advisory Representative indirectly benefits from Strategic Partner payments when the money is used to support costs of product review, marketing or training, or for waiver of mutual fund ticket charges as described below. This conflict of interest is mitigated by the fact that your Advisory Representative does not receive any additional compensation for selling Strategic Partner products, and that the firm maintains policies and procedures to ensure recommendations are in your best interest.

The Firm will update information regarding Strategic Partners who participate in revenue sharing arrangements with the Firm or Osaic Wealth on its website on a regular basis. For additional information, including specifics on the revenue share amounts, please refer to our [Indirect Compensation Disclosure](http://www.arborpointadvisors.com/disclosures) located at [www.arborpointadvisors.com/disclosures](http://www.arborpointadvisors.com/disclosures).

From time to time, the Firm, Osaic Wealth and/or Osaic, Inc. also receives revenue sharing payments from companies that are not Strategic Partners, generally to cover meetings expenses.

### **Custodial Referrals and Economic Benefits**

Some clearing and custodial firms can refer financial professionals to the Firm to possibly join our firm as Advisory Representatives. Any such referring broker/dealer or clearing/custodial firm does not supervise the Firm and has no responsibility for supervision of our Advisory Representatives, managing client portfolios or other advice or services. We have the final authority and responsibility for approving all Advisory Representatives licensed with our firm. Our receipt of Advisory Representative referrals from these firms raises potential conflicts of interest. Such firms will most likely refer potential Advisory Representatives to the Firm when we encourage those Advisory Representatives' clients to custody their assets at the referring firm and whose client accounts are profitable to that firm. Consequently, in order to obtain Advisory Representative referrals, the Firm has an incentive to recommend to clients that the assets under management by the Firm be held in custody with the referring firm and to place transactions for client accounts with that same firm. Our arrangement does not diminish our duty to seek best execution of trades for client accounts. A referring custodial or clearing firm does not receive promoter or referral fees from us for providing the Firm with a potential Advisory Representative referral.

See *Item 12, Brokerage Practices*, for more information about the economic benefits the Firm can receive from Charles Schwab & Co., Inc. and/or Fidelity Institutional Wealth Services when using their brokerage and/or custodial services to provide investment management services.

### **Other Cash and Non-Cash Compensation**

In addition to reimbursement of training and educational meeting costs, the Firm and its Advisory Representatives may receive promotional items, meals or entertainment or other non-cash compensation from representatives of mutual fund companies, insurance companies, and Alternative Investment Products, as permitted by regulatory rules. Additionally, sales of any mutual funds, variable insurance products and Alternative Investment Products, whether or not they are those of Strategic Partners, can qualify Advisory Representatives for additional business support and for attendance at seminars, conferences and entertainment events. From time to time, non-Strategic Partners attend Firm sponsored meetings for a fee.

We have established an agreement with Hanson McClain Retirement Network, LLC (HMRN), a registered broker/dealer and investment advisor in which the associated persons of HMRN provide consultation and marketing support services to Advisory Representatives to assist them in obtaining more clients. As a result of this relationship, we pay HMRN a portion of the fees from any clients obtained as a result of the services provided by HMRN.

## **ITEM 15 – CUSTODY**

Although the Firm's advisory accounts are held by a qualified custodian, the Firm is deemed to have custody of client funds because it has the ability to direct such custodians to deduct advisory fees from the client's account. In addition, the Firm engages in certain asset transmittal practices such that we are deemed to have custody of such assets. APA is deemed to have limited custody of your assets because some clients' accounts have standing letters of authorization or other similar asset transfer authorization agreement and give us the authority to transfer funds to a third party.

On at least a quarterly basis, you will receive statements from the qualified custodian. Your Advisory Representative can also send you a quarterly performance report ("QPR"). The Firm urges you to carefully review the quarterly performance reports we send you and compare them with the statements provided by the qualified custodian. You should promptly notify us or your Advisory Representative upon discovery of any errors, discrepancies or irregularities.

## **ITEM 16 – INVESTMENT DISCRETION**

We manage your accounts on either a discretionary or non-discretionary basis. We will only manage your account on a discretionary basis upon obtaining your consent. Your consent is typically granted and evidenced in the client agreement that you sign with us. We define discretion as: the ability to trade your account, without obtaining your prior consent, the securities and amount of securities to be bought or sold, and the timing of the purchase or sale. It does not extend to the withdrawal or transfer of your account funds.

We give advice and take action in the performance of our duties to you, which differs from advice given, or the



timing and nature of action taken, with respect to our clients' accounts.

### **ITEM 17 – VOTING CLIENT SECURITIES**

We do not have the authority to vote proxies solicited by, or with respect to, the issuers of securities held in your account. Typically, proxy materials will be forwarded to you by our custodian. We will forward proxy materials that we receive to you. Please contact us at any time with questions you have regarding proxy solicitations.

In addition, we do 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 or bankruptcy proceedings. However, we will forward you any information we receive regarding class action legal matters involving any security held in your account.

### **ITEM 18 – FINANCIAL INFORMATION**

We do not allow, require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance. Therefore, we are not required to include a balance sheet for our most recent fiscal year. We are well capitalized and in full compliance with applicable regulations and do not foresee any financial conditions that will impair our fulfillment of reasonable obligations or contractual commitments to you.