



KMS ADVISOR MANAGED PROGRAM

PART 2A

APPENDIX 1

PROGRAM BROCHURE

Current as of June 17, 2024

Osaic Wealth, Inc.

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This brochure provides information about the qualifications and business practices of Osaic Wealth, Inc. If you have any questions about the contents of this brochure, please contact us at (800) 821-5100. Osaic Wealth, Inc. 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 Osaic Wealth, Inc. is also available on the SEC's website at 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 23131.

Item 2 - Material Changes

Securities America Advisors, Inc. merged into Osaic Wealth, Inc on June 14, 2024. All program accounts formerly sponsored by Securities America Advisors, Inc are now sponsored by Osaic Wealth, Inc.

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Item 4 - Services, Fees, and Compensation

The KMS Advisor Managed Program (“Program”) is sponsored by Osaic Wealth, Inc. Osaic Wealth, Inc. is registered as an investment adviser with the SEC, SEC File No. 801-54859, in order to offer investment advisory products and services to its advisory clients. Osaic Wealth, Inc. is also a member of the Financial Industry Regulatory Authority (“FINRA”) as a broker-dealer engaged in the offer and sale of securities products. Advisory products and services are offered through certain Financial Advisors (“FAs”) who have registered as Investment Adviser Representatives (“Advisory Representative”). Registration does not imply a certain level of skill or training. Osaic Wealth, Inc. is a subsidiary of Osaic, Inc., 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 Berliniski Family 2016 Trust.

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

You will enter into an investment advisory client agreement (“Client Agreement”) with us and establish a brokerage account (“Program Account”) on a fully disclosed basis with Osaic Wealth.

Advisory Services

The KMS Advisor Managed Program (collectively, “Program”) is sponsored by the Firm. In June 2024, all KMS Advisor Managed Program accounts transferred to the Firm (“Transferred KMS Accounts”). The Transferred KMS Accounts are only available to clients who are already invested in them and are not being offered to new clients or accounts.

If you have assets in one of the Transferred KMS Accounts, the programs provide you with investment advisory and brokerage execution services for a fee through an arrangement with Envestnet Asset Management, Inc. (“Envestnet”), an unaffiliated SEC-registered investment adviser that provides investment management and investment advisory services. Envestnet’s technology assesses and assists your representative in determining your risk tolerance. Based upon your risk tolerance, the programs utilize a system that assists your representative in selecting investment products, program account types and/or asset allocation that align(s) with your risk tolerance.

Our representatives’ services are tailored to the individual needs of their clients. Our representatives assist with establishing and monitoring your investment objectives, risk tolerance, asset allocation goals and time horizon. You have the opportunity to place reasonable restrictions or constraints on the way your accounts are managed; however, such restrictions can cause your representative to deviate from a strategy or recommendations that your representative would have made if such restrictions or constraints were not in place. Thus, your account’s performance can be lower than it otherwise would have been.

Within the Program, the representative is the portfolio manager utilizing mutual funds, stocks, bonds, exchange traded funds, unit investment trusts and options in client accounts. Asset management services are provided on a discretionary or non-discretionary basis at your option as defined in your client agreement.

The program has accounts where there are separate transaction charges and accounts where no separate transaction charges apply and a single fee is paid for all advisory services and transactions (“wrap account”). For those advisory programs in which we offer wrap account pricing, advisory services as well as transaction charges and other services are provided for one fee that is calculated based on the value of assets under management.

Generally, brokerage transactions are processed by our broker/dealer Osaic Wealth and cleared by Pershing, LLC (Pershing). Osaic Wealth compensates us to offset our administrative costs. The Firm, Osaic Wealth, and your representatives do not act as custodians for any Transferred KMS Account. Generally, Pershing or another custodian maintains custody of funds and securities.

Program Costs

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 and the custodian. 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).

The KMS Advisor Managed Program is not being offered to new accounts and consist solely of the Transferred KMS Accounts. The programs have accounts where there are separate transaction charges ("unwrapped accounts") and accounts where no separate transaction charges apply and a single fee is paid for all advisory services and transactions ("wrap accounts"). For those advisory programs in which we offer wrap account pricing, advisory services as well as transaction charges and other services are provided for one fee that is calculated based on the value of assets under management.

Unwrapped Accounts

You pay an annual management fee in conjunction with your Transferred KMS Account. Management 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 representative, and the nature and total dollar value of plan assets maintained in your account. The management fee is based on a percentage of assets under management and the maximum annualized management fee that can be charged to you is 2.75%. The exact fee or fee schedule used will be disclosed prior to services being provided. Your representative can choose to "bundle" related Transferred KMS Accounts to achieve a break on management fees. When accounts are bundled, the total period ending balance for all bundled accounts is used to determine the fee percentage from the fee schedule. This percentage is then applied to each account and the fee is charged to each respectively. Typically, management fees are automatically deducted from the Transferred KMS Account according to an authorization provided in the client agreement. On an exception basis, you can have your management fees paid from other accounts.

For Transferred KMS Accounts, the Firm retains up to 17 basis points (.17%) of the representative's management fee for management, administrative and support services we provide. We pay the balance of the management fee to the Advisory Representative; we also charge the Representative an administrative fee. The total fees paid by you are disclosed in the program fee schedule.

You are also assessed ticket charges and other miscellaneous charges by Osaic Wealth or Pershing on account transactions, as applicable. Miscellaneous charges can include custodial fees levied by the custodian. Account assets can also be subject to additional fees and expenses as explained in the prospectus for mutual funds, exchange traded funds or other investments. For more information on these charges, please refer to the [Client Fee Disclosure - Pershing Clearing](#) located at www.osaic.com/disclosures to find additional details regarding custodial fees.

Management fees are calculated monthly or quarterly at the beginning of each period based the period ending balance (PEB) of your account assets under management for the previous period. The exact fee schedule used is disclosed to you prior to services being provided. 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. The assets are valued by an independent pricing service, where available, or by Pershing in good faith, based on the clearing firm books and records. Cash will be maintained in your account's core account investment vehicle

in order to pay for management fees and other charges and fees. Fees and charges are noted on your account statements. Clients may terminate these contracts at any time and receive a full pro-rata refund of unearned fees.

Wrap Accounts

You pay an annual management fee in conjunction with your Transferred KMS Account. Management 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 representative, and the nature and total dollar value of plan assets maintained in your account. The management fee is based on a percentage of assets under management and the maximum annualized management fee that can be charged to you is 3%. The exact fee or fee schedule used will be disclosed prior to services being provided. Your representative can choose to “bundle” related Transferred KMS Accounts to achieve a break on management fees. When accounts are bundled, the total period ending balance for all bundled accounts is used to determine the fee percentage from the fee schedule. This percentage is then applied to each account and the fee is charged to each respectively. Typically, management fees are automatically deducted from the Transferred KMS Account according to an authorization provided in the client agreement. On an exception basis, you can have your management fees paid from other accounts.

For Transferred KMS Accounts, we retain up to 17 basis points (.17%) of the representative’s management fee for management, administrative and support services we provide. We pay the balance of the management fee to the Advisory Representative; we also charge the Representative an administrative fee. The total fees paid by you are disclosed in the program fee schedule. Clients will not incur any brokerage charges for transactions executed in their Program account.

Fees not included in the advisory fee for our wrap programs are charges imposed directly by a mutual fund, index fund, or exchange traded fund which are disclosed in the fund’s prospectus (i.e., fund management fees and other fund expenses), mark-ups and mark-downs, spreads paid to market makers, wire transfer fees and other fees and taxes on brokerage accounts and securities transactions.

The wrap fee does not include annual account fees or other administrative fees, such as wire fees, charged by the manager or brokerage firm; certain odd-lot differentials, transfer taxes, transaction fees mandated by the Securities Act of 1934, postage and handling fees, and charges imposed by law with regard to transactions in the Client’s account; and advisory fees, expenses or sales charges (loads) of mutual funds (including money market funds), closed-end investment companies or other managed investments, if any, held in Client’s account. The wrap fee also does not cover certain costs associated with securities transactions in the over-the-counter market, such as fixed income securities where Manager must approach a dealer or market maker to purchase or sell a security. Such costs include the dealer’s mark-up, mark-down or spread and odd-lot differentials or transfer taxes imposed by law. For more information on these charges, please refer to the [Client Fee Disclosure - Pershing Clearing](#) located at www.osaic.com/disclosures to find additional details regarding custodial fees.

All mutual funds purchased in the Program will be funds available for purchase at each fund’s net asset value and with no sales charge, so that no sales commissions will be incurred in connection with investment in the initial portfolio or subsequent portfolio purchases.

Variable annuity policies can be linked to Transferred KMS Accounts. The variable annuity policy prospectus contains information about limitations and restrictions on making cash additions and withdrawals from any linked policy, and you should review that information. The market value of variable annuity accounts included in the management portfolio can be included in the calculation of management fees as long as it was not sold by an Osaic Wealth representative who earned an up-front load or sales charge. The Firm might not receive daily account valuation information for variable annuities from the insurance companies or their custodians. In some circumstances, management fees on certain variable annuity accounts can be based on the weekly or monthly average balance. You can pay more or less in management fees when the pricing is based on a weekly or monthly average balance compared to

management fees charged when the pricing is based on the average daily balance. The fee may be a flat fee, a linear fee (where the percentage fee is fixed based on the total assets in your account) or a tiered fee schedule (where the percentage-based fee is lowered as assets in your account increase). The exact fee charged or fee schedule used is disclosed to you in the fee schedule prior to services being provided.

General Information Concerning Fees and Other Client Charges

Confirmation & Prospectus Paper Fees

In addition to the fees discussed above, Confirmation and Prospectus Paper Fees also apply to your Program account.

The Confirmation Fee can be avoided by signing up for electronic delivery. Your Advisory Representative can also choose to pay this fee on your behalf. Refer to the trade confirmation to determine if this fee applies to you.

The Prospectus Fee can be avoided by signing up for electronic delivery. The Prospectus Fee is paid by your Advisory Representative.

In cases where your Advisory Representative pays the above fees, there is an incentive for your Advisory Representative to trade less often or to recommend different products to avoid the fee. Our policy and procedures are designed to ensure our Related Persons make recommendations to you that are in your best interest. Furthermore, to mitigate this conflict, you can sign up for electronic delivery.

For more information on these charges, please ask your Advisory Representative or please refer to the [Client Fee Disclosure - Pershing Clearing](#) located at www.osaic.com/disclosures to find additional details regarding custodial fees.

Mutual Funds

Please be aware that Account Fees are charged on all mutual fund shares that are designated as Program Investments, including shares on which you have previously paid a sales charge. Also, to the extent that cash used for investments in an account comes from redemptions of your other non-managed mutual fund investments, you should consider the cost, if any, of the sales charge(s) previously paid and redemption fees that would be incurred. Such redemption fees would be in addition to the Account Fee on those assets. Please be aware that such redemptions and exchanges between mutual funds that participate in the Program might have tax consequences, which should be discussed with your independent tax adviser.

You will bear a proportionate share of the fees and expenses of any mutual funds selected and for money market funds used as “sweep vehicles” for uninvested cash balances. These fees and expenses typically include investment advisory, administrative, distribution, transfer agent, custodial, legal, audit and other customary fees and expenses related to investment in Funds and are in addition to the Account Fee. Please read the prospectuses of the funds selected for a more complete explanation of these fees and expenses.

You have the option to purchase shares of mutual funds outside of the Program directly from the mutual fund issuer, its principal underwriter or a distributor without purchasing the services of the Program or paying the Account Fee on such shares (but subject to any applicable sales charges). Certain mutual funds are offered to the public without a sales charge. In the case of mutual funds offered with a sales charge, the prevailing sales charge is determined by the mutual fund (as described in the mutual fund prospectus) and may be more or less than the applicable account fee.

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), certain 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 have a lower expense ratio than other share classes. Clients should not assume that they will be invested in the share class with the lowest possible expense ratio.

With regard to any assets invested in mutual funds that are advised by us or an affiliate of ours, the assets will be excluded from the calculation of the administrative fee.

Retirement Accounts

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

Accordingly, you should review the Account Fee and the other fees outlined above to fully understand the total amount of fees you pay.

Depending upon the level of the Account Fee, your Advisor may receive more compensation:

- 1) as a result of your participation in the Program than if you participate in other programs that your Advisor offers.
- 2) if your Advisor charges you the Wrap Account Fee which wraps management, administrative and transaction costs into one fee rather than having you pay for these services separately.

As such, your Advisor could have a financial incentive to recommend the Program to you over other programs or services.

Advisory Representatives have the ability to purchase certain securities products outside of an advisory account, but which are held in the client's advisory account. Though these assets are not subject to the advisory account fee, you should be aware that the purchases are subject to commissions or loads which are earned by the Advisory Representative.

Illiquid and Alternative Investments

There is a \$35.00 annual fee charged for registered daily NAV REITs and alternative investments.

Surcharge Fees Imposed on Your Account

A surcharge of up to \$10 is assessed to you for transactions in certain mutual funds. The surcharge applies to each purchase and sale transaction for such mutual funds but excludes exchanges and periodic investments. Upon request, your Advisory Representative will provide you with a list of mutual funds subject to the surcharge fee. This list is subject to change from time to time. For additional information regarding these fees please refer to the [Client Fee Disclosure - Pershing Clearing](http://www.osaic.com/disclosures) located at www.osaic.com/disclosures.

Sweep Program

When your Program Account is maintained at one of our clearing firms, Pershing, your free credit balance will be automatically deposited or "swept" to a deposit account at one or more banks whose deposits are insured up to applicable limits by the Federal Deposit Insurance Corporation ("FDIC") (the "Sweep Program"). Under the Sweep Program, Osaic Wealth maintains two FDIC-insured deposit programs, the Bank Deposit Sweep Program ("BDSP") and the Insured Cash Account Program ("ICAP"), that create financial benefits for Osaic Wealth as described below. For certain Program Account types, free credit balances are swept to a money market mutual fund product (the "Money Market Mutual Fund Program"), which does not create financial benefits for Osaic Wealth. Please see the **Sweep Program Terms and**

Conditions document, available from your Advisory Representative or from the website listed below, for full details about the Sweep Program.

As set forth in the terms of your Customer Agreement with Osaic Wealth, you may remove your Program Account from participating in the Sweep Program by notifying your Advisory Representative. If you remove your Program Account from the Sweep Program, cash balances will be held by the clearing firm as a free credit balance. In addition, there are always alternatives for the short-term investment of cash balances, including non-sweep money market mutual funds, treasury bills, and brokered certificates of deposit, that offer higher returns than the sweep options made available to you.

FDIC Insured Deposit Program (BDSP & ICAP)

Eligible account types: all accounts except ERISA Title 1 accounts, 403(b)(7), & Keogh plans

Free credit balances swept to a deposit account will earn interest that is compounded daily and credited to your Program Account monthly. Interest begins to accrue on the date of deposit with the banks participating in the program ("Program Banks"), through the business day preceding the date of withdrawal from the deposit account. The daily rate is 1/365 (or 1/366 in a leap year) of the posted interest rate.

Bank Deposit Sweep Program - BDSP

Osaic Wealth has established deposit levels or tiers which ordinarily pay different rates of interest depending on deposit balances. Generally, Program Accounts with higher deposit balances receive higher rates of interest than accounts with lower balances. The interest rate payable to you is determined by us and is based on the amounts paid by the Program Banks to obtain the deposits. The amount we retain, less a fee paid to our clearing agent and the third-party administrator, will not exceed 600 basis points (6.00%) per year (the "Maximum Program Fee") on the average daily balances held in the BDSP. Interest paid on the deposit accounts will generally be lower than the rate of return on (i) other investment products that are not FDIC insured, such as money market mutual funds and (ii) on bank deposits offered outside of the BDSP.

Your Advisory Representative does not receive any portion of the fees paid by the Program Banks.

The income we earn from Program Banks based on your balances in BDSP will in almost all circumstances be substantially greater than the amount of interest you earn from the same balances. As such, we receive a substantially higher percentage of the interest generated by deposit balances in the BDSP than the interest credited to your accounts. When evaluating whether to utilize the Sweep Program and the extent to which our fee exceeds the interest rate you receive, you should assume that we are receiving the Maximum Program Fee described above.

Insured Cash Account Program - ICAP

Osaic Wealth will receive a monthly per-account fee for services it provides in connection with maintaining and administering the Sweep Program for IRAs held in an advisory/ fee-based account (the "Sweep Account Fee"). The Sweep Account Fee that each Osaic's affiliated broker-dealer can earn from Program Accounts participating in ICAP is subject to a maximum monthly per account fee that is between \$34.25 and \$36.75. Please refer to the applicable **Sweep Program Terms and Conditions** document, which you can obtain from your Advisory Representative or from the website listed below; refer to "*Disclosures*," then to the FDIC Insured Deposit Program used in your account (ICAP), for further details about the maximum monthly per account fee.

The Sweep Account Fee does not depend on or vary with (and is not affected by) the actual amounts held in any particular account or your Program Account. Thus, our compensation for Program Accounts that participate in ICAP is composed solely of the Sweep Account Fee. The fee received may differ among each Program Bank. You will have no rights to the amounts paid by the Program Banks, except for interest actually credited to your account. The Sweep Account Fee will reduce the interest you are paid on the amount of assets in your Program Account.

The Sweep Account Fee will generally be paid by the Program Banks on your Program Account's behalf; however, the Fee or any portion thereof can be deducted directly from your Program Account if, for example, the amounts paid by the Program Banks are insufficient to cover the Sweep Account Fee. In the event that we debit all or a portion of the monthly account fee from your account, each such amount will be reflected on your account statement. The amount of fees received by SAI, our clearing agent, and any other service provider reduces the interest you receive on your deposit account(s).

Your Advisory Representative does not receive any portion of the fees paid by the Program Banks.

Money Market Mutual Funds - Pershing

Free credit balances in the following Program Account types custodied at Pershing will be automatically swept into the Federated Hermes Government Reserves Fund (GRFXX), which is managed by Federated Hermes Investors ("Federated Hermes"):

- All ERISA Title 1 account types, including Profit Sharing Plans, 401(k), Roth 401(k), Simple 401(k), Individual 401(k), qualified deferred compensation plans, defined benefit plans, target benefit plans, and money purchase pension plans
- 403(b)(7) accounts
- Keogh plans

The Federated Hermes Government Reserves Fund is a money market mutual fund and seeks to maintain a stable share price of \$1.00. The Fund invests primarily in a portfolio of short-term U.S. Treasury and government securities. These investments include repurchase agreements collateralized fully by U.S. Treasury and government securities. The Fund uses repurchase agreements to provide a liquidity base for the portfolio and a potential yield advantage relative to other short-term securities. Although the Fund seeks to preserve the value of your investment at \$1.00 per share, it cannot guarantee it will do so. An investment in the fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency.

Osaic Wealth does not receive any compensation from the Federated Hermes Government Reserves Fund.

For additional information about the [Sweep Program](#) for accounts custodied at Pershing, please visit our website located at www.osaic.com/disclosures/cash-sweep-program.

Material Conflicts of Interest

Because the Sweep Program generates significant payments from third parties (*i.e.*, the Program Banks that participate in BDSP and/or ICAP) to Osaic Wealth, a conflict of interest exists. A conflict of interest also arises because we earn more compensation from cash balances being swept to or maintained in the Sweep Program than if you purchase other investment funds or securities. **The more client deposits held in BDSP, and the longer such deposits are held, the greater the compensation we, our clearing firms, and the third-party administrator receive. By investing through an advisory account, the compensation we receive from the BDSP or ICAP, as applicable, is in addition to the advisory fees that you pay. This means that we earn two layers of fees on the same cash balances in client advisory accounts with us.** If we did not receive such compensation, which is in addition to advisory, transaction, servicing and other fees and compensation related to Program Accounts, such client fees (including advisory fees) would generally be higher.

In addition, a conflict of interest arises as a result of the financial incentive for the Firm to recommend and offer a Sweep Program over which they have control of certain functions. Osaic Wealth has the ability to establish and change interest rates paid on Sweep Program balances, to select or change Program Banks

that participate in the BDSP and ICAP, and to determine the tier levels (if applicable) at which interest rates are paid, all of which generates additional compensation for Osaic Wealth.

The Advisory Representative who makes investment recommendations for your Program Account does not receive any compensation from these payments or based on the selection of the sweep vehicle. The Firm maintains policies and procedures to ensure recommendations made to you by its Advisory Representatives are in your best interest. For more information about this service and benefits that we receive in connection with such deposits, please refer to the Sweep Program terms and conditions document, which you can request from your Advisory Representative.

Given the conflicts discussed above, each client should consider the importance of BDSP and ICAP to us when evaluating our total fees and compensation and deciding whether to utilize the BDSP and/or ICAP.

Item 5 - Account Requirements and Types of Clients

Types of Clients

The Program is available to individuals (including high net worth individuals), banking or thrift institutions, pension and profit-sharing plans, trusts, estates, charitable organizations, corporations, state and municipal governmental entities, as well as other business entities.

Minimum Account Size

This Program is closed to new clients and accounts. There is no minimum account requirement for the KMS Advisor Managed Program.

Item 6 - Portfolio Manager Selection and Evaluation

Your Advisory Representative is the sole portfolio manager available with respect to the Program. Because your Advisory Representative is the portfolio manager in this Program you acknowledge that you have chosen him or her to act in this capacity. Advisory Representatives are selected by their Firms based on various criteria including experience. You should refer to the relevant Form ADV of the Firm with which your Advisory Representative is associated.

Item 7 - Client Information Provided to Portfolio Managers

Your Advisor provides us with access to the following client related information: (i) account opening documents (which include, among other things, your investment objective, risk tolerance and any account restrictions you imposed on management of assets); (ii) your investment guidelines (if applicable); and (iii) reports relating to the performance of your account. Please refer to the Firm's Privacy Policy located at www.osaic.com/disclosures to find details.

Item 8 - Client Contact with Portfolio Managers

Client-Advisor Relationship

You are encouraged to contact your Advisor with respect to any changes regarding your investment objectives, risk tolerance and requested restrictions with respect to management of your Program Investments. You should direct any questions that you have regarding the Program to your Advisor.

Item 9 - Additional Information

Disciplinary Information

Disclosure of Disciplinary Action Related to the Custody of Client Assets:

On September 28, 2023, Osaic Wealth, Inc (“Osaic”) was the subject of an Order Instituting Administrative and Cease-and-Desist Proceedings (“Order”) by the U.S. Securities and Exchange Commission (the “SEC”). The SEC Order arose out of the failure of Osaic to obtain verification by an independent public accountant of client funds and securities of which it had custody from June 2017 to December 2022. Osaic used a form agreement (“Agreement”) to govern certain aspects of its relationship with its clients and a particular clearing agent (“Clearing Agent”). This Agreement included a margin account agreement that contained language, required by the Clearing Agent, that permitted the Clearing Agent to accept, without inquiry or investigation, any instructions given by Osaic concerning these client’ accounts. As a consequence of Osaic having this authority, the SEC deemed Osaic had custody of client assets. Accordingly, because Osaic failed to obtain verification by annual examination of client funds and securities in the affected accounts, the SEC determined that Osaic violated Sections 206(4) of the Advisers Act and Rule 206(4)-2 thereunder, commonly referred to as the “Custody Rule”.

Without admitting or denying the SEC’s findings, Osaic agreed to cease and desist from committing or causing future violations of the Custody Rule. Osaic was censured and agreed to pay a \$100,000 civil penalty.

Beginning in calendar year 2023, Osaic engaged an outside independent auditor to perform an annual surprise custody audit as called for by Advisers Act Rule 206(4)-2.

Disclosure of Disciplinary Action Related to the Sales of Complex Exchange-Traded Products:

On November 13, 2020, the Firm entered into a settlement agreement with the Securities and Exchange Commission (“SEC”) and an administrative order has been issued by the SEC. The SEC found the Firm violated Section 206 and Rule 206(4)-7 of the Investment Advisers Act of 1940. More specifically, during the period from January 2016 through April 2020, the Firm, did not adopt and implement policies and procedures reasonably designed to prevent unsuitable investments by its Advisory Representatives in volatility-linked exchange traded products (“ETPs”).

Without admitting or denying the SEC’s findings, the Firm agreed to cease and desist from committing or causing any violations and any future violations of Section 206(4) of the Advisers Act and Advisers Act Rule 206(4)-7. The Firm also agreed to pay disgorgement, prejudgment interest, and a civil monetary penalty totaling \$502,400.29.

The SEC noted that the Firm cooperated with the SEC and promptly took remedial steps relating to volatility-linked ETPs and imposed restrictions on holding them in all client accounts maintained at the Firm.

Disclosure of Disciplinary Action Relevant to Mutual Fund Share Classes and Wrap Accounts:

On March 14, 2016, the Firm, SagePoint Financial, Inc. and FSC Securities Corporation (collectively, the “Osaic Inc. Firms”) consented to the entry of an Order Instituting Administrative and Cease-and- Desist Proceedings (“Order”) by the U.S. Securities and Exchange Commission (the “SEC”). The Order focuses on two specific issues related to our fee-based advisory business conducted between 2012 and 2014 at the Osaic Inc. Firms. In summary, the SEC found that the Osaic Inc. Firms placed certain advisory clients invested in the Advisor Managed Portfolios program in mutual fund share classes with higher expense costs when lower expense cost share classes of those funds were available. The SEC found that this financial incentive, to place non-qualified advisory clients in higher fee share classes, presented a conflict of interest that should have been disclosed to clients. The SEC also concluded that the Osaic Inc. Firms failed to adopt written compliance policies or procedures governing mutual fund share class selection. In addition, the SEC found the Osaic Inc. Firms failed to timely monitor certain wrap advisory accounts for inactivity pursuant to Osaic Inc. Firm’s written compliance policies and procedures.

Without admitting or denying the SEC's findings, the Osaic Inc. Firms agreed to cease and desist from committing or causing any violations and any future violations of Sections 206(2), 206(4) and 207 of the Investment Advisers Act and Rule 206(4)-7 thereunder. The Osaic Inc. Firms agreed to jointly pay disgorgement of \$1,956,460 and prejudgment interest of \$93,399, a civil penalty of \$7,500,000 and to retain a qualified independent compliance consultant. To address the issues presented in the Order, the Firm has implemented new policies and procedures relating to mutual fund share class selection designed to expand the number of lower cost share classes available to advisory clients, provide training on share class selection, and require the rebating of 12b-1 fees to all advisory clients going forward. The Firm has also enhanced its Form ADV disclosures. In addition, the Firm has enhanced its policies and procedures for the review and on-going use of wrap accounts managed by the Firm's Investment Advisory Representatives.

Disclosure of Disciplinary Action Relevant to Unit Investment Trust Sales Charge Discounts:

Effective December 2, 2015, without admitting or denying the findings, Osaic Wealth, Inc. (the "Firm") entered into an Acceptance, Waiver and Consent (AWC) order with the Financial Industry Regulatory Authority ("FINRA") regarding the Firm's alleged failure to identify and apply sales charge discounts to certain customers' eligible purchases of unit investment trusts (UITs) resulting in customers paying excessive sales charges of approximately \$204,000. The findings also stated the Firm paid restitution to all affected customers. FINRA also alleged the Firm failed to establish, maintain and enforce a supervisory system and Written Supervisory Procedures (WSPs) reasonably designed to ensure that customers receive sales charge discounts on all eligible UIT purchases. The Firm has enhanced its policies and procedures related to identifying and applying sales charge discounts for eligible UIT purchases. Pursuant to the order, the Firm's payment of the \$225,000 fine was completed on December 18, 2015.

Disclosure of Disciplinary Action Relevant to Supervision of Variable Annuity Products Sold by Osaic Wealth, Inc.:

Effective June 30, 2015, Osaic Wealth, Inc. (the "Firm") entered into a Consent Order with the State of Nevada, Department of Business and Industry, Division of Insurance ("NDOI"). Without admitting or denying the allegations, the Firm consented to the described sanctions, the entry of findings, and a fine of \$21,000. The Firm also agreed to report to the NDOI any complaints or potential complaints from purchasers of annuities by residents of Nevada for the period of January 1, 2007 through December 31, 2012 (the "Market Conduct Examination") and subsequent self-audit utilizing a grading system by the Firm relevant to 810 sales transactions for the same period.

In the Order, the NDOI found deficiencies in the ability of the Firm to demonstrate supervision, oversight, procedures, controls, documentation, and reports to the NDOI, in place at the time annuity products were sold, including certain violations of the Nevada Administrative Code ("NAC") 688A.460(2) and NAC 688A.455(1).

In the Order, the NDOI recognized the remedial actions taken by the Firm which included the implementation of appropriate safeguards to assure suitable sales transactions and the adequate supervision of the sales of those transactions, including the adoption of written procedures, control structures, and continuous monitoring assessment. Moreover, the NDOI acknowledged that the Firm implemented appropriate audit safeguards, including a formal audit process, and documentation controls for its sales transactions.

Other Financial Industry Activities and Affiliations

Advisors that offer the Program may be "Related Persons" to us. You should see the ADV Part 2A of your Advisor that will be provided to you for information regarding any of their other financial industry affiliations and for any associated conflicts of interest.

Code of Ethics

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 osaic.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 exceptions are 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 only occur if we 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.

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 may buy or sell the same securities in our own account. As such, there may be instances where our interests may appear to be placed ahead of yours. However, our firm policy prohibits us from receiving a better price on our order, if you and us invest in the same security on the same side of the market on the same day.

Participation or Interest in Client Transactions

Your Advisor, who may be a Related Person to us, can recommend or buy and sell securities that it or its Related Persons' have a financial interest in. Please see the ADV Part 2A of your Advisor for further details on these financial interests and associated conflicts of interest.

Trade Errors

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.

By opening an account with us, you are directing us to follow the error correction policy described above and to retain the financial gains, if any, recognized from error-correction transactions in the manner described as the payment of reasonable compensation for services provided.

Review of Accounts

Your Advisory Representative periodically reviews your account and contacts you at least annually. For further account review details, please see the ADV Part 2A of your Advisory Representative.

Indirect Compensation and Revenue Sharing Disclosure

The Advisor and Broker-Dealer 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 your Broker-Dealer, Advisor, and Advisory Representative are compensated. This is because various forms of compensation create potential conflicts of interest, and it is important for you to assess potential conflicts of interest in making investment decisions.

To better understand how your Advisor and Advisory Representative are compensated, please refer to your Advisor's Form ADV Part 2A. For additional information regarding the Firm's compensation please refer to the [Indirect Compensation Disclosure](http://www.osaic.com/disclosures/indirect-compensation) located at www.osaic.com/disclosures/indirect-compensation.

Client Referrals and Other Compensation

As Program Sponsor, we receive a portion of the Account Fee as described in Item 4 above. For further details on compensation and other economic benefits that your Advisor receives, please see their ADV Part 2A.

Financial Information

Your Program assets will be custodied Pershing LLC. The Program does 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 have no financial condition that might impair our ability to meet our contractual commitments to clients and have never been the subject of a bankruptcy proceeding.