



ENACT, ENCOMPASS, ENCOMPASS SMA

# PART 2A

# APPENDIX 1

## PROGRAM BROCHURE

Current as of June 17, 2024

**Osaic Wealth, Inc.**

18700 Hayden Rd., Suite 225

Scottsdale, AZ 85255

(800) 821-5100

[www.osaic.com](http://www.osaic.com)

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) 747-6111. 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](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 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.

## **Item 3 - Table of Contents**

<b>Item 2 - Material Changes</b> .....	<b>2</b>
<b>Item 3 - Table of Contents</b> .....	<b>2</b>
<b>Item 4 - Services, Fees, and Compensation</b> .....	<b>4</b>
<b>Item 5 - Account Requirements and Types of Clients</b> .....	<b>12</b>
<b>Item 6 - Portfolio Manager Selection and Evaluation</b> .....	<b>12</b>
<b>Item 7 – Client Information Provided to Portfolio Managers</b> .....	<b>13</b>
<b>Item 8 – Client Contact with Portfolio Managers</b> .....	<b>13</b>
<b>Item 9 – Additional Information</b> .....	<b>14</b>

#### **Item 4 - Services, Fees, and Compensation**

The Enact, Encompass and Encompass SMA Programs (“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.

The Program is presented to the client (“you”) by Advisory Representatives of the Firm or an independent registered investment adviser firm (collectively “Advisor”). Please refer to the Advisor’s Form ADV 2A to determine if your Advisor is registered with the Firm or an independent registered investment adviser 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 Enact, Encompass and Encompass SMA Programs (collectively, “Program”) is sponsored by the Firm. In June 2024, all Enact, Encompass and Encompass SMA Program accounts transferred to the Firm (“Transferred Enact, Encompass Accounts”). The Transferred Enact, Encompass Accounts are only available to clients who are already invested in them and are not being offered to new clients or accounts.

The Enact, Encompass and Encompass SMA Programs are not being offered to new customers and are only available to the existing owners of the Transferred Enact, Encompass Accounts.

If you have assets in one of the Transferred Enact, Encompass Accounts, the Program provides you with investment advisory and brokerage execution services for fee through an arrangement with Envestnet (“Envestnet”), an unaffiliated SEC-registered investment advisor that provides investment management and investment advisory services. Envestnet’s technology assesses and assists your Advisory Representative in determining your risk tolerance. Based upon your risk tolerance, the Program utilizes a system that assists your Advisory Representative in selecting investment products, program account types and/or asset allocation that align(s) with your risk tolerance.

Our Advisory Representatives’ services are tailored to the individual needs of their clients. Our Advisory 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 Advisory Representative to deviate from a strategy or recommendations that your Advisory 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.

The types of securities and other investments that our Advisory Representatives recommend to you under each program are as follows:

#### Enact and Encompass Programs

Your Advisory Representative will develop an asset allocation strategy consistent with your investment objectives, financial and tax status, risk tolerance and time horizon. Our Advisory Representatives may recommend to you investments from a diverse group of securities, including exchange listed and NASDAQ traded stocks, bonds and warrants, as well as exchange traded real estate investment trusts, select fee-based non-traded alternative investment products, secondary market closed-end investment company securities, secondary market unit investment trusts, NTF mutual funds, load-waived mutual funds purchased at Net Asset Value (“NAV”), no-load mutual funds, select variable annuity products, cash equivalents and other securities. Once the basic asset allocation strategy is determined, your existing assets may be liquidated (or transferred into the appropriate account) and invested into the investment vehicles chosen by you and your Advisory Representative. Reallocation of assets will trigger taxable events except where Individual Retirement Accounts, 401(k) Accounts, 403(b) Accounts or other qualified retirement plans or accounts are involved. Asset management services are provided on a discretionary or non-discretionary basis at your option.

If you choose to provide us with discretion you have empowered your Advisory Representative to buy and sell securities without your prior knowledge. If you receive asset management services, you may contract for quarterly reports that indicate the following information as of the last day of each calendar quarter: (1) all asset class positions, (2) the specific investment vehicles included in each asset class and (3) the dollar amount invested in each investment vehicle. These programs are custodied at National Financial Services, Inc. (“NFS”) or Pershing, LLC (“Pershing”) and administered through the Envestnet, Inc. platform.

#### Encompass SMA Program

Encompass SMA is a discretionary asset management program, offered through Advisory Representatives of the Firm and by other independently registered investment advisors (collectively referred to as “Advisors”). For Encompass SMA, we use the asset allocation and model portfolio construction services of various portfolio or model managers (collectively referred to as “Model Manager(s)”). Model Managers provide investment strategies or model portfolios (collectively referred to as “Model(s)”) with underlying holdings consisting of various securities including, but not limited to, stocks, bonds, open-end mutual funds and/or exchange-traded funds (collectively referred to as “Securities”). Model Managers are responsible for the construction of the Models, selection of securities for the Models, on-going monitoring of the Models and communication of Model changes to us. The Firm, acting as discretionary overlay manager, implements any changes in Model allocations and Securities selections in client accounts. Certain Model Managers also have the discretionary authority to place trades in your account without your prior knowledge. Asset allocations and/or securities in the Models can be adjusted or replaced at any time. Reallocating assets can trigger short-term redemption fees and will trigger taxable events except where Individual Retirement Accounts or other qualified retirement plans or accounts are involved.

Based on investment objectives, financial and tax status, risk tolerance and time horizon information you provide to your Advisor, your Advisor will assist you in choosing an appropriate Model(s). Your initial selection of one or more Models will be set forth in Schedule A of the Encompass SMA Agreement (“Agreement”). The Firm has the discretionary authority to replace any Model Manager or Model selected at any time. Any restrictions on management of an account imposed by you can cause the Model to deviate from the Model construction decisions made by the Model Manager. There is no guarantee that a Model will achieve your investment objectives.

One or more Model Managers available for use in the Encompass SMA Program are affiliated entities of the Firm. Selecting, recommending or promoting the use of its affiliated entity is a conflict of interest for us due to the additional compensation received by such affiliate.

This program is custodied at National Financial Services, Inc. (“NFS”) or Pershing, LLC (“Pershing”) and administered through the Envestnet, Inc. platform.

## **Program Costs**

The maximum annual fee for participation in the Program is 2.50% and is negotiable. Fees are paid either in advance or arrears.

Advisory fees due to us are deducted from the client’s account when due. We will liquidate money market shares to pay the fees and, if insufficient money market shares or cash are available, other investments will be liquidated to pay the fees. The investment(s) to be liquidated will be selected at random by your Advisory Representative. Authorization for the automatic deduction of fees from your account(s) is contained in the Agreement.

Fees are calculated on your account(s) in accordance with the Agreement on a monthly or quarterly basis. Unless otherwise agreed to by contract, the fee is calculated based upon either:

- i. the average daily value of your account computed and payable in advance or arrears during the preceding month or quarter, as determined by your advisory services agreement; or
- ii. the fair market value of the assets in the account payable in advance or arrears as of the end of the month or quarter, as determined by your advisory services agreement.

Fee Schedules are either tiered or linear:

- i. Tiered fee schedule - similar to our current income tax system. Each level of assets is charged its own corresponding percentage rate. For example, a tiered fee schedule might charge 2.5% on the first \$250,000, 1.75% on the next \$250,000 and 1.5% on the next \$250,000, effectively giving you a blended and lower rate than the maximum 2.5%.
- ii. Linear fee schedule - as your assets grow and breakpoints are met, fees are decreased. Unlike the tiered fee schedule, once a breakpoint has been met all of the assets back to dollar one is then charged at the new lower percentage rate.

The selection of certain fee calculation combination options as outlined above can cost you more or less than the selection of other fee calculation combination options. You and your Advisory Representative can choose to “bundle” or combine multiple accounts for billing purposes. Bundling can allow you to reach higher tiers or breakpoints which can result in lower overall costs than if your accounts are not bundled.

The specific fees under each program are as follows:

### Enact and Encompass

- The annual platform fee for Enact ranges from 0.20% to 0.01% based on your total assets on the Enact and Encompass platform. As you add assets to the platform, the platform fee will be reduced (“Breakpoint”).
- The annual platform fee can be increased in the future.
- Certain mutual funds are available on the Enact and Encompass platform for no transaction fees.
- All other transactions will bear certain transaction costs which will be fully disclosed. For more information on transaction costs, please refer to Item 12 Brokerage Practices.

The Enact and Encompass Program is offered alternatively as an Account with separate advisory fees and transactions (“Unwrapped Fee”) or as an account where no separate transaction charges apply, and a single fee is paid for all advisory services and transactions (“Wrap Fee”).

If the advisory agreement is terminated and services have not been fully rendered for fees paid in advance, a pro-rated fee will be calculated and returned to the account of record, or a single account if householding was implemented by the client and will include any unearned fees based on the dates and times of the notice of termination and the remaining days left in the contract billing period.

## Encompass SMA

Each account in Encompass SMA will generally be charged an asset-based fee (“Wrap Fee”) in advance on a quarterly basis. The Wrap Fee will be calculated based on the ending account balance as of the prior quarter end. The Wrap Fee includes the Model fee and the fee payable to your Advisor and includes custody, trading and performance reporting costs. Model Manager fees will range from 0.20% to 1.50%. The maximum Wrap Fee is 2.50% and is negotiable between you and your Advisor. The actual fee rates paid by you will be set forth in Schedule A of the Agreement. The amount of compensation received by your Advisor from Encompass SMA can be more than what he or she would receive if you participated in other programs or paid separately for investment advice, brokerage and other services. Therefore, your Advisor could have a financial incentive to recommend Encompass SMA over other programs or services.

Fees for Encompass SMA accounts opened prior to July 27, 2015, will be billed in arrears as set forth in the Agreement signed by the clients at account opening.

We will deduct advisory fees directly from clients' accounts in accordance with the language specified in the client agreement. Fee deduction will be made by the qualified custodian holding your funds and securities. Further, the qualified custodian agrees to deliver a monthly or quarterly account statement directly to you (never through us showing all disbursements from the account. You are encouraged to review all account statements for accuracy. We will form a reasonable belief that such statements are delivered to you. You can terminate authorization for automatic deduction of the fee by notifying your Advisory Representative in writing. In turn, your Advisory Representative will notify the Firm's home office promptly and your account will be closed.

You should immediately inform us of any discrepancy noted between the qualified custodian records and the reports you receive from us. Discrepancies can occur because of reporting dates, accrual methods of interest, dividends and other factors. The custodial statements you receive on a monthly and/or quarterly basis are from a qualified custodial company that is operationally independent of the Firm or the Advisory Representative and serve as the official record of your accounts maintained with the qualified custodian for tax purposes.

Either party can terminate the Agreement at any time on thirty (30) days' prior written notice. A pro rata portion of any Wrap Fee paid by the client in advance will be remitted to the client based on the number of days left in the quarter following receipt of the notice of termination by us.

Encompass SMA can cost you more or less than purchasing similar services separately. Factors to consider include the type and size of the account, the securities to be bought or sold and the historical and/or expected size or number of trades. Your Wrap Fee may be more or less than the Wrap Fee of other Encompass SMA clients. You and your Advisory Representative can choose to “bundle” or combine multiple accounts for billing purposes. Bundling can allow you to reach higher tiers or breakpoints which can result in lower overall costs than if your accounts are not bundled. we do not charge performance-based fees (fees based on a share of capital gains on or capital appreciation of your assets). Your Advisory Representative may receive more compensation for the Encompass SMA program than if you participated in other available programs offered, or paid separately for investment advice, brokerage, and other services. Thus, the Advisory Representative may have a financial incentive to recommend Encompass SMA over other programs or services.

Some Advisory Representatives may generate account statements or performance reports for clients. You are urged to compare the account statements from the custodian with those from your Advisory Representative.

## **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](#) and [Client Fee Disclosure - NFS Clearing](#) located at <http://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, 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](#) and [Client Fee Disclosure - NFS Clearing](#) located at <http://www.osaic.com/disclosures> to find additional details regarding custodial fees.

## Sweep Program

When your Program Account is maintained at one of our clearing firms, Pershing or NFS, 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 SAI. 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 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](http://www.osaic.com/disclosures/cash-sweep-program).

## Money Market Mutual Funds - NFS

Free credit balances in the following Program Account types custodied at NFS will be automatically swept into either the Fidelity Government Cash Reserves Fund (FDRXX), or the Fidelity Government Money Market Fund – Capital Reserves Class (FZAXX) (“Fidelity Funds”), which are both managed by Fidelity Investments:

- 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 Fidelity Government Cash Reserves Fund and the Fidelity Government Money Market Fund are money market mutual funds and seek to maintain a stable share price of \$1.00 per share. Both Fidelity Funds invest at least 99.5% of their total assets in cash, U.S. Government securities and/or repurchase agreements that are collateralized fully (i.e., collateralized by cash or government securities). Both Fidelity Funds invests in U.S. Government securities issued by entities that are chartered or sponsored by Congress but whose securities are neither issued nor guaranteed by the U.S. Treasury. Although the Fidelity Funds seek to preserve the value of your investment at \$1.00 per share, neither can guarantee they 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 Fidelity Funds.

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

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

These Programs are closed to new clients and accounts. There is no minimum account requirement for the Enact, Encompass and Encompass SMA Programs.

## Item 6 - Portfolio Manager Selection and Evaluation

Your Advisory Representative is the sole portfolio manager available with respect to the Enact and Encompass 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.

In the Encompass SMA Program, all Third-Party Money Managers are subject to a due diligence process which includes annual reviews designed to determine if a manager meets a sufficient level of quality and stability through their policies and practices. Third-Party Money Managers are evaluated using a variety of data and information from one or more resources, which include: public or private independent databases, responses to periodic due diligence questionnaires, quantitative and qualitative information, research,

performance reports, and other pertinent information concerning the manager. While all Third-Party Money Managers are subject to a due diligence process, your Advisory Representative is responsible for determining whether any particular Fund or investment strategy is appropriate and suitable for use by you.

We select Strategists and perform periodic due diligence and reviews to ensure they are suitable for the Program. We select Third-Party Money Managers for participation in the Program from a list provided by Investnet. The Third-Party Money Managers in the Program selected from the Investnet list are considered “approved” or “available,” depending on the level of due diligence performed. An explanation of how your Advisory Representative selects a Third-Party Money Manager can be found in Item 4 of this brochure under Advisory Services. If your situation changes and your Advisor determines that a particular selected Third-Party Money Manager is not managing your portfolio in a manner consistent with your current goals and investment objectives, your Advisor may recommend a different Third-Party Money Manager to re-align with your current stated goals and objectives.

On an ongoing basis, Investnet reviews Third-Party Money Managers participating in the Program to determine whether they continue to meet Investnet’s guidelines and evaluation criteria. If Investnet detects relevant information at any time (including qualification and/or performance concerns), we will generally follow Investnet’s recommendation as to whether to continue to include the Third-Party Money Manager as an investment suitable for the Program or add a Third-Party Money Manager to the Program. We receive research, performance information and other information from Investnet about Third-Party Money Managers but do not independently verify or guarantee the accuracy or validity of this information received from Investnet, or any other source. Further, there is a chance the performance information that we receive from Investnet may not be calculated on a uniform or consistent basis.

For approved Third-Party Money Managers, Investnet employs a multi-phase approach in its evaluation (“Due Diligence”). As part of the Due Diligence, certain types of information are analyzed, including historical performance, investment philosophy, investment style, historical volatility and correlation across asset classes. Also reviewed are the Third-Party Money Manager’s Form ADV Part 2 disclosure events, as well as portfolio holdings reports that help demonstrate the Third-Party Money Manager’s securities selection process and the prospectuses of the Funds.

Certain Third-Party Money Managers may be added as an accommodation in certain limited circumstances, e.g., clients who wish to join the Program and want to retain previously hired managers not on our list. Your Advisor has the sole responsibility for assisting you in the selection of Third-Party Money Managers suitable for your investment objectives.

Neither we nor your Advisor make any representations regarding the future performance of any investment strategy of, or security recommended by, any Third-Party Money Manager participating in the Program. As always, past performance is not a guarantee of future results.

## **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 <http://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](https://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.

## **“Step-out” Trades**

Occasionally, in order to obtain best execution and minimize market impact, certain thinly traded securities, illiquid or ETF trades, for example, can be “stepped-out” in order to gain best execution and minimize market impact. In some instances, stepped-out trades are executed by the other firm without any additional commission or markup or markdown, but in other instances, the executing firm will impose a commission or a markup or markdown on the trade. If trades are placed with a firm that imposes a commission or equivalent fee on the trade, including a commission that is imbedded in the price of the security, the client will incur trading costs in addition to the fee you pay your Advisory Representative. It is important to know that you may pay a commission in addition to your advisory fee for those stepped-out trades. Envestnet has procedures in place to monitor these transactions. Envestnet's Best Execution Committee meets quarterly to review the results of the documented monitoring conducted during the quarter. We periodically review Envestnet's procedures and results may rely on a third-party review as well.

## **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.

## **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 our compensation please refer to the [Indirect Compensation Disclosure](http://www.osaic.com/disclosures/indirect-compensation) located at [www.osaic.com/disclosures/indirect-compensation](http://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 at National Financial Services, LLC or at 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.