

Lincoln Financial Securities Corporation

Form ADV, Part 2A

March 30, 2012

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This brochure provides information about the qualifications and business practices of Lincoln Financial Securities Corporation. If you have any questions about the contents of this brochure, please contact us at (800) 258-3648 or by sending us an email at LFSAdvisoryServices@lfg.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. Registration as an investment advisor does not imply a certain level of skill or training.

Additional information about Lincoln Financial Securities Corporation also is available on the SEC's website at: www.adviserinfo.sec.gov.

Summary of Material Changes (Form ADV, Part 2A – Item 2)

The United States Securities and Exchange Commission (“SEC”), the regulator with whom Lincoln Financial Securities is registered, requires that a disclosure brochure called the Form ADV, Part 2A be provided to clients and filed with the SEC. That brochure was provided to you in 2011 or at the time that you established your relationship with your LFS representative. If there are any updates or changes to the brochure since the last annual filing with the SEC, the SEC requires LFS to send a statement summarizing those changes to clients annually. This statement is being sent for that purpose. Changes that were incorporated into the brochure and included for the 3/30/12 filing with the SEC are:

1. The section of the document that describes solicitor programs was consolidated and now refers clients to the ADV 2A disclosure brochures of the main programs for which LFS acts as a solicitor.
2. The section regarding retirement plan services was updated to reflect the addition of certain services currently being offered on a limited basis.
3. The Disciplinary Information section was updated to add an event that was resolved in 2003. However, the SEC requires that disciplinary events remain on the ADV 2A for ten years. The item is regarding a consent order entered into on March 27, 2003 by LFS with the Commonwealth of Virginia State Corporation Commission in which LFS agreed to payment of a \$15,000 fine plus \$11,500 in investigation costs related to an allegation that the firm failed to adequately supervise the general securities activities of one of its former representatives.
4. The description of LFS’s Custom Wealth Advantage asset management program was consolidated and updated with new enhancements, including portfolio strategists, separately managed accounts, and advisor directed account programs. These new programs also included new fee disclosures.
5. The technology service provider for LFS’s Custom Wealth Advantage series of asset management programs changed from FundQuest to Envestnet Portfolio Solutions, reflecting Envestnet’s acquisition of FundQuest.

If you would like another copy of this brochure or any other Lincoln Financial Securities Corporation brochure, please download it from the SEC web site at www.adviserinfo.sec.gov, or you may contact Lincoln Financial Securities Corporation at (800) 258-3648, or LFSAdvisoryServices@lfg.com.

Table of Contents (Form ADV, Part 2A – Item 3)

Cover Page	1
Summary of Material Changes	2
Advisory Business	4
Fees and Compensation	37
Performance-Based Fees and Side-By-Side Management	39
Types of Clients	39
Methods of Analysis, Investment Strategies and Risk of Loss	39
Disciplinary Information.....	39
Other Financial Industry Activities and Affiliations	40
Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.....	41
Brokerage Practices	41
Review of Accounts	41
Client Referrals and Other Compensation	42
Custody	42
Investment Discretion	42
Voting Client Securities	42
Financial Information.....	42
Privacy Policy	43

ADVISORY BUSINESS (Form ADV, Part 2A – Item 4)

Lincoln Financial Securities Corporation (“LFS”) is an investment advisor registered with the United States Securities and Exchange Commission (the “SEC”) a broker-dealer registered with the SEC and appropriate state securities authorities, and is a member of the Financial Industry Regulatory Authority (“FINRA”). LFS was incorporated in 1969, and has been registered with the SEC as an investment advisor since 1985. LFS is wholly owned by Lincoln National Corporation (“LNC”). Lincoln Financial Group is the marketing name for Lincoln National Corporation and its affiliates.

LFS offers a wide variety of investment advisory programs and services. Investment advisor representatives of LFS (“LFS Representatives” or “IARs”) assist clients in pursuing their financial goals by providing personalized financial planning services and investment solutions. LFS’s principal business activity is as a securities broker-dealer, effecting transactions in securities and providing related services. LFS’s primary investment advisory business is providing asset management services, including advice regarding the selection of other investment managers. A secondary investment advisory business is providing financial planning services to clients including affluent individuals, owners of closely held businesses, corporate executives and professionals. Investment advice, including financial planning advice, is usually based upon each client’s individual financial outlook and personal objectives. LFS provides clients access to investment solutions, either through investment advice, securities, or other financial products that may be used to implement clients financial plans and pursue clients investment objectives.

LFS Representatives are registered with the appropriate regulatory authorities to provide investment advice, financial planning, and asset management programs. LFS Representatives are usually registered representatives of LFS in its capacity as a broker-dealer, and are qualified to sell certain investment and insurance products. LFS requires that its representatives and other associates are registered with all appropriate regulatory agencies and pass all required examinations before conducting business on behalf of LFS.

LFS provides a variety of asset management services, and sponsors multiple wrap fee programs. The disclosure brochures describing all of LFS’s investment advisory services, and all of LFS’s wrap fee disclosure brochures can be found at the SEC’s public disclosure website, www.adviserinfo.sec.gov. These brochures may also be requested by contacting LFS at 800-258-3648 or by sending us an email at LFSAdvisoryServices@lfg.com

As of 12/31/11, LFS managed \$781,160,638 of client assets on a non-discretionary basis and \$136,226,066 on a discretionary basis.

Below is a detailed description of LFS’s financial planning process and investment advisory services, including fees and compensation:

Consultation Services

LFS, through its Representatives, offers consultation services and provide general investment advice or guidance to clients through a written service agreement. This consulting service may include:

1. A review of the client’s current investment portfolio prepared by an entity other than LFS or its advisory representative.
2. A review of the client’s comprehensive financial plan or any portion thereof, prepared by an entity other than LFS or its advisory representative.
3. The discussion of a generic investment portfolio or investments in general with the client, not involving any specific investment recommendations.
4. Review of a client’s current retirement plan, estate plan, or college funding plan.
5. Review of financial documents at the request of other professionals, including but not limited to attorneys and accountants.

The consultation service does not include recommendations on, nor does it obligate the client to purchase, specifically named investment or insurance products. Clients are not obligated to use LFS as the broker-dealer to purchase specific securities or insurance. Clients may obtain legal, accounting and investment services from any professional source to implement any generic recommendations made by an LFS Representative. If the client elects LFS as the broker-dealer of record to implement any recommendations, the LFS Representative will likely receive commissions and/or other compensation as a registered representative of LFS in its capacity as a broker-dealer. The LFS Representative may give more specific recommendations regarding investments in his or her separate role as a registered representative of LFS, as opposed to his or her role as an advisory representative of LFS, if the client relationship extends to that phase.

LFS Representatives are separately compensated in the form of commissions or investment fees for this broker/dealer service. Recommendations developed by an LFS Representative are based upon the professional judgment of the LFS Representative and neither LFS nor its Representative can guarantee the results of these recommendations. After the consultation is complete, the obligation from LFS to the client will terminate and neither LFS nor its Representatives will be under any obligation to update or to monitor the Client’s investment and insurance portfolios in connection with the Consultation Services.

As compensation to LFS for rendering the above described services, the client will be charged either an hourly fee not to exceed \$300 or a fee per visit not to exceed \$500. This fee is negotiable and will vary depending on the depth and complexity of the services provided, and will be shared between LFS and its Representative.

The written service agreement signed by the client and the LFS Representative for financial analysis, planning, and consulting services will be presented to an officer of LFS for approval before the agreement becomes effective. During the term of the agreement, the client will have the right to terminate the agreement without penalty at any time within five (5) business days after the client signs the service agreement with all fees related to the agreement refunded in full, except that in such case the client will be responsible for all fees, charges and transactions incurred from the date the agreement was executed through the time it is terminated. In addition, the client may terminate the agreement at any time during its term by providing LFS written notice. In the event the client does not wish to provide the information necessary for LFS to perform the Financial Analysis and Plan, LFS must be notified in writing on or before the twelve month anniversary of the date of the acceptance by LFS of the agreement. Upon notification, the obligation to perform the financial analysis, planning, and consultation service will be terminated. However, any fees previously paid will be retained by LFS, and any unpaid fees for services performed will become immediately due and payable. The agreement may be terminated by LFS at any time by giving the client written notice, at which time any prepaid fees for services not yet performed will be refunded to the client.

LFS and its IARs may also provide financial consultation services without charging a separate fee for these services. If no separate fee is charged, a written service agreement may or may not be utilized to provide these services. If the client elects to implement any transactions in securities or other financial products as a result of the financial consultation services, and elects to use LFS and/or its Representative for implementation, LFS and/or its Representative may receive commissions, fees, and/or other compensation in the process of implementation.

Financial Analyses and Plans

LFS, through its Representatives, provides clients with financial analyses and plans through a written service agreement.

Under the written service agreements, the LFS Representative will consult with the client to obtain information regarding the client's assets, liabilities, present and foreseeable future obligations, present and future income, financial goals, and other data related to the foregoing. Once the information has been gathered, the LFS Representative will furnish clients with a Financial Analysis and Plan that will include some or all of the following:

1. Summary of client's present financial situation that may include a statement of net worth, cash flow model, current allocation of assets and other related analyses as applicable.
2. Summary of financial and insurance goals that may include such topics as retirement planning and estate planning, indicating shortfalls and/or overages client may experience, using assumed interest rates, inflation rates, estimates of current and future income and living expenses and/or other factors and contingencies.
3. General advice concerning the client's financial and insurance objectives that may include potential strategies to pursue such objectives, the repositioning of current assets and the directing of current and future invested assets.

This financial analysis and plan will consist of a computer generated program drawing on statistical samples and will be designed to provide general guidance toward accomplishing stated investment and insurance goals. The operation of these programs cannot be altered by the LFS Representative. Where the software vendors who supply the programs are unaffiliated with LFS and therefore LFS is not responsible for any aspect of these software programs.

LFS, through its Representatives, will deliver a written financial analysis and plan to the client and shall meet with the client for a review of the document. After this review, LFS's obligations to the client shall terminate. Any necessary updates to the financial analysis and plan, or execution of the recommendations made in the plan, shall be at the sole discretion of the client. LFS and its Representative will be under no obligation to update the financial analysis and plan or to monitor the changes in the clients' financial circumstances, investments and/or insurance in connection with the Financial Analysis and Plan Services.

Financial Analyses and Plans provided by LFS will not make recommendations for specific investment or insurance products. Clients are not obligated to use LFS as their broker dealer to purchase specific securities or insurance or pursue any investment strategy. The clients may obtain legal, accounting, and other investment services from any professional source to implement any generic recommendations made by LFS. If the client elects LFS as the broker dealer of record, the LFS Representative will likely receive commissions and/or other compensation as a registered representative of LFS in its capacity as a broker dealer. The LFS Representative may give more specific recommendations regarding investments in his or her separate role as a registered representative of LFS, as opposed to his or her role as an IAR of LFS, if the client relationship extends to that phase. LFS Representatives are separately compensated in the form of commissions or investment fees for this broker-dealer service. Recommendations developed by an LFS Representative are based upon the professional judgment of the LFS Representative and neither LFS nor the LFS Representative can guarantee the results of these recommendations.

As compensation to LFS for rendering the Financial Analysis and Planning services, fees charged will be determined by the LFS Representative and client based on a number of factors, including the complexity of the planning and consulting engagement, and shall not exceed \$50,000 unless requested by the client and the express written authorization of an officer of LFS. Clients shall have the option to pay a portion of the fee at the time the service agreement is signed, and the remainder of the fee when the Financial Analysis and Plan is delivered. In no event will fees be charged more than six (6) months in advance. The client may request an update to their Financial Analysis and Plan by submitting a written request to LFS or their LFS Representative. Any such update will be provided on substantially the same terms as the initial Financial Analysis and Plan, subject to a separate fee negotiated between the client and the LFS Representative. The fee for an update is negotiable and shall not exceed the fee charged for the initial Financial Analysis and Plan. This fee will be shared between LFS and the LFS Representative for their services.

LFS may pay a portion of the total fee paid by the client to Lincoln Financial Advisors Corporation (“LFA”), an affiliated investment adviser, for certain services performed by LFA’s financial planning department in the development of the client’s financial plan. Any advisory services provided by LFA pursuant to this arrangement will be provided to LFS, and not to the client.

LFS may provide seminars to groups of employees, associates, and other organized groups. The seminars may focus on various areas of financial planning such as estate planning, investment planning, retirement planning, and business succession planning, and other financial concepts. Seminars may include information about qualified plan enrollment, education about an employer’s qualified plan and the underlying investment options; however, seminars will not address the objectives or needs of specific individuals or accounts. Fees for these seminars are negotiable, and may be charged on a flat fee basis or per seminar attendee.

LFS and its Representatives may also provide financial analysis and/or a financial plan to a client without charging a separate fee for these services. If no separate fee is charged, a written service agreement may or may not be used to provide these services. If the client elects to implement any transactions in securities or other financial products as a result of the financial analysis or financial plan, and elects to use LFS and/or the LFS Representative for implementation, LFS and/or the LFS Representative may receive commissions, fees, and/or other compensation in the process of implementation.

LFS Representatives may send newsletters to their clients or prospective clients. These newsletters may be prepared by LFS or by an approved third-party newsletter service.

Neither LFS nor its Representatives are qualified to render legal or tax advice, and do not offer legal or tax advice at any time. Clients are encouraged to consult a competent attorney or tax specialist with respect to any recommendations or other matters reviewed that may require a legal or tax opinion.

Neither the financial analysis and plan nor the consultation services will provide specific advice regarding life insurance. If requested, the LFS Representative may offer, without charge, a life insurance analysis from an agent of LFS and/or an affiliate of LFS who is a licensed life insurance agent. This life insurance analysis is separately available without any investment advisory services at no charge. LFS and/or its affiliate will receive compensation for this analysis and/or recommendation only in the form of life insurance commissions in the event that it sells a life insurance policy to the client.

Seminars

LFS Representatives offer investment seminars to the public, including groups of employees, associates, and other organized groups, generally using approved third-party seminar programs. The seminars generally focus on various areas of financial planning, such as estate planning, investment planning, retirement planning, and business succession planning, and may include a generic discussion of a wide variety of investment and insurance products.. The investment information provided with this service is not intended to meet the objectives of each individual client. LFS may charge generic seminar attendees a fee not to exceed \$250.00, and fees may be negotiated on a case by case basis.

Implementation

The services included in the planning process are limited to recommending strategies for the client to consider. Clients are in no way obligated to implement any recommendations, and are not obligated to do so through a LFS Representative. The implementation of any recommended strategies is entirely at the client’s discretion.

In addition to creating plans for clients, LFS Representatives offer insurance and investment products issued or managed by other Lincoln affiliates, as well as insurance and investment products of unaffiliated firms. To minimize potential conflicts between the LFS Representative’s roles in the sale of products, the plan contains only generic recommendations regarding general types of insurance and investment products. In the financial planning process, the LFS Representative does not make recommendations regarding the purchase of specific insurance or investment products.

If a client chooses to implement their financial plan through LFS, the LFS Representative will be acting as a sales person in the sale of investment and insurance products, and/or in an investment advisory capacity in managing client assets or recommending investment managers to client. A client who makes the decision to implement the product recommendations in their plan through LFS and its affiliates (the Lincoln Companies), will have access to a broad portfolio of insurance and investment products. Insurance products may include life insurance, disability and annuity products manufactured by Lincoln Companies and other unaffiliated companies. Investment products accessible through LFS Representatives are restricted to products approved for sale by LFS. LFS, in its role as investment advisor, also offers asset management and wrap-fee investment programs.

If any of the Lincoln Companies or an unaffiliated company acts as an issuer, underwriter, distributor or advisor with respect to a product or program sold to clients, LFS earns compensation from such sale. In addition, these products and programs contain charges and commissions payable to the representatives involved. LFS and its representatives may also receive incentive awards for the recommendation of investment products, and may receive “12(b)-1” distribution fees from investment companies in connection with the investment of client assets.

Investment Advisory Services

Overview:

LFS has arrangements with various asset management services and makes these services available through its Representatives. Some of these programs involve referrals to unaffiliated investment management firms, while others involve LFS and its Representative providing investment advice directly to a client. Depending on the nature of the program, each client receives certain disclosures required under applicable securities laws and regulations, including disclosures about compensation and conflicts of interest.

The client will sign an agreement for services and fees directly with LFS and/or the service provider or money manager. LFS and the Representative will typically receive a portion of the portfolio management fee charged to the client.

When referring clients to other investment advisors, LFS does not act in a fiduciary capacity for the client. For additional information on each program and the role of LFS and its Representatives, please see the disclosure brochure and/or Form ADV, Part 2A and Part 2B for the applicable asset management program or investment advisor.

LFS's Core Asset Management Programs

A brief description of LFS's primary asset management services (Core Asset Management Programs) follows:

CUSTOM WEALTH DESIGN

LFS is the sponsor of Custom Wealth Design ("CWD", or the "Program"), an investment advisory service program offered primarily to individuals, corporations, pension and profit sharing plans, trusts, estates, charitable organizations, banks and other entities. LFS may utilize its IARs, advisory representatives of affiliated investment advisers, or advisory representatives of independent registered investment advisers (collectively, "Advisers"), allowing these Advisers to offer the investment advisory services described here to their clients and potential clients.

CWD provides clients access to continuous management of their investment portfolios. Based on the specific investment needs of the client, the Adviser will manage investments in the client's account on an ongoing basis utilizing investments that may include mutual funds, stocks, bonds, options, and variable annuity and insurance products. On a periodic basis, the Adviser will review each client's account and direct the management and allocation of the investments within the account depending on the client's investment objective. The client selects the Adviser who will manage the client's account. CWD program accounts are generally managed on a non-discretionary basis. In certain circumstances, and only after specific written consent is obtained from the client, a CWD account may be managed on a discretionary basis by the Adviser. Clients may impose reasonable limitations or restrictions on the Adviser, including the Adviser's discretionary authority. Any such limitations are to be in writing and may include, as an example, restrictions on the purchase of particular securities, industries or asset classes.

Fees (Form ADV, Part 2A – Item 5)

The Adviser's management services may be offered through CWD using one of two pricing scenarios. Under the "Wrap Fee" Services of CWD, clients will pay an asset-based fee ("Program Fee") that covers the Advisers investment advisory services and various administrative operations of the account. Under this scenario, clients do not pay transaction charges but may pay certain account service charges. The transaction charges are absorbed by LFS and/or Adviser.

LFS also offers the management services provided to CWD clients on a non-wrap basis or "Fee Plus" basis. Under this scenario, in addition to paying a Program Fee that covers the Advisers investment advisory services and various administrative operations of the account, clients are also responsible for payment of transaction charges and certain account service charges. The schedule of transaction charges is listed on Schedule A of the CWD Client Services Agreement.

The Program Fee is assessed based upon an annual percentage of the client's assets under management. Regardless of whether the Wrap Fee or Fee Plus pricing option is selected, the maximum annual Program Fee is 3.00% of client's assets under management. Program Fees are negotiated with each client based on the size and complexity of each client's circumstances. Each Adviser will negotiate with each client to determine the fees to be charged; therefore fees may vary among Advisers and clients. From the Program Fee charged to the client, LFS will retain up to 20 basis points (0.20%) of assets under management for administrative costs.

The Program Fee includes the fees for the advisory services associated with the CWD program. Certain account charges, some of which are described below, are not included in the Program Fee. The advisory fees are stated as an annual rate and are billed quarterly, in advance based on the asset value of the Program Account on the last business day of the calendar quarter. There is a minimum account size of \$50,000, which may be subject to adjustments for related accounts. The Program Fee and account minimum may be negotiable in certain circumstances at the discretion of LFS.

A client may terminate their agreement within five (5) business days of signing the agreement without penalty. However, in such case the client will be responsible for all fees, charges and transactions incurred from the date the agreement was executed through the time it is terminated. A Custom Wealth Design account agreement may be terminated by either party upon provision of written notice to the other party. Upon termination, any pre-paid, unearned fees will be refunded to the client on a prorated basis, and any unpaid fees for services performed will become immediately due and payable.

In addition to the fees and transaction charges noted previously, Client may also incur certain charges imposed by third parties or LFS in connection with investments made through Program accounts. These may include, but are not limited to, the following: mutual fund or money market 12b-1 and sub-transfer agent fees, mutual fund or money market management fees and administrative expenses, mutual fund transaction fees, certain deferred sales charges on previously purchased mutual funds transferred into the account, variable annuity expenses, other transaction charges and service fees, IRA and qualified retirement plan fees, and other charges required by law. LFS and Advisers may receive a portion of these fees. Further information regarding charges and fees assessed by a mutual fund or annuity is available in the appropriate prospectus.

In considering the investment program described in this brochure and the brokerage related services provided by LFS, Pershing, and/or other parties, a prospective client should be aware that the program may cost a client more or less than purchasing the services separately from other advisers or broker-dealers. The factors that should be considered by a prospective client include the size of the client's portfolio, the nature of the investments to be managed, commission costs, custodial expenses, the anticipated level of trading activity and the amount of advisory fees and other charges for managing the client portfolio. LFS and the Advisers recommending this program will receive compensation as a result of a client's participation in the program. The amount of the compensation may be more than what LFS and/or the Advisers would receive if the client participated in other investment programs or paid separately for investment advice, brokerage, and other services. Therefore, LFS and the Advisers may have a financial incentive to recommend this program over other products and services.

CUSTOM WEALTH SOLUTIONS

LFS is the sponsor of Custom Wealth Solutions ("CWS"), an investment advisory service program offered primarily to individuals, corporations, pension and profit sharing plans, trusts, estates, charitable organizations, banks and other entities. LFS may utilize its IARs, advisory representatives of affiliated investment advisers, or advisory representatives of independent registered investment advisers (collectively, "Advisers"), allowing these Advisers to offer the investment advisory services described here to their clients and potential clients.

Custom Wealth Solutions provides clients access to continuous management of their investment portfolios through one or more of the following investment management programs:

- Separate Account Program ("SMA")
- Multi-Manager Account Program ("MMA")
- Unified Managed Account Program ("UMA")
- Wrap Strategists Program
- Advisor Directed Models
- Third Party Models
- Mutual Fund Wrap Program

Through written agreement Envestnet Asset Management, Inc. ("Envestnet") provides various administrative services to CWS clients using the Advisor Directed Models and for clients using the Separate Account Program, Multi-Manager Account Program (MMA), Unified Managed Account Program (UMA), Wrap Strategists Program, Third Party Models, and Mutual Fund Wrap Program, Envestnet provides various administrative services and investment management services to CWS clients.

Envestnet may also provide additional services to CWS program clients including:

- Assessment of the client's investment needs and objectives
- Investment policy planning
- Development of an asset allocation strategy designed to meet the client's objectives
- Recommendations on suitable style allocations
- Identification of appropriate managers and investment vehicles suitable to the client's goals
- Evaluation of asset managers and investment vehicles meeting style and allocation criteria
- Engagement of selected asset managers and investment vehicles on behalf of the client
- Ongoing monitoring of individual asset manager's performance and management (for approved SMA managers and mutual funds only)
- Review of client accounts to ensure adherence to policy guidelines and asset allocation
- Recommendations for account rebalancing, if necessary
- Online reporting of client account(s) performance and progress

Once the client selects an Adviser and enters into an advisory relationship, the Adviser will obtain information from the client on their financial background, prior investment experience, investment objectives, goals and restrictions, if any, and risk tolerance, among other things. This review also considers the suitability and appropriateness of CWS for the client. LFS and the Adviser maintain the client profile information. Clients should update their profile information any time changes to their financial situation and/or investment objectives occur. When this happens LFS and Advisers may require clients to complete an investor profile questionnaire to determine whether the account and its investments remain suitable and appropriate. Once an advisory relationship is established, there are no restrictions on a client's ability to contact either LFS or their Adviser. The Adviser will contact the client periodically to determine if there have been any changes in their financial information so that the management of the account may be adjusted accordingly. In the event any information is received by LFS directly from the client, that information is communicated promptly to the Adviser. The information provided by the client is forwarded to Envestnet for review. Envestnet will analyze the information and recommend an appropriate strategy based on the client's needs and objectives, investment time horizon, risk tolerance and any other pertinent factors. Envestnet's research team uses a number of proprietary analytical tools and commercially available optimization software applications in developing its asset allocation strategies. Among the factors considered in designing these strategies are historical rates of risk and return for various asset classes, correlation across asset classes and risk premiums. Envestnet will then propose an overall strategy that includes asset allocation and investment portfolio recommendations for the asset classes.

Investment Strategies and Analysis (Form ADV, Part 2A – Item 8)

LFS's investment services generally cover exchange-listed, over-the-counter and foreign securities, warrants, fixed income securities, options on securities, variable life, corporate debt and municipal securities, U.S. Treasury and government agency bonds, unit investment trusts, commercial paper, CD's, variable annuities, and mutual fund shares. Certain mutual funds, annuity and insurance products, and other managed investment products, including money market funds, may be managed or distributed by an affiliate of LFS.

Each Adviser managing a CWS account chooses his/her own research methods, investment style, and management philosophy. The investment strategies utilized by an Adviser in implementing the investment services provided to clients may include long and short-term purchases. Advisers utilize a number of sources of financial information in their analysis of securities, which may include financial publications and analysis, research reports, timing and rating services, annual reports, prospectuses, and SEC filings, among other sources of information. Research services are received in various forms, which may include written reports, meetings, or telephone contacts with individuals and companies in the securities and financial industries. Various methods of analysis may be utilized including charting, technical and fundamental analysis.

Within the Adviser Directed Models, the Adviser will direct the investment and reinvestment of client assets in the Custom Wealth Solutions account ("Program Account"). The Program Account will be managed by the Adviser in accordance with an investment style selected by the Client, and subject to the Client meeting the program minimum account size. The Program Account will be managed by the Adviser based on the specific investment needs of the client on an ongoing basis utilizing investments that may include mutual funds, exchange traded funds, stocks, bonds, options, and variable annuity and insurance products. On a periodic basis, the Adviser will review each client's account and direct the management and allocation of the investments within the account depending on the client's investment objective. The client selects the Adviser who will manage the client's account. CWS program accounts are generally managed on a non-discretionary basis. In certain circumstances, and only after specific written consent is obtained from the client, a CWS account may be managed on a discretionary basis by the Adviser. Clients may impose reasonable limitations or restrictions on the Adviser, including the Adviser's discretionary authority. Any such limitations are to be in writing and may include, as an example, restrictions on the purchase of particular securities, industries or asset classes.

For CWS clients in the SMA, the client is offered access to the investment advisory services of professional portfolio management firms ("Portfolio Managers") and their different investment styles for the individual management of client accounts. Investment styles include Equity, Balanced and Fixed Income. Envestnet will recommend individual Portfolio Managers and investment vehicles that correspond to the proposed asset classes and styles. Adviser may recommend managers in this program to the client. The minimum investment in the SMA program is \$100,000 unless otherwise specified.

The Mutual Fund Wrap program consists of the Mutual Funds Solution ("MFS"). For clients in the MFS, Envestnet will select one or more mutual funds based on Envestnet's recommended investment strategy. MFS is a fully discretionary, mutual fund wrap program offering a series of model portfolios positioned at various points along the risk/return spectrum. The client is provided with an initial allocation that corresponds to the individual client's goals and objectives. Once the client's assets are invested, Envestnet may add, remove or replace mutual funds at its discretion. For more information on MFS, please see Envestnet's ADV, Part 2A and/or disclosure brochure.

For clients in the MMA, the client is offered a single portfolio that accesses multiple asset managers representing various asset classes. This investment model seeks to deliver many of the benefits of a traditional separately managed account in a single broadly-diversified portfolio for a minimum investment of \$250,000, investing in a broad range of various asset classes and styles. Envestnet allocates the portfolio across investment asset classes and complementary asset managers to create a blend that fits the client's investment needs and risk tolerance. Envestnet provides overlay management services for MMA accounts and the client directly owns the underlying securities in the portfolio.

A portion of MMA Program Assets may be invested in the PMC Funds, where appropriate, in conjunction with using multiple asset managers that comprise the investment models. Since Envestnet serves as the investment adviser to the PMC Funds, the amount that Envestnet receives with respect to MMA Program Assets that are invested in the PMC Funds may be greater than just the portion of the MMA Program Assets fee remitted to Envestnet. When the PMC Funds are used in a MMA portfolio, there is a corresponding reduction in the fee that Envestnet normally charges for the MMA Program Assets equal to the amount of any fees Envestnet or an affiliate of Envestnet receives from the PMC Funds. The intent is to ensure that Envestnet and its affiliates in the aggregate receive no more compensation with respect to the Client's overall investments than the higher of either the Program Fee or the fees payable with respect to the PMC Funds. LFS and Adviser do not share in or received additional compensation as a result of client assets invested in the PMC Funds.

For clients in the UMA, the client is offered a single portfolio that, like the MMA program, accesses multiple asset managers representing various asset classes. This investment model seeks to deliver the benefits of a traditional separately managed account in a single broadly diversified portfolio for a minimum investment of \$150,000. Like the MMA, Envestnet defines the asset allocation models for UMA; however, in the UMA, the Adviser may customize the portfolio by selecting the specific, underlying investment vehicles in the appropriate model to meet the client's needs. Envestnet provides overlay management services for UMA accounts and client directly owns the underlying securities in the portfolio.

For CWS clients in Manager Blends, the client is offered portfolios consisting of models from multiple separate account managers for individual style categories for a minimum investment of \$100,000. By combining multiple managers across style and asset class into one portfolio, Manager Blends seeks to deliver broader diversification than a single asset manager within an individual style category or asset class. Envestnet provides overlay management services for Manager Blends accounts and the client directly owns the underlying securities in the portfolio. Each portfolio is allocated across style categories, e.g., Large Cap Growth, All Cap Core, etc.

With exception on the Adviser Directed Models, clients that participate in the CWS program are required to grant full discretionary investment authority to Envestnet, but Envestnet will generally limit the exercise of this authority to the following circumstances:

- Ⓐ For SMA, Envestnet generally will only use this grant of discretion to replace investment vehicles, including sub-managers, when it deems such a change is necessary; to rebalance a client's account as agreed between the client and Envestnet; and to liquidate sufficient assets to pay the Program Fee when necessary and advisable. However, there may be situations in which Envestnet will fully utilize this grant of discretion, such as to liquidate a position.
- Ⓐ For MFS, Envestnet will generally use this grant of discretion to invest in, hold and sell shares in various mutual funds; to liquidate any "in kind" assets that are transferred into the MFS program; and to liquidate sufficient assets to pay the Program Fee when necessary and advisable.
- Ⓐ For UMA, MMA, and Manager Blends, Envestnet generally will only use this grant of discretion as described in the previous circumstances for SMA and MFS Solution.

In Third Party Model Portfolios, Envestnet has retained sub-advisers for the purposes of creating asset allocation model portfolios. Such sub-advisers shall be referred to herein as "Model Providers." Envestnet may, from time to time, replace existing Model Providers or hire others to create Third Party Model Portfolios. LFS as program sponsor elects which Third Party Model Portfolios are available in the CWS program. Clients acknowledge that neither LFS nor Envestnet can guarantee the continued availability of Third Party Model Portfolios created by particular Model Providers. The Model Providers are responsible for all investment selections made for the portfolios they create. The client and Adviser select which Third Party Model Portfolio is most appropriate for the client's needs and objectives. Model Providers may add or remove securities from their Third Party Model Portfolios from time to time in their sole discretion. The Model Providers will select and monitor the performance of the investments in their Third Party Model Portfolios and will periodically adjust and rebalance the Third Party Model Portfolios in accordance with their investment strategies. The Model Providers will retain discretion to select the appropriate Third Party Model Portfolio and the underlying investments for each client's account.

Program Accounts are held at National Financial Services LLC ("National Financial"). Fidelity Management Trust Company serves as custodian for Retirement Accounts. Execution and clearance of transactions is provided by National Financial.

Advisory Fees (Form ADV, Part 2A – Item 5)

The fees for the Custom Wealth Solutions program ("Program Fee") are assessed based upon an annual percentage of the client's assets under management and covers a number of services including investment management, custody, transactions, performance reporting, consulting, activity reporting, and tax reporting. This fee schedule includes all fees and charges for the Program services of LFS, Adviser, Envestnet and National Financial, and all brokerage charges, except for IRA and Qualified Retirement Plan account termination fees, outgoing account transfer fees, and certain other administrative fees customary to a brokerage account. For clients using the Adviser Directed Models, ticket charges associated with trading in the Program Account may also apply. These fees are provided for in the written agreement with each client. A schedule of administrative charges is available upon request. The maximum annual Program Fee is 3.00% of client's assets under management. Fees are negotiated with each client based on the size and complexity of each client's circumstances. Each Adviser will negotiate with each client to determine the fees to be charged; therefore fees may vary among Advisers and clients. As the advisory fees and charges may be negotiable, those fees and charges may vary among CWS clients based upon a

number of factors, including the anticipated level of account activity, the size of the client's account, the types of investments, the nature of related services provided, and the length of the advisory relationship with the client, among other things. Fees are negotiated at the discretion of, and within the means of, LFS, Envestnet, National Financial and Adviser.

Program Fees charged are calculated as an annual percentage of assets based on the market value of the account at the end of the quarter or as an average market value for the preceding quarter. Program Fees are charged on a calendar quarter basis in advance and prorated to the end of the quarter upon inception of the account or may be charged in arrears if using the average market value for the quarter. There is a minimum annual Program Fee charged per Account for participation in the Program. Other costs that may be assessed to the Client and that are not part of the Program Fee include fees for portfolio transactions executed away from Broker, dealer mark-ups, electronic fund and wire transfers, spreads paid to market-makers, dealer mark-ups, market maker spreads and exchange fees, among others. The minimum account size is \$50,000 unless specifically noted above. The minimum account size may be subject to adjustments for related accounts. The annual Program Fee schedule and account minimum may be negotiable in certain circumstances. Clients may terminate an advisory relationship within five business days of signing an advisory agreement without penalty or thereafter upon written notice by either party.

General Fee Information

In certain circumstances and at the discretion of LFS and Adviser, fees and account minimums may be negotiable. Fees are not based on a share of the capital gains or part of the capital gains of any Program Account. The Program Fee is charged at inception on a prorated basis to reflect the number of days remaining in the calendar quarter. If assets are deposited after the inception of a quarter or withdrawn prior to the end of a quarter, the fee chargeable with respect to such assets as of the next calculation date will be prorated based on the number of days during the quarter the assets were held in the program account.

A Program Account may be terminated, by either party, upon receipt of written notice to the other parties. Upon termination, any prepaid, unearned fees will be refunded to the client on a prorated basis. All fees paid to LFS for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds, variable annuities and certain other investment products. These fees and expenses are described in the prospectus of each such investment product. These fees will generally include a management fee, other expenses, and could include distribution fees. If the investment product also imposes sales charges, a client may pay an initial or deferred sales charge. A client could invest in a mutual fund directly, without the services of LFS or Adviser. In that case, the client would not receive the services provided by LFS or Adviser, which are designed, among other things, to assist the client in determining which mutual fund or funds are most appropriate to each client's financial condition and objectives. Accordingly, the client should review both the fees charged by the mutual funds and other investment products and the fees charged and services provided by LFS and Adviser to fully understand the total amount of fees to be paid by the client and thereby evaluate the advisory services being provided.

Custom Wealth Solutions accounts are held at National Financial and clients must utilize National Financial or an affiliate for execution services. LFS serves as introducing broker dealer on CWS accounts. Through its respective clearing relationship with National Financial, LFS will receive certain revenue related to assets held, transactions, and activity in Program Accounts. Such revenue may include a portion of any transaction charge assessed to a client or Adviser, asset-based revenue from mutual funds designated by National Financial as "No Transaction Fee" mutual funds, revenue from cash balances held in certain money market mutual funds designated as "cash sweep" vehicles, and other revenue from mutual funds pursuant to Rule 12b-1 under the Investment Company Act of 1940. LFS, the Adviser, National Financial, and Envestnet and each of their respective affiliates may share in these fees. The availability of these fees may be a factor in negotiating the client's annual account fee.

In considering the investment programs described in this brochure and the brokerage-related services provided by LFS, National Financial and Envestnet and their respective affiliates, a prospective client should be aware that the program may cost a client more or less than purchasing the services separately from other advisers or broker-dealers. The factors that should be considered by a prospective client include the size of a client's portfolio, the nature of the investments to be managed, commission costs, custodial expenses, if any, the anticipated level of trading activity and the amount of advisory fees for managing the client portfolio. Advisers recommending CWS will receive compensation as a result of a client's participation in the program. The amount of the compensation may be more than what the Adviser would receive if the client participated in other investment programs or paid separately for investment advice, brokerage and other services. Therefore, the Advisers, LFS and their respective principals and affiliates may have a financial incentive to recommend CWS over other programs or services. The Adviser, LFS and their respective principals and affiliates may recommend buying and selling securities for their own accounts or for the accounts of other clients which differ from advice given or actions taken in providing advisory services to the Program Account.

Where discretionary authority is granted to Adviser, the authority is limited to determining which securities shall be bought or sold in which amount on behalf of the client. Clients understand the Custom Wealth Solutions program is sponsored by LFS and accounts are held by National Financial. Clients should recognize that by directing the use of a particular broker-dealer, the Adviser may be unable to achieve best execution (if applicable).

SEI ASSET MANAGEMENT PROGRAM

LFS has an agreement with SEI Investments Management Corporation, SEI Investments Distribution Company, and SEI Trust Company (collectively “SEI”) whereby LFS IARs may offer to clients and potential clients SEI’s asset allocation and investment programs.

The LFS IARs and the RIAs explain to the client the SEI Funds which are available within the SEI account, provide the client with the prospectuses for each of the SEI Funds selected for investment by the client and explain the rebalancing guidelines utilized in the management of the portfolio. SEI is responsible for rebalancing the SEI account pursuant to the standard variances established by SEI. If and when quarterly reallocation of the model portfolio is deemed necessary by SEI, SEI will notify the IAR or RIA who will in turn discuss the reasons for reallocation with the Client. SEI will proceed with the portfolio reallocation based on negative consent. Unless the client contacts the IAR or RIA, followed by written notification within ten (10) business days specifically requesting that the account not be reallocated, SEI will make the appropriate reallocation of the Client’s portfolio.

The client retains the authority to change between the model portfolios although variation from SEI’s specific asset allocation within each model may subject the Client Agreement and/or account to termination. All dividends paid by the SEI Funds in the client’s SEI account will automatically be reinvested unless client provides written instructions to SEI.

The SEI Asset Management Program also permits clients to select a third party investment adviser (“Portfolio Manager”), to assist the client in selecting an asset allocation portfolio. The client will receive monthly-consolidated statements from SEI showing account activity and the market value of SEI Fund positions. Additionally, the client will receive a quarterly performance report from SEI beginning one full quarter after the account has been opened.

This agreement also allows certain independently registered investment advisers, who are also registered representatives of LFS in its capacity as a FINRA registered broker dealer (“RIAs”), to offer clients and potential clients the asset allocation and investment services described in the following paragraphs.

SEI Mutual Fund Asset Allocation Program

The LFS IARs and the RIAs assist the client in selecting a specific asset allocation portfolio appropriate for the client by discussing the various levels of risk and by helping the client complete a questionnaire which details the client’s annual income, net worth, and long-term goals and objectives. SEI, based on its capital market assumptions, constructs and maintains asset allocation portfolios comprised exclusively of mutual funds advised by SEI. The client directs the advisory representative or RIA to instruct SEI Trust Company to purchase and sell no-load SEI mutual fund(s) (“SEI Funds”) pursuant to the investment objectives and rebalancing parameters selected by the client. Physical custody of SEI Funds will be maintained by SEI.

SEI Managed Accounts and Integrated Managed Accounts Programs

SEI sponsors the Managed Accounts Program (the “Program”). The LFS IARs and the RIAs (“Advisers”) will execute an agreement with SIMC and the individual Clients (“Managed Account Agreement”) providing for the management of certain Client assets in accordance with the terms thereof. Pursuant to a Managed Accounts Agreement, the Client appoints the Adviser to assist the Client in selecting an asset allocation strategy, which would include the percentage of investor assets allocated to designated portfolios of separate securities (each, a “Managed Account Portfolio”) and may include the percentage of assets allocated to a portfolio of mutual funds advised by SEI. The Client appoints SEI to manage the assets in each Managed Account Portfolio in accordance with a strategy selected by the Client together with the Adviser. SEI may delegate its responsibility for selecting particular securities to one or more portfolio managers.

Additionally, the Program offers a feature called Integrated Managed Accounts (“IMAP”), which is an enhancement to the standard Program. In IMAP, SEI selects one sub-adviser to serve as a tax manager for the entire Managed Account Portfolio. Other sub-advisers recommend securities using buy/sell lists for their specific asset class to which the Client has selected. An integration fee will be charged to the Client’s account when the Client selects the IMAP feature. The maximum annual integration fee charge by SEI is 0.15%. The fee will cover the integration of the equity managers, which helps result in increased coordination across the equity account, increased tax efficiency and additional features such as wash sale prevention. These additional fees only apply to the equity portion of a Client’s account that is allocated to the integrated equities portfolio; the fees do not apply to the fixed income or funds portion of the Client’s account (if applicable).

SEI may impose minimum account balances ranging from \$50,000 to \$1,000,000 depending upon the Managed Account Portfolio chosen and whether the Client selects the IMAP feature.

GoalLink and Integrated Managed Accounts Programs

Through GoalLink, the LFS IARs and the RIAs (“Advisers”) serves as the primary Client contact, responsible for analyzing the Client’s current financial situation, return expectations, risk tolerance, time horizon, and asset class preference. Using the GoalLink Presentation Tool, the Adviser and the Client select an Investment Strategy (“Strategy”), which is then submitted and reviewed by a representative of SEI. The Strategy may include a combination of individual securities and SEI Funds, based upon the Client’s selected Strategy and account size. The account minimums imposed by SEI range from \$25,000 - \$250,000. Based upon the selected Strategy, SEI will have

investment authority of the assets and will make prescribed adjustments to the Strategy weights based on the market environment at a point in time. However, the Client may, at any time, impose reasonable restrictions on the management of the Client's account or choose a new Strategy. SEI's investment authority is effective until changed or revoked in writing. SEI may delegate its day-to-day responsibility for selecting particular securities to one or more sub-advisers.

SEI's fees will be provided to the Client at the time of the initial investment and may increase or decrease over time depending upon the adjustments to prescribed allocation of asset classes. The SEI Funds expenses are found in the Funds' prospectus, which should be read carefully by all Clients before investing. For SEI's fees on assets held in the separate accounts, the fees are determined based on the asset classes incorporated in the Client's account. The following sets forth the fees charged by SIMC for each specific Strategy managed in the GoalLink Program.

Fees (Form ADV, Part 2A – Item 5)

The Advisory Fees that an advisor may charge on any of the SEI programs and strategies are flexible, and are based on the schedule below established by LFS. In no event may all asset-based fees and charges to the client (including those charged by LFS, SEI, or specific managers, but excluding internal expenses of mutual funds) exceed 3% per annum.

<u>Portfolio Value</u>	<u>Maximum Advisory Fee</u>
Up to \$500,000	2.00%
Next \$500,000	1.75%
Next \$1 million	1.50%
Over \$2 million	1.25%

The Advisory Fee is negotiable and is payable quarterly in arrears. All Advisory Fees will be deducted from the account pursuant to the SEI Client Agreement unless other arrangements have been made in writing. All such fees and charges will be clearly noted on client statements issued by SEI.

The client is informed that LFS, LFS IARs and RIAs, in connection with the performance of their respective services, shall be entitled to and will share in the Advisory Fees payable hereunder. LFS, in performance of its duties, may receive additional administrative fees from the client. A maximum five basis point (0.05%) annual Administrative Fee will be billed quarterly in arrears to each program account.

SEI may assess a maximum annual charge of 15 basis points (0.15%) to all accounts utilizing the IMAP program, excluding the Time Focused Strategy. This applies whether or not the Goal Link system is utilized.

Clients utilizing the Managed Account and IMAP programs, either within the Goal Link system or independently will incur additional charges from the money managers selected for investment management implementation. These charges vary by investment manager, asset class, and account size, and range from 0.30% to 1.20%. Please review the account opening paperwork provided by SEI for manager-specific fees.

The client agreement may be terminated by any of the parties to the agreement by provision of written notice to the other parties. Upon termination, any unearned fees will be refunded to the client. Any fees accrued but not yet assessed to the account will be assessed prior to the termination of the agreement.

Each mutual fund has its own fees and charges including management fees, which are disclosed in the prospectus of each fund. In addition, each fund will incur portfolio management costs, primarily in the form of brokerage commissions, as it buys and sells securities within the fund's portfolio. These costs are generally found in each fund's prospectus or statement of additional information. Although these fees are not liquidated from the client accounts and therefore may be less "visible" to the client, it is important that you and the client recognize that these fees represent costs incurred by the client.

The client may also incur certain charges imposed by third parties other than LFS IARs and RIAs, such as SEI, in connection with investments made through a program account. These charges include the following types of charges: SEI Fund management fees and administrative servicing fees, SEI Account Maintenance Fees, other fees charged by SEI, and IRA and Qualified Retirement Plan fees. LFS does not determine, administer, or retain any portion of these fees. Further information regarding charges and fees assessed by an SEI Fund are available in the appropriate prospectus. A list of charges which may be imposed by SEI are described in the SEI Client Agreement.

The client may make additions to, or withdrawals from, the SEI account upon notice to the IAR or RIA and subject to the terms of the Client Agreement. The client is informed that if at any time the account assets are less than the minimum account size originally specified, that the Client Agreement may be subject to termination. The SEI account is designed as a long-term investment vehicle and asset withdrawals may impair the achievement of the client's investment objectives.

Under SEI's asset allocation and investment programs, the client receives investment advisory services, the execution of securities brokerage transactions, custody services and reporting services for a single specified fee. Participation in the Program may cost the participant more or less than purchasing such services separately. In addition, the Program fee may be higher or lower than that charged by other sponsors of comparable wrap fee programs.

CUSTOM WEALTH MANAGER

LFS is the sponsor of Custom Wealth Manager, an investment advisory service program offered primarily to individuals, corporations, pension and profit sharing plans, trusts, estates, charitable organizations, banks and other entities. LFS may utilize its IARs, advisory representatives of affiliated investment advisers, or advisory representatives of independent registered investment advisers (collectively, "Advisers"), allowing these Advisers to offer the investment advisory services described here to their clients and potential clients.

Custom Wealth Manager ("CWM") allows LFS's clients access to the investment advisory services of professional portfolio management firms ("Portfolio Managers") for the individual management of client accounts. Through written agreements with Pershing, LLC ("Pershing") and/or Lockwood Advisors, Inc. ("Lockwood"), numerous Portfolio Managers and their different investment styles may be chosen by clients. Investment styles include Equity, Balanced and Fixed Income. Each client selects one or more Portfolio Managers based on his or her individual financial circumstances, investment needs, goals and level of risk tolerance. The CWM Investor Profile Questionnaire is used to assist in determining the appropriate investment style and Portfolio Manager. A list of the available Portfolio Managers and their investment styles is available upon request. LFS forwards a copy of the completed CWM Investor Profile Questionnaire to the selected Portfolio Manager(s) and the Portfolio Manager(s) independently determines whether to accept the client account based on the content of same, in addition to any other factors it deems appropriate. Pursuant to the CWM Client Services Agreement, client agrees to provide information regarding material changes in the client's financial circumstances and/or investment objectives. Upon receipt, LFS forwards such information to the client's Portfolio Manager(s). Clients may communicate such information to, or otherwise communicate directly with, Portfolio Manager(s), although clients are encouraged to direct communications through their investment professional. Additional information on each Portfolio Manager, including the Portfolio Manager's ADV Part 2A or disclosure brochure is also provided.

The Portfolio Manager will direct the investment and reinvestment of client assets in the CWM account ("Program Account"). The Program Account will be managed by the Portfolio Manager(s) on a discretionary basis in accordance with the investment style selected by the client, and subject to client meeting the program minimum account size. Clients may impose reasonable restrictions on the Portfolio Manager's discretionary authority. Any such limitations are to be in writing and may include, as an example, restrictions on the purchase of specific securities or specific types of securities.

Custom Wealth Manager accounts are held at Pershing with LFS acting as introducing broker and pursuant to LFS's clearing agreement with Pershing. Pershing serves as custodian for Retirement Accounts. Execution and clearance of transactions is provided by Pershing. In cases where a Portfolio Manager determines that Pershing cannot provide best execution, the Portfolio Manager may direct transactions through a different broker-dealer of its choosing. In such a case, additional transaction fees or other charges may apply.

Fees (Form ADV, Part 2A – Item 5)

Minimum account sizes for Program Accounts and for each Portfolio Manager range from \$100,000 to \$500,000 depending on the investment objectives and Portfolio Managers chosen by the client. The program fees for Custom Wealth Manager are based on an annual percentage of assets under management in program accounts and covers a number of services including investment management, custody, transactions, performance reporting, consulting, activity reporting, and tax reporting. For program accounts managed using an Equity and/or Balanced style the maximum program fee is 3.00%. Program accounts managed using a Fixed Income style are charged a maximum program fee of 2.50%. Fees may be negotiated based on the size and complexity of each client's circumstances. Fees are negotiated at the discretion of LFS.

CWM accounts are assessed the program fee quarterly in advance, based on the market value of account assets as of the last business day of the previous quarter. The program fee is charged at inception on a prorated basis to reflect the number of days remaining in the calendar quarter. Due to the administrative and trading costs of establishing CWM accounts, no pro rata refund is made if a client terminates an account within the first four full quarters after inception. Additionally, an early closing fee equal to the lesser of \$2,000 or a full quarter's fee, based on account value upon closing, applies to accounts closed within this period. The early termination fee may be waived in certain circumstances at the discretion of LFS.

If assets are deposited after the inception of a quarter or withdrawn prior to the end of a quarter, the fee chargeable with respect to such assets as of the next calculation date will be prorated based on the number of days during the quarter the assets were held in the program account, unless any such deposit or withdrawal is less than \$1,000. Custodial and/or maintenance fees normally applicable to retirement accounts and qualified retirement plans for which Pershing acts as custodian are included in the program fee. One-time fees related to the set-up of 401(k) plans and the termination of qualified retirement plans for which Pershing acts as custodian will apply.

LFS, subject to certain exceptions, will not act as principal on securities transactions for CWM accounts. There is no mark-up or markdown assessed by LFS on such trades. Cash balances in CWM accounts are swept to a money market fund. The client is responsible for the internal expenses of such funds, including management fees of the funds, as described in the prospectus of the money market fund. A portion of such expenses may be paid to LFS.

Clients receive a quarterly portfolio evaluation statement of account from Pershing detailing portfolio holdings and market prices, transaction confirmations and interest and dividend or capital gain payments, fee deductions, and account performance. Portfolio evaluations are reviewed by Pershing or Lockwood for accuracy prior to delivery to clients and are intended to inform clients as to how their investments have performed. Clients also receive a monthly activity statement from Pershing in months when there is qualifying activity. LFS urges clients to review the statements they receive from the account custodian in conjunction with their CWM performance reports. Clients may receive transaction confirmations for each transaction that occurs in their Program Account. Clients may elect to waive receipt of individual transaction confirmations, but are not required to do so. If so elected, the client can choose to resume receipt of confirmations at any time by providing written instruction to LFS. Year-end tax summaries including IRS Schedule D information, IRS 1099-INT and IRA 1099-DIV, if applicable are provided to Clients by Pershing.

In considering the CWM program and the brokerage related services provided by LFS, Pershing, and/or other parties, a prospective client should be aware that the program may cost a client more or less than purchasing the services separately from other advisers or broker-dealers. The factors that should be considered by a prospective client include the size of the client's portfolio, the nature of the investments to be managed, commission costs, custodial expenses, the anticipated level of trading activity and the amount of advisory fees and other charges for managing the client portfolio. LFS and the Advisers recommending this program will receive compensation as a result of a client's participation in the program. The amount of the compensation may be more than what LFS and/or the Advisers would receive if the client participated in other investment programs or paid separately for investment advice, brokerage, and other services. Therefore, LFS and the Advisers may have a financial incentive to recommend this program over other products and services.

CUSTOM WEALTH ADVANTAGE

LFS is the sponsor of Custom Wealth Advantage ("CWA"), an investment advisory program offered primarily to individuals, corporations, pension and profit sharing plans, trusts, estates, charitable organizations, banks and other entities. LFS may allow its investment adviser representatives ("IARs"), advisory representatives of affiliated investment advisers, or advisory representatives of independent registered investment advisers (collectively with IARs, "Advisers"), to offer the investment advisory services described here to their clients and potential clients. Through a written agreement with Envestnet Portfolio Solutions, Inc. ("EPS"), an investment adviser registered with the SEC, LFS has engaged EPS to provide various administrative services to CWA clients using the CWA Choice Program (as described below), and to provide administrative services and investment management services for clients electing the other CWA investment programs.

CWA provides clients access to continuous management services for investment portfolios through the following investment management programs:

- (i) The CWA Choice Program, consisting of portfolios managed by Adviser, which may be composed of mutual funds, exchange traded funds ("ETFs"), individual securities, variable annuity contracts, and/or other investments based upon the investment strategy agreed upon with Client.
- (ii) The CWA Separately Managed Accounts Program, offering a broad array of investment strategies managed by third-party money managers (each, a "Sub-Manager").
- (iii) The CWA Unified Managed Account Program ("CWA UMA Program"), offering the combined investment strategies of two or more Sub-Managers, mutual funds and/or ETFs managed by EPS within a single account.
- (iv) The CWA Mutual Fund Program, consisting of mutual fund portfolios managed by EPS.
- (v) The CWA Strategist Program, consisting of mutual fund and/or ETF portfolios managed by EPS pursuant to the investment recommendations of one or more third-party asset allocation providers (each, a "Strategist").

Accounts in the CWA program will be held at Pershing LLC ("Pershing"). Pershing will also serve as custodian for retirement accounts in the CWA program.

The minimum investment amount varies by the investment strategy selected, and may vary further by Sub-Manager or Strategist selected by Client. Generally, the investment minimums are as follows:

- (i) \$50,000 for the CWA Choice Program
- (ii) \$100,000 for each Sub-Manager selected for the CWA Separately Managed Accounts Program
- (iii) \$250,000 for the CWA UMA Program
- (iv) \$50,000 for the CWA Mutual Fund Program
- (v) \$50,000 for each Strategist selected for the CWA Strategist Program

Actual minimum investment amounts for any investment strategy, Sub-Manager or Strategist may be higher or lower than listed above. The minimum investment requirements may be negotiable at the discretion of LFS, and at the discretion of EPS, any Sub-Manager or Strategist as applicable.

Once the client selects an Adviser and enters into an advisory relationship, the Adviser will request information from the client regarding the client's financial background, investment experience, investment objectives, and risk tolerance, among other things, in determining the suitability and appropriateness of CWA for the client. A client should promptly contact their Adviser any time the client's financial situation or investment objectives change, or if any of the information previously provided to the Adviser has materially changed. The Adviser can then determine whether the account and its investments remain appropriate, or if any changes should be recommended.

Once an advisory relationship is established, there are no restrictions on a client's ability to contact LFS or the Adviser. The Adviser will contact the client periodically to determine if there have been any changes in the client's financial information so that the investment strategy of the account may be adjusted accordingly. The information provided by the client will be shared with EPS and Sub-Managers as applicable, and EPS and each applicable Sub-Manager will base their respective investment recommendations on the information provided by the client.

Investment Strategies and Analysis (Form ADV, Part 2A – Item 8)

LFS's investment services generally cover exchange-listed, over-the-counter and foreign securities, ETFs, warrants, fixed income securities, options, variable life and annuity contracts, corporate debt, municipal securities, U.S. Treasury and government agency bonds, unit investment trusts, commercial paper, CDs, and mutual fund shares. Certain mutual funds, annuity and insurance products, and other managed investment products, including money market funds, may be managed or distributed by an affiliate of LFS.

Each Adviser managing a CWA Choice account chooses his/her own research methods, investment style, and management philosophy. The investment strategies used by an Adviser may include long and short-term purchases. Advisers may use a number of sources of financial information in their analysis of securities, which may include financial publications, research reports, timing and rating services, annual reports, prospectuses and SEC filings, among other sources of information. Research services are received in various forms, which may include written reports, electronic communications, software, meetings, or telephone contacts with individuals and companies in the securities and financial industries. Various methods of analysis may be used including charting, technical and fundamental analysis.

Within the CWA Choice Program, the Adviser will direct the investment and reinvestment of client assets in the CWA account ("Program Account"). The Program Account will be managed by the Adviser in accordance with an investment style selected by the client using investments that may include mutual funds, ETFs, stocks, bonds, options, variable annuity and insurance products and other investments. On a periodic basis, the Adviser will review client's account and direct the management and allocation of the investments within the account depending on the client's investment objectives. CWA Choice accounts are generally managed on a non-discretionary basis. In certain circumstances where approved by LFS, and only after specific written consent is obtained from the client, a CWA account may be managed on a discretionary basis by the Adviser. Where discretionary authority is granted to Adviser, the authority is limited to trade authorization, and does not extend to the transfer of money or securities from the account on behalf of the client, except for the purpose of debiting fees from the Program Account or such other account designated by the client. Clients may impose reasonable limitations or restrictions on the Adviser, including the Adviser's discretionary authority. Any such limitations are to be in writing and may include, as an example, restrictions on the purchase of particular securities, industries or asset classes.

For the other CWA programs, EPS will offer various investment strategies for consideration by a client based on the client's needs and objectives, investment time horizon, risk tolerance and any other relevant factors. EPS's research team uses a number of analytical tools and software applications in developing its asset allocation strategies. Among the factors considered in designing these strategies are historical rates of risk and return for various asset classes and correlation among asset class returns. EPS will propose an overall strategy that includes asset allocation and investment portfolio recommendations for the asset classes. A client may elect one or more strategies offered by EPS that is most aligned with the client's objectives and risk tolerance. For more information on EPS's investment management services, please see EPS's ADV, Part 2A and/or disclosure brochure.

For the CWA Separately Managed Accounts program, the client has access to the investment management services of Sub-Managers and their different investment styles including Equity, Balanced and Fixed Income, among others. EPS and Adviser will recommend individual Sub-Managers and investment vehicles that correspond to the proposed asset classes and styles. For certain Sub-Managers, EPS has entered into a licensing agreement with the Sub-Manager, whereby EPS performs model management, administrative and/or trading duties pursuant to the direction of the Sub-Manager. In such case the Sub-Manager is acting in the role of an investment model provider (a "Model Provider").

In the CWA UMA program, the client can select a single portfolio that accesses multiple asset managers representing various asset classes. In each UMA portfolio, EPS will combine the investment strategies of one or more Model Providers in addition to mutual funds and/or ETFs in order to create an allocated portfolio. EPS shall provide ongoing management of the portfolio and periodically replace Model Providers, mutual funds and/or ETFs in its discretion. EPS provides overlay management services for CWA UMA accounts and client directly owns the underlying securities in the portfolio.

For the CWA Mutual Fund program, EPS will create an asset allocation portfolio consisting of one or more mutual funds based on the investment strategy selected by the client. Within this program, a client may select one of the Active Passive Portfolios, portfolios consisting entirely or substantially of EPS's proprietary mutual funds, the ActivePassive Funds®. EPS is the investment adviser to the ActivePassive Funds and receives a management fee from each fund, which varies by fund and is described in the ActivePassive Funds' prospectus. EPS does not receive additional compensation for Program Assets managed in an Active Passive Portfolio. The CWA Mutual Fund program is a fully discretionary mutual fund wrap program managed by EPS, offering model portfolios with various risk and return profiles. Once the client's assets are invested, EPS may add, remove or replace mutual funds at its discretion.

For the CWA Strategist Program, EPS will manage asset allocation portfolios consisting of mutual funds and/or ETFs based on the investment recommendations of the Strategist(s) selected by the client. Each Strategist shall be retained by EPS pursuant to an agreement with each Strategist for portfolio management services on terms and in the manner that EPS deems appropriate. For each Strategist, EPS has entered into a licensing agreement, whereby EPS performs model management, administrative and/or trading duties pursuant to the direction of the Strategist. In such situation the Strategist is acting in the role of a Model Provider.

With exception on the CWA Choice program, clients that participate in the CWA program will grant full discretionary investment authority to EPS as further described in the client services agreement. EPS will generally limit the exercise of this authority to the following circumstances:

- For the CWA Separately Managed Account program, EPS generally will use this grant of discretion to replace investment vehicles, including Sub-Managers, when it deems such a change is necessary; to rebalance a client's account as agreed between the client and EPS; and to liquidate sufficient assets to pay the Program Fee when necessary and advisable. Where the client has elected a Model Provider, EPS will have full discretionary authority to trade the account in accordance with the Model Provider's recommendations, subject to any reasonable restrictions imposed by client. However, there may be other situations in which EPS will fully use investment discretion, such as to liquidate a position.
- For the CWA Mutual Fund program and CWA Strategist program, EPS will generally use this grant of discretion to invest in, hold and sell shares in various mutual funds and/or ETFs; to liquidate any "in kind" assets that are transferred into the program; and to liquidate sufficient assets to pay the Program Fee when necessary and advisable.
- For the CWA UMA program, EPS will generally use this grant of discretion to select Model Providers, mutual funds and/or ETFs in its discretion, and to provide on-going management of the portfolio and periodically replace Model Providers, mutual funds and/or ETFs in its discretion; to liquidate any "in kind" assets that are transferred into the program; and to liquidate sufficient assets to pay the Program Fee when necessary and advisable.

Specific information regarding the terms of the discretionary trading authority granted to EPS and Adviser is found in the applicable client services agreement and supporting documentation that a client receives in connection with the CWA program.

Fees (Form ADV, Part 2A – Item 5)

Program Fees for the CWA program are assessed based on an annual percentage of the client's assets under management. The Program Fees are charged quarterly, in advance based on the average daily balance of the Program Account of the previous quarter, and the initial fee is prorated to the end of the quarter if the account is opened on any day other than the first day of a quarter. Fees will be debited from the client's Program Account, or such other account that the client designates for the purpose of payment of fees. The maximum annual Program Fee is 3.00% of client's assets under management. Fees are negotiated with each client based on the size and complexity of each client's circumstances. Each Adviser will negotiate with each client to determine the fees to be charged; therefore fees may vary among Advisers and clients, and some Advisers may charge higher fees than other Advisers for similar services. Fees will be debited from the account in accordance with the client authorization in the Client Services Agreement. There is a minimum annual Program Fee charged per Program Account for participation in the Program.

The Program Fee paid by the client includes the LFS advisory fees, the Adviser's fees, and EPS's administrative and management fees. Depending on the program selected, a portion of the program fees may be paid to a Sub-Manager, Strategist, or to Pershing to compensate each of them for their respective services. Fees charged by each entity providing services to the program vary based on the program selected, investment products used, and the size of the account and/or household, among other factors. For certain investment strategies, such as those involving ETFs, stocks and/or bonds, the custodian and/or broker-dealer may charge an asset-based fee to account for trading costs; or transaction-based charges may apply. This may be included in the Program Fee or may be assessed as a separate charge by the custodian or broker-dealer. The standard range of asset-based fees for each party is as follows:

LFS:	up to 0.20% of account assets
EPS:	up to 0.18% of account assets
Strategists:	up to 0.50% of account assets
Sub-Managers:	up to 0.85% of account assets
Pershing:	up to 0.25% of account assets

Actual fees assessed to a specific client or account will vary, and will be disclosed in the statement of investment selection signed by the client upon election of services under the CWA program. Fees will not be charged on the basis of a share of capital gains or capital appreciation of a client's funds or any portion of a client's funds. Other costs that may be assessed to the client and that are not part of the Program Fee include retirement account maintenance fees, retirement account termination fees, fees for portfolio transactions executed away from Broker, dealer mark-ups, electronic fund and wire transfers, spreads paid to market-makers, dealer mark-ups, market maker spreads and exchange fees, and other fees and charges customary to securities brokerage accounts. Transaction fees may apply when certain assets are traded by Adviser in the CWA Choice program, or are liquidated prior to EPS or a Sub-Manager commencing investment management services.

For some investment strategies, EPS will purchase predominantly mutual funds that participate in Pershing's designated no transaction fee ("NTF") program. At times, these NTF mutual funds may elect to cease participation in Pershing's NTF program. When that occurs a client may be assessed a transaction fee with the liquidation of that particular fund. Some mutual funds may impose a short-term redemption fee upon liquidation of a mutual fund position if that particular position was not held for a sufficient amount of time as described and outlined in the individual mutual fund's prospectus. Neither LFS, Adviser, Pershing nor EPS determine or receive any portion of the short term redemption fee imposed by a mutual fund.

In addition to the program fee and transaction charges noted above, Client may also incur certain charges imposed by third parties in connection with the investments made through Program Accounts. These may include, but are not limited to, the following: mutual fund or money market 12b-1 and subtransfer fees, mutual fund or money market management fees and administrative expenses, certain deferred sales charges on previously purchased mutual funds transferred into the account, other transaction charges and service fees, and other charges permitted or required by law. LFS and Adviser may receive a portion of these fees. Further information regarding charges and fees assessed by a mutual fund is available in the appropriate prospectus.

General Fee Information

Clients may terminate an advisory relationship within five business days of signing an advisory agreement without penalty or thereafter upon written notice to LFS. A Program Account may be terminated by either party upon receipt of written notice to the other parties. Upon termination, any prepaid, unearned fees will be refunded to the client on a prorated basis. A client could invest in mutual funds and other investment products directly, without the services of LFS or Adviser. In that case, the client would not receive the services provided by LFS or Adviser, which are designed, among other things, to assist the client in determining which mutual funds or other investments are appropriate to each client's financial condition and objectives. A client should review both the fees charged by the mutual funds and other investment products and the fees charged and services provided by LFS and Adviser to understand the total amount of fees to be paid by the client and thereby evaluate the services being provided.

CWA accounts are held at Pershing and clients must generally use Pershing or an affiliate for execution services. Sub-Managers and EPS will have the authority to effect transactions for the Program Accounts with or through another broker, dealer or bank if EPS or Sub-Manager (as applicable) believes that "best execution" of transactions may be obtained through such other broker, dealer or bank, including any broker-dealer that is affiliated with LFS, Adviser, EPS or Sub-Manager. LFS serves as introducing broker dealer on CWA accounts. Through its respective clearing relationship with Pershing, LFS will receive certain revenue related to assets held, transactions, and activity in Program Accounts. Such revenue may include a portion of any transaction charge assessed to a client or Adviser, asset-based revenue from mutual funds designated by Pershing as "No Transaction Fee" mutual funds, revenue from cash balances held in certain money market mutual funds designated as "cash sweep" vehicles, and other revenue from mutual funds pursuant to Rule 12b-1 under the Investment Company Act of 1940. LFS, the Adviser, Pershing, and EPS and each of their respective affiliates may share in these fees. The availability of these fees may be a factor in negotiating the client's annual account fee.

In considering the investment programs described in this brochure and the brokerage-related services provided by LFS, Pershing and EPS and their respective affiliates, a prospective client should be aware that the program may cost a client more or less than purchasing the services separately from other advisers or broker-dealers. The factors that should be considered by a prospective client include the size of a client's portfolio, the nature of the investments to be managed, commission costs, custodial expenses, if any, the anticipated level of trading activity and the amount of advisory fees for managing the client portfolio. Advisers recommending CWA will receive compensation as a result of a client's participation in the program. The amount of the compensation may be more than what the Adviser would receive if the client participated in other investment programs or paid separately for investment advice, brokerage and other services. Therefore, the Advisers, LFS and their respective principals and affiliates may have a financial incentive to recommend CWA over other programs or services. The Adviser, LFS and their respective principals and affiliates may recommend buying and selling

securities for their own accounts or for the accounts of other clients which differ from advice given or actions taken in providing advisory services to the Program Account.

Clients will receive transaction confirmations for each transaction that occurs in their CWA account unless the client elects to waive receipt of transaction confirmations. Clients also receive a monthly activity statement from Pershing for every month in which qualifying activity takes place, as well as a performance report describing account performance and positions from EPS on a quarterly basis. LFS urges clients to review the statements provided by the custodian in conjunction with the CWA performance reports.

The review and selection of EPS as a service provider and investment management provider was based on its ability to provide an overall set of services necessary to administer the program, which may include a variety of functions such as investment management, research, technology, and administrative support. If LFS, through its ongoing relationship with EPS, determines that EPS is no longer able to perform these services effectively, LFS may recommend the replacement of EPS or discontinue the program.

MORNINGSTAR INVESTMENT SERVICES

LFS has an agreement with Morningstar Investment Services, Inc. ("MIS") whereby LFS and IARs may offer clients and potential clients the Morningstar® Managed PortfoliosSM Program ("Program").

The Program is an investment advisory program offered by MIS, a federally registered investment advisor, comprised of mutual fund asset allocation and focused strategy portfolios, ("Mutual Fund Portfolios"), exchange traded fund strategy ("ETF Strategy"), and select stock basket strategy portfolios (Stock Baskets). The minimum initial investment to open an account under the Mutual Fund Portfolios is \$50,000 and \$100,000 for the ETF Strategy and Stock Baskets portfolios. Some Stock Basket portfolios have a \$250,000 minimum investment requirement.

Pursuant to the discretionary authority granted to MIS by the client within the Investment Management Agreement (signed prior to opening an account), MIS will execute transactions in mutual fund shares, exchange traded funds, and general securities, as appropriate to rebalance and/or reallocate account assets to be consistent with the client's selected portfolio and restrictions, if any. Rebalancing will typically occur quarterly whereas reallocating will occur as frequently as MIS considers necessary. MIS and LFS will not maintain custody of the individual investor's mutual fund shares. Typically an unaffiliated custodian or a mutual fund transfer agent will hold these shares.

The ETF Strategy and Stock Baskets accounts are held at Pershing LLC with LFS acting as introducing broker dealer. Pershing will directly charge the client's account for custody and clearing charges related to the transactions in the ETF Strategy and Stock Baskets programs. Clearing and custody fees are charged by Pershing quarterly in advance as follows:

<u>Account Assets</u>	<u>Clearing Fee</u>
First \$250,000	0.25%
Next \$250,000	0.10%
Next \$500,000	0.08%
Next \$1,000,000	0.07%
Next \$3,000,000	0.06%
Over \$5,000,000	0.05%

As a participant in the Mutual Fund Portfolios, the client will pay a maximum annualized fee ("Account Fee") of 1.50%. The maximum client fee for ETF Strategy accounts is 1.41% and 1.65% for Stock Baskets. The Account fee is paid quarterly in arrears based upon the average account value during the quarter. MIS will receive compensation for their investment advisory services provided under the Program as a percentage of assets. In addition, MIS will delegate certain services to LFS such as assisting each client in completing a questionnaire and other applicable account opening forms, determining suitability, contacting the client at least annually to obtain any changes in their financial situation and acting as liaison between MIS and the client. For these services, LFS will receive a portion of the fee paid by each client participating in this Program. LFS's portion of the fee will not exceed 1.10% on an annualized basis.

Clients assets will be invested in shares of mutual funds and/or exchange traded funds, each of which will have its own advisory fees and fund expenses. As a shareholder of these funds, the client will bear their proportionate share of these fees. Clients may invest in the mutual funds, exchange traded funds, or general securities directly without participating in the MIS Program (and therefore without paying the Program fee) however in doing so they will not receive the advisory and other services provided by MIS and LFS respectively.

For more information concerning the Morningstar® Managed PortfoliosSM Program please see MIS' current Form ADV, Part 2A or disclosure brochure.

GENWORTH FINANCIAL WEALTH MANAGEMENT, INC.

LFS has an agreement with Genworth Financial Wealth Management, Inc. ("Genworth") to offer client a variety of asset allocation and advisory services. These services may be offered to clients under a referral model or an adviser model. Under the referral model, LFS representatives may solicit clients and potential clients for Genworth's asset allocation and advisory services. Registered representatives of LFS, who maintain an independent registered investment adviser may also solicit clients for Genworth pursuant to LFS's agreement. Under the adviser model, LFS, through its advisory representatives, may offer clients and potential clients Genworth's asset allocation system. Through which, clients are introduced to investment managers who provide discretionary management of individual portfolios

of equity and/or fixed income securities. Clients may also invest in model portfolios of mutual funds, exchange traded funds, and variable annuity sub-accounts created and maintained by a number of institutional investment strategists

Clients will enter into an investment advisory agreement pursuant to which the client will grant Genworth or another portfolio strategist trading authority to manage the client's assets on a fully discretionary basis and authorize Genworth to establish a custodial account for the client's benefit at Genworth or an affiliate of Genworth, or any other custodian of Genworth's choosing. The grant of discretionary authority to Genworth or portfolio strategist includes the authority to determine the initial and ongoing asset allocation of the client's assets, the authority to buy and sell securities and other investments for client accounts, the authority to select broker-dealers with which any such transactions will be effected, and the authority to retain other investment advisers to provide advice to Genworth and to manage some or all of client assets, and to replace such investment advisers as Genworth so chooses. Neither LFS nor any IAR or RIA has any responsibility or authority to effect securities transactions in client's accounts, determine the initial or ongoing asset allocation of client's accounts, or to select investment advisers to manage all or a portion of client's accounts.

LFS, through its IAR or RIA, will consult with client to assess their financial situation, identify investment objectives, and determine whether the services offered by Genworth may be appropriate and suitable for the client. This consultation may include collecting financial and demographic information from the client through an application and suitability questionnaire, assisting the client in identifying financial objectives and investment programs that may be appropriate for the client. Any information collected through this process may be shared with LFS, the IAR and/or RIA, Genworth, any investment advisers selected by Genworth, the custodian, and any other parties performing services to the client through the Program. Genworth and/or its affiliates and service providers are responsible for production and distribution of all client reporting, including transaction reporting, performance reporting, and tax reporting.

For each of Genworth's programs under the referral model, the client may pay an Initial Consulting Fee ("ICF") of up to 1.5% of their initial investment and any subsequent investment of \$2,000 or more. Up to 1.0% of the ICF will be paid to LFS. The ICF is negotiable and may vary among clients. The client will also be responsible for an ongoing investment management fee ("Management Fee") that varies by program, which includes a maximum fee of 1.35% payable to LFS. Genworth's fees vary by program, but also by the size of the client account and overall client relationship, as well as by the type of portfolio and asset allocation of the client accounts. Genworth's fees may be negotiable under certain conditions deemed relevant by Genworth. LFS's portion of the fee is negotiable, and may vary among clients. The Management Fee is calculated and paid quarterly in advance, based on the value of the assets in the client's account on the last day of the previous calendar quarter. For new accounts, the Program Fee is prorated at inception of the client's account for the remainder of the calendar quarter. The custodian debits the client's account for the ICF and Management Fee, retains its portion for custodial services and remits the remainder of the Program Fee to Genworth, who, in turn, pays LFS and any Portfolio Advisers and service providers. LFS will receive a portion of the fees for each Genworth program as described below, and will compensate the IAR and RIA who consults with the client with a portion of the fees it receives. LFS may also receive additional compensation from Genworth and its affiliates for providing administrative services to Genworth clients and accounts, and for its promotional and marketing efforts in soliciting clients on Genworth's behalf. LFS may also receive cash and non-cash payments from Genworth and its affiliates for meetings, training, and support of education and marketing initiatives.

Clients may pay more or less for services under Genworth's asset management programs than if they purchased similar services separately. The fees for these programs may be higher or lower than investment advisory fees charged by Genworth or LFS to other clients for similar services. The amount of compensation received by LFS may be more or less than what it would receive if the client participated in other programs or paid separately for the services provided by Genworth. LFS may therefore have a financial incentive to recommend Genworth over other programs or services.

In addition to the fees for Genworth's programs described below, there may be other costs assessed which are not included in these fees, such as dealer mark-ups, costs associated with the purchase and sale of certain mutual funds, mutual fund expenses including 12(b)-1 fees, odd-lot differentials, exchange or auction fees, transfer taxes, costs for transactions executed other than by the custodian, electronic fund and wire transfers, SEC fees, other charges mandated by law, any record keeping and reporting fees charged to IRA and other retirement plan accounts.

For more information please consult the Form ADV, Part 2A of Genworth and/or the disclosure brochure for the Genworth programs.

Privately Managed Portfolios Service ("PMP")

Under the PMP service, Genworth managed client assets in a portfolio of securities on a fully discretionary basis. These portfolios are offered in a variety of equity styles, with various risk management strategies and levels, as selected by the client with assistance from the IAR or RIA. The account minimum is \$250,000, although smaller accounts may be accepted at the discretion of Genworth. Genworth will utilize one or more investment advisers ("Portfolio Advisers") to recommend securities for purchase and sale within the client's account. Securities and other investments will be invested, reinvested, and reallocated on an ongoing basis. The client may pay an ICF as described above, and will also be responsible for an ongoing Management Fee of up to 2.8%, including a maximum fee of 1.35% payable to LFS.

GMS Portfolio Service

Under the GMS service, Genworth manages client assets in a portfolio of securities on a fully discretionary basis. These portfolios are

offered in five equity styles, with various levels of risk management, which are selected by the client with the assistance of the IAR or RIA. The account minimum is \$50,000, although smaller accounts may be accepted at the discretion of Genworth. Genworth will utilize one or more investment advisers (“Portfolio Advisers”) to recommend securities for purchase and sale within the client’s account. Equity investments in GMS accounts are not adjusted on an ongoing basis, but will generally only be readjusted after one year plus at least one day. Genworth currently plans to readjust GMS equity holdings each calendar year. Under “Opportunistic” investment objectives, securities may be purchased and sold more frequently. The client may pay an ICF as described above, and will also be responsible for an ongoing Management Fee of up to 2.7%, including a maximum fee of 1.35% payable to LFS.

Actively Managed Protection Service (“AMP Service”)

Genworth’s AMP Service is available with certain GMS and PMP services and intrinsic to some Mutual Fund Services. The AMP Service is designed to reduce a portion of a portfolio’s losses each year that result directly from a significant decline in the broad-based stock market. The AMP Service is designed to allow clients to participate in some portion of a significant rise in the broad-based stock market.

The AMP Service should in no way be regarded as a guarantee against losses or as a guarantee as to a limitation of losses. Genworth may or may not be successful in achieving the investment objective of loss mitigation for any client in any given year. Election of the AMP Service will likely have the result of reducing the ability of a portfolio to benefit from the rise in the broad-based stock market.

Mutual Fund, Exchange Traded Fund and Variable Annuity Accounts

Genworth has contracted with a number of institutional investment management firms, referred to as Portfolio Strategists (“Strategists”), to create a variety of asset allocation model portfolios (“Models”) comprised of open-end mutual funds. In addition, Genworth has contracted with certain Strategists to create additional Models comprised of Exchange Traded Funds (“ETFs”) or variable annuity sub-accounts with certain variable annuity issuers. Genworth has identified a broad range of mutual funds for the Strategists to use in the mutual fund Models, and provides Strategists access to a broad range of ETFs for use in the ETF models. In addition, each of the variable annuity issuers has established various sub-accounts as is more fully described in its variable annuity Prospectus. Each of the mutual funds is either a no-load mutual fund or a mutual fund that may be purchased through the Program at net asset value and without sales charges. Variable annuity accounts are subject to the terms and conditions of the Prospectus delivered to the Client by the variable annuity issuer, and may or may not involve the payment of a commission to LFS. LFS is not affiliated with Genworth or the Strategists. Strategists, mutual funds, ETFs, variable annuity sub-accounts, and variable annuity issuers may be added or deleted from the Program from time to time at Genworth’s discretion. The Strategists will select and monitor the performance of the mutual funds, ETFs and variable annuity sub-accounts in their Models and will periodically adjust and rebalance the portfolios in accordance with their investment strategies. The LFS advisory representative will assist the Client in the choice of strategist(s) and the particular Model(s) to be selected. The Client chooses the Strategist(s), the Model(s) and the mutual funds, ETFs or variable annuity sub-accounts for the Client’s account, and will have the opportunity periodically to rebalance the Client’s portfolio, and to change investment components within the selected Model(s), in accordance with the Strategist’s rebalancing decisions or otherwise.

Mutual fund and ETF investments made through the Program will be held in custody by a third party Custodian who will maintain the Client’s account and effect transactions at the direction of the Client. Variable annuity sub-accounts will be held pursuant to the terms and conditions contained in a variable annuity Prospectus delivered to the Client by the specific variable annuity issuer. The minimum investment required in the Genworth program is generally \$50,000 for Mutual Fund and Variable Annuity accounts and \$100,000 for ETF accounts.

Privately Managed Accounts

Genworth has contracted with a number of institutional investment management firms (“Investment Managers”) to provide discretionary investment management services to Clients. In addition, Genworth has contracted with Callan Associates to provide services in the Privately Managed Account Program with respect to the selection and on-going monitoring of certain Investment Managers, all of whom are designated in their respective Investment Manager Profiles by Callan as “Best of Class” managers.

Callan will provide services in developing and maintaining multi-manager model portfolios utilizing these “Best of Class” managers, including portfolios corresponding to six Risk/Return Profiles ranging from conservative to aggressive.

In developing multi-manager portfolios utilizing Private Account Managers, Callan may elect to incorporate a limited number of mutual funds in certain asset class allocations in its model portfolios where it has determined that mutual funds are a more appropriate investment vehicle than privately managed accounts. This group of mutual funds is expected to include both no-load and load-waived mutual funds.

Each Client will designate, with the assistance of their advisory representative, based on the Client’s individual investment objectives, one or more individual Investment Manager(s) and/or mutual funds to comprise the Client’s investment portfolio. In designating such Investment Managers and mutual funds, the Client may or may not elect to select Callan “Best of Class” managers and/or follow a model portfolio developed by Callan. The standard minimum investment per Investment Manager in the Privately Managed Account Program will generally be \$100,000 - \$250,000, and will depend on the Custodian and Investment Manager(s) selected for the account. Genworth reserves the right, in its sole judgment, to accept certain investments below these standard minimums. In addition, certain Investment Managers may require minimum investments greater than \$250,000.

All investments made through the Privately Managed Account Program will be held by a third party Custodian who will maintain the

Client's account and effect transactions at the direction of the Client and the Investment Manager(s) designated by the Client. Client shall be responsible for paying the Custodian directly for all expenses related to effecting transactions in the account, pursuant to a separate agreement executed between Client and the Custodian. Each of the Client's investments will be held by the Custodian in the Client's name in a separate account. Client will receive confirmations of each security purchased and sold for the Client's account (either separately or as part of the monthly custodial statement), and copies of the Prospectus and all annual and periodic reports issued by the mutual funds that the Client holds. In addition, the Client will retain all indicia of beneficial ownership, including, without limitation, all voting power and other rights as a security holder in each of the securities and funds held for the Client, provided however that the Client may designate the right to vote proxies on behalf of the Client to any or all of the individual Investment Managers selected by the Client at the Client's sole option. Client will have the opportunity to consult jointly with their advisory representative and individual Investment Managers concerning the management of their account.

Fees (Form ADV, Part 2A – Item 5)

For Mutual Fund, ETF, and Variable Annuity Accounts, LFS, through its representative, will negotiate and contract with the Client to pay an Overall Investment Advisory Fee as the Client's fee for participation in the Program. Included as part of the Overall Investment Advisory Fee paid to LFS will be a Program Fee to be re-allowed to LFS from Genworth and others.

The Overall Investment Advisory Fee is expressly set forth in the Client Services Agreement executed by the Client and LFS. The maximum Overall Investment Advisory Fee for all accounts will not exceed 2.00% annually. In addition to the Overall Investment Advisory Fee, Clients invested in Privately Managed Accounts will also pay an investment management fee directly to the Investment Manager(s) that the Client designates to manage Client's account. The fee charged by each investment Manager will be specified on the individual Investment Manager Designation form incorporated in the Client Services Agreement executed by the Client. Fees will vary from Investment Manager to Investment Manager; a complete list of fee schedules of the Investment Managers participating in the Program is available by request. Client fees are payable quarterly, in advance, based on assets under management. Clients may terminate Genworth accounts at any time and receive a full pro-rata refund of any unearned fees. LFS may receive additional administrative fees from Genworth, as well as payments for meetings, training and support of marketing initiatives. Genworth may also provide quarterly reimbursement for qualified marketing and/or business development expenses incurred by individual advisory representatives.

Further information on the Genworth Program and fees associated with participating in the Program are contained in Genworth's Form ADV, Part 2A and/or disclosure brochure.

MATSON MONEY, INC.

LFS has an agreement with Matson Money, Inc., an SEC registered investment adviser ("Matson") whereby LFS's IARs may solicit clients and potential clients for the investment advisory services provided by Matson. Matson offers its services through two distinct asset management programs: 1) The Matson Fund Platform; and 2) Private Account Asset Allocation. In both of these programs, clients enter into a tri-party agreement under which Matson and LFS each provide investment advisory services to clients. More detailed information about all of these programs can be found in the Form ADV, Part 2A and/or disclosure brochure of Matson.

LFS's agreement with Matson also allows certain independently registered investment advisers, who are also registered representatives of LFS in its capacity as a broker dealer ("RIAs"), to solicit clients and potential clients for the Matson programs.

In the Matson Fund Platform and Private Account Asset Allocation program, LFS provides advisory services including assisting clients in completing a program questionnaire or similar client profiling tool, gathering information regarding the client, his/her financial circumstances, investment objectives, risk tolerance, and other pertinent information, providing analysis of such information, making recommendations to the client based on the information and analysis, providing advice on which investment program(s), if any, may be appropriate for the client, and reviewing the client's accounts and other pertinent information with the client periodically to determine whether changes may be appropriate.

In all programs in which the client's assets are invested in mutual funds, exchange-traded funds ("ETFs"), variable annuities or insurance products, money market mutual funds, and other investment vehicles, the client will be responsible for the internal expenses of such products. Expenses may include management fees, administrative charges, distribution expenses including 12(b)-1 fees, internal trading costs, and other expenses. Where applicable, these expenses are described in the investment vehicle prospectus. In addition, in each of these programs, depending on the custodian selected by the client, clients will incur custodial fees and charges for custody, clearing, transactions, and other services provided to client accounts by the custodian. Internal fees and expenses of investment vehicles and custodial charges are separate from, and in addition to, the investment advisory fees described below. In addition to the fees described below for each of these programs, LFS may receive administrative fees from Matson, as well as payments and/or reimbursement for meetings, training and marketing initiatives.

Matson Fund Platform

Through this program, Matson offers asset management services primarily using the Matson Family of Funds of The RBB Fund, Inc. ("Matson Funds"). The Matson Funds are a no-load fund family managed by Matson and sub-advised by Dimensional Fund Advisors, Inc. Matson typically allocates a client's assets among these funds in accordance with the client's specific goals, financial situation, and any

investment constraints of the client. Matson may also manage the assets of a client's fixed, variable annuity, and/or life insurance contracts that include the Matson Funds. In any case, LFS is not involved in the asset allocation decisions or transactions in client portfolios.

Each portfolio is reviewed at least quarterly and rebalanced at Matson's discretion. In addition, Matson may change asset allocations at any time based on Matson's research. The client may incur tax consequences based on the investments held or transacted in the account, and for any transactions in the account.

Fees (Form ADV, Part 2A – Item 5)

The advisory fees charged by LFS for its services in this program range from 0.25% - 1.40%. The actual fees charged to a client are negotiable and may vary depending on the size of the client's account or related accounts, the specific services provided to the client by LFS and/or its IAR, and other factors. LFS may charge different fees to different clients for providing similar services. LFS may waive its fees for accounts of its employees, IARs, registered representatives, and their respective families. Other investment advisers may charge different fees than LFS for similar services. The account minimum is typically \$100,000, subject to waiver at Matson's discretion and agreement by LFS.

Fees are calculated by Matson based on the value of assets under management. Traded securities are valued at market; annuities and life insurance contracts are valued at their accumulated value. Fees are payable quarterly in advance in increments of one-fourth the annual percentage. Fees are generally based upon the value of an account as of the last business day of each quarterly period. However, when assets are added to or withdrawn from a client account during the quarter, LFS will refund its fee for withdrawals on a prorated basis and charge an additional fee for additions to an account on a prorated basis. Refunds will be made or additional fees collected within 90 days of Matson's receipt of notice of a withdrawal or addition. If pro-rated fee adjustments are to be paid by check, a minimum of One Dollar (\$1.00) must be due. Otherwise there is no minimum threshold for pro-rated fee adjustments. For new accounts, the initial fee is based on the account's value at inception of Matson's management and is prorated for the number of the days remaining in the first quarter of investment. In most cases the client's agreement with Matson and LFS will authorize the custodian to pay LFS's fees directly from the client's account. However, LFS may agree to an arrangement if the client wishes to pay LFS's fee directly. Under most circumstances, the terms of a client's variable annuity or insurance investment do not permit withdrawal of LFS's fees from the client's variable annuity or insurance investment account. In these circumstances, the client must: (1) open a separate account with LFS and Matson with assets equal to at least 20% of the assets in the variable annuity or insurance investment managed by Matson; and (2) authorize payment of LFS's fees for Matson's managing the variable annuity or insurance investment assets from this separate account.

Clients may terminate their agreement with Matson and LFS upon 30 days prior written notice. Any prepaid fees will be refunded on a pro-rata basis on termination. Matson is not paid any portion of the fee liquidated from the client account; all such fees are paid to LFS. However, Matson receives fees of 0.50% of the average daily net assets of each Matson Fund as described in the applicable prospectus. No sales loads are paid to Matson or LFS with respect to investments in the Matson Funds.

Private Account Asset Allocation Program

Matson offers asset management services involving the use of various investment vehicles, primarily using the DFA Funds. Matson typically allocates a client's assets among various asset class funds, in accordance with the client's specific goals, financial situation, and any investment constraints of the client. Matson may also manage the assets of a client's fixed, variable annuity, and/or life insurance contracts on a discretionary or non-discretionary basis. In any case, LFS is not involved in the asset allocation or investment decisions.

Each portfolio is reviewed at least quarterly and rebalanced at Matson's discretion. In addition, Matson may change asset allocations at any time based on Matson's research. The client may incur tax consequences based on the investments held or transacted in the account, and for any transactions in the account.

The advisory fees for this program are based on the following schedule:

<u>Account Value</u>	<u>Maximum Advisory Fee</u>
First \$500,000	2.00%
Next \$500,000	1.00%
Next \$3,000,000	0.75%
Over \$4,000,000	0.50%

The account minimum is typically \$100,000, subject to waiver at Matson's discretion. In some special circumstances, fees and the timing of the payments may be negotiable. Some clients pay lower fees than this schedule for the same services, and some accounts may be under historically different fee arrangements than the schedule set forth above. Matson charges reduced fees to manage the accounts of co-advisers (including LFS and certain of its IARs) and their immediate families. If a co-adviser refers at least \$20 million in client assets to Matson, Matson will manage a co-adviser's account at no charge and charge a reduced fee to manage the accounts of the co-adviser's immediate family.

LFS receives a portion of the advisory fee for providing the services described above. The portion of the fee paid to LFS is set forth in the Co-Adviser's Disclosure Statement provided to the client, and ranges from 0%-70%. LFS shares its portion of the advisory fee with its IARs. Fees are calculated by Matson based on the value of assets under management. Traded securities are valued at market; annuities and life insurance contracts are valued at their accumulated value. Fees are payable quarterly in advance in increments of one-fourth the annual percentage. Fees are generally based upon the value of an account as of the last business day of each quarterly period. However, when assets are added to or withdrawn from a client account during the quarter, Matson will refund its fee for withdrawals on a prorated basis and charge an additional fee for additions to an account on a prorated basis. Refunds will be made or additional fees collected within 90 days of Matson's receipt of notice of a withdrawal or addition. If pro-rated fee adjustments are to be paid by check, a minimum of One Dollar (\$1.00) must be due. Otherwise there is no minimum threshold for pro-rated fee adjustments. For new accounts, the initial fee is based on the account's value at inception of Matson's management and is prorated for the number of the days remaining in the first quarter of investment.

In most cases the client's agreement with Matson and LFS will authorize the custodian to pay Matson's fees directly from the client's account. However, Matson may agree to manage a client's account if the client wishes to pay Matson's fee directly. Under most circumstances, the terms of a client's variable annuity or insurance investment do not permit withdrawal of Matson's fees from the client's variable annuity or insurance investment account. In these circumstances, Matson requests that the client: (1) open a separate account with Matson with assets equal to at least 20% of the assets in the variable annuity or insurance investment managed by Matson; and (2) authorize payment of Matson's fees for managing the variable annuity or insurance investment assets from this separate account.

Clients may terminate their agreement with Matson and LFS upon 30 days prior written notice. Any prepaid fees will be refunded on a pro-rata basis on termination.

Solicitor Programs

LFS offers some asset management programs on a "solicitor" basis, where LFS refers a client to a third party investment adviser with whom LFS maintains an agreement for providing client referrals. In these cases, LFS and the LFS Representative receive referral fees for making the referral, which are generally referred to as "Solicitor Fees". In most cases the Solicitor Fees are calculated as a percentage of the client assets that the third party investment adviser manages, however, there may be instances where the Solicitor Fees are determined in some other fashion. The Solicitor Fees are disclosed to clients and prospective clients in accordance with SEC Rule 206(4)-3, which governs the payment of fees for client referrals. In most cases, LFS and the LFS Representative maintain an ongoing relationship with referred clients and may meet with clients periodically to assist the client in monitoring the account(s) managed by the third party, and to discuss other financial matters that may pertain to the client.

The third party investment advisers to which LFS refers clients most often are:

- Brinker Capital Inc.
- Symmetry Partners LLC
- Matson Money Inc.
- Curian Capital LLC
- Genworth Financial Wealth Management Inc.

For more information on these program, please refer to the Form ADV Part 2A and related disclosure documents for the investment adviser and program in question. These documents can be found at www.adviserinfo.sec.gov

Limited Arrangements

LFS may offer other asset management programs in addition to those listed above on a limited basis. This may occur where there is a regional need or when a representative joins LFS and is using another firm for asset management services. A general description of the services provided in these programs (Limited Arrangements) follows:

Investment Advisory Programs

Overview:

LFS offers certain asset management programs sponsored by other investment advisors and managers. These programs follow the same general format and fee structure as the programs described above. When acting as a solicitor in referring clients to other advisors, LFS does not act in a fiduciary capacity for the client. For additional information, please see the disclosure brochure for the specific program.

Investment Advisory Program Process

LFS will usually assist the client in completing a questionnaire to gather information about the client's current financial situation, financial goals and attitudes toward risk. These questionnaires will help to review the client's situation and enable LFS to recommend an initial asset allocation based on the client's specific needs and goals. Most of the asset management firms provide LFS with model portfolio recommendations. LFS may use model portfolios with no-load mutual funds or individual securities provided by the investment advisory firm to offer their asset management services to LFS's clients. The LFS Representative will usually present the client with an investment strategy report or statement that summarizes the program's recommendations based on the information provided by the client. The LFS Representative will, if appropriate, suggest modifications to the model to address the client's needs. The client may generally place reasonable restrictions on investments. Once the client selects their asset allocation, the portfolio will be implemented using the mutual funds or securities offered through the investment manager's program. LFS will manage the accounts, usually on a non-discretionary basis, although in some situations, LFS may take discretion. Duties are listed in the client agreement and the investment manager's Form ADV Part 2A and/or Disclosure Brochure. LFS will monitor the client's portfolio and when appropriate, suggest adjustments based on changes in economic conditions or the client's financial circumstances. As economic or market changes occur, the investment manager may suggest changes in the initial allocation. If the client's financial situation changes, the client should notify the LFS Representative, who will notify the investment manager and/or assist the client in determining if a different model portfolio would be appropriate.

Investment Advisory Fees and Compensation (Form ADV, Part 2A – Item 5)

Most Investment Advisory Fees are charged as an "all-inclusive" fee based on assets under management. This generally includes a

portfolio management fee, brokerage costs, and investment advice. Most fees are billed in arrears. Some programs may bill forward. Please see the applicable client agreement for additional information. Fees are usually negotiable. Some programs may charge an “unbundled” fee. In these cases the client may pay a separate fee for asset management services and investment advice. The client may also be charged brokerage costs for transactions in the client’s account in addition to the advisory fees. All fees will be explained in detail in the applicable program’s form ADV Part 2A, Disclosure Brochure, and/or Client Agreement.

LFS Referral Services

LFS, through its advisory representatives, may refer clients to various investment advisors.

LFS Referral Services Process

In most instances, the LFS Representative will assist the client in the selecting an investment advisory firm, and assist the client in completing an investment profile questionnaire and new account paperwork. The investment advisory firm will then manage the client’s account, usually on a discretionary basis, based on the client’s investment objectives.

LFS Referral Services Fees and Compensation (Form ADV, Part 2A – Item 5)

LFS does not directly charge the client a fee for these services. The investment advisory firm pays LFS a referral fee. LFS’s share of the investment advisory fee typically ranges between 25% to 100% of the total fee paid by the client. LFS’s exact share of the fee will be disclosed to the client in the appropriate Disclosure Letter at the time of the referral. All referral fees will be received based on applicable SEC and state rules.

Retirement Plan Consulting Program

LFS offers consulting and advisory services for employer-sponsored retirement plans that are designed to assist plan sponsors of employee benefit plans (“Sponsor(s)”). LFS may also assist Sponsors with enrollment and/or providing investment education to plan participants and beneficiaries. LFS provides these retirement plan services (“Retirement Plan Services”) through its IARs, and may charge a fee for the Retirement Plan Services, as described in this Form ADV Part 2A and the Retirement Plan Consulting Agreement (“Agreement”).

Retirement Plan Services are either ERISA Fiduciary Services or ERISA Non-fiduciary Services. ERISA Nonfiduciary Services may be performed only so that they would not be considered fiduciary services under the Employee Retirement Income Security Act of 1974, as amended (“ERISA”). When delivering ERISA Fiduciary Services, LFS will perform those services to the plan as a fiduciary under ERISA Section 3(21)(A)(ii) and will act in good faith and with the degree of diligence, care and skill that a prudent person rendering similar services would exercise under similar circumstances. When providing any ERISA Fiduciary Services, LFS will solely be making recommendations to the Sponsor and the Sponsor retains full discretionary authority or control over assets of the plan. Sponsor may engage LFS to perform the Retirement Plan Services by providing information about the plan, including the plan design, plan objectives, investment objectives, investment risk tolerance, demographics about plan participants, and third-party service providers, and by executing an Agreement. LFS will provide Sponsor a copy of this Form ADV Part 2A or a comparable brochure and the Agreement for review. The Agreement describes the terms of the arrangement between LFS and the Sponsor, including a description of the Retirement Plan Services and the fees to be charged by LFS. By signing the Agreement, the Sponsor represents that Sponsor has received sufficient information and determined that the Retirement Services selected are: (i) necessary for the operation of the plan and (ii) reasonable and appropriate based upon the compensation to be paid for the Services. Sponsor must sign and submit the Agreement to LFS before LFS performs any Retirement Plan Services. A description of the Retirement Plan Services is as follows.

ERISA Fiduciary Services

Plan Sponsor Services

- ☐ Recommendations to establish or revise the Plan’s Investment Policy Statement (“IPS”)

IAR will review with the Plan Fiduciary the investment objectives, risk tolerance and goals of the Plan. If the Plan does not have an IPS, IAR will recommend investment policies to assist the Plan Fiduciary in establishing an appropriate IPS. If the Plan has an existing IPS, IAR will review it for consistency with the plan objectives. If the IPS does not represent the objectives of the Plan, IAR will recommend to the Plan Fiduciary revisions that will establish investment policies that are congruent with the Plan’s objectives.

- ☐ Recommendations to Select and Monitor the Plan’s Designated Investment Alternatives (“DIAs”)

Based on the Plan’s IPS or other guidelines established by the Plan, IAR will review the investment options available to the Plan and will make recommendations to assist the Plan Fiduciary in selecting the DIAs to be offered to Plan participants. Once the Plan

Fiduciary selects the DIAs, IAR will provide reports, information and recommendations, on a quarterly basis or upon reasonable request, to assist the Plan Fiduciary in fulfilling the Plan Fiduciary's duty to monitor the Plan's investments. If the IPS criteria require an investment to be removed, IAR will provide information, analysis and recommendations to assist the Plan Fiduciary with the evaluation of replacement investment alternatives.

☐ Recommendations to select and monitor Qualified Default Investment Alternative(s) ("QDIA")

Based on the Plan's IPS or other guidelines established by the Plan, IAR will review the investment options available to the Plan and will make recommendations to assist the Plan Fiduciary in selecting the Plan's QDIA(s) for Plan participants that fail to direct the investment of their accounts. Once the Plan Fiduciary selects the QDIAs, LFS will provide reports, information and recommendations, on a quarterly or upon reasonably requested basis, to assist the Plan Fiduciary in fulfilling its duty to monitor the QDIAs. If the IPS criteria require a QDIA to be removed, IAR will provide information, analysis and recommendations to assist the Plan Fiduciary with the evaluation of replacement investment alternatives.

☐ Recommendations to Allocate and Rebalance Model Asset Allocation Portfolios ("Model Portfolios")

Based on the Plan's IPS or other investment guidelines established by the Plan, IAR will review the investment options available to the Plan and will make recommendations to assist the Plan Fiduciary in the creation and maintenance of Model Portfolios. Once the Plan Fiduciary approves the Model Portfolios, IAR will provide reports, information and recommendations regarding the DIAs on a periodic basis, to assist the Plan Fiduciary in fulfilling its duty to monitor the Model Portfolios. If the IPS criteria require an investment to be removed from the Model Portfolios, IAR will provide information, analysis and recommendations to assist the Plan Fiduciary with the evaluation of replacement investment alternatives to be included in the Model Portfolios. Upon reasonable request, IAR will provide recommendations to the Plan Fiduciary to rebalance the Model Portfolios to maintain the desired allocations.

IAR will not provide any instructions to Recordkeeper with respect to the creation, maintenance, or rebalancing of Model Portfolios. All instructions regarding Model Portfolios must be provided to Recordkeeper by Sponsor or Plan Fiduciary.

☐ Recommendations to Select and Monitor Investment Managers

Based on the Plan's IPS or other guidelines established by the Plan, IAR will review the potential investment managers available to the Plan and will make recommendations to assist the Plan Fiduciary in selecting one or more investment managers. Once the Plan Fiduciary approves an investment manager, IAR will provide, on a periodic basis, reports, information and recommendations to assist the Plan Fiduciary in fulfilling its duty to monitor the Plan's investment managers. If the IPS criteria require an investment manager to be removed, IAR will provide information and analysis to assist the Plan Fiduciary with the evaluation of replacement investment managers.

ERISA Non-Fiduciary Services

Plan Sponsor Services

☐ Educating and Supporting Plan Fiduciary / Committee

IAR will assist the Plan Fiduciary with the establishment and ongoing support of the Plan committee and will recommend protocols designed to promote procedural prudence in the Plan Fiduciary's management and administration of the Plan. The Plan Fiduciary is solely responsible for appointing and removing Plan committee members. On an as needed basis, IAR may provide education to Plan committee members on their fiduciary duties and assist the Plan committee with the coordination of regular meetings.

IAR may also provide the Plan Fiduciary with legislative and regulatory updates to notify the Plan Fiduciary about current and proposed examination initiatives. IAR may assist the Plan Fiduciary in evaluating the Plan's procedures in light of any such updates.

☐ Assisting with the Plan's Investment Policy Statement ("IPS")

IAR will provide training and information to the Plan Fiduciary regarding investment theories such as investment objectives, risk and return characteristics, historical return and prospectus information on investment alternatives available through the Plan's provider. IAR may provide the Plan Fiduciary with information concerning historical differences in rates of return between asset classes and asset allocation portfolios of hypothetical individuals with different time horizons and risk profiles. The Plan Fiduciary

may use the information provided by IAR to establish investment criteria in the Plan's IPS, and/or to determine the number of investment alternatives and/or investment styles to offer as Designated Investment Alternatives ("DIAs") and/or Model Portfolios.

☐ Assisting With Investment Reporting and Analysis

IAR may provide the Plan Fiduciary with investment performance reports and related information that the Plan Fiduciary may consider in the management and evaluation of the Plan's investments in accordance with the Plan's IPS and the Plan Fiduciary's duty to monitor the investments of the Plan. The Plan Fiduciary retains decision-making authority to select, remove, and/or replace Plan investments.

☐ Assisting With Evaluation of Plan Service Providers

IAR may assist the Plan Fiduciary in the selection and monitoring of the Plan's service providers. LFS may utilize third-party tools and publicly available data to assist the Plan Fiduciary with benchmarking the fees charged by a service provider. The Plan Fiduciary retains final decision-making authority with respect to the selection, removal and/or replacement of the Plan's service providers. These services may include one or more of the following:

- IAR may recommend procedures to track the receipt and evaluation of disclosures provided by "covered" service providers under ERISA 408(b)(2);
- IAR may assist the Plan Fiduciary with creating formal requests for proposals from prospective service providers; the collection and evaluation of information received in response to such requests; and coordinating final interviews and presentations;
- IAR may assist Plan Sponsor with a plan conversion or merger of services; and/or
- IAR may act as a liaison with the Plan's third party service providers on behalf of Plan Sponsor.

☐ Assisting With Benchmarking Peer Groups

IAR may help the Plan Fiduciary compare the Plan's structural metrics against the metrics of comparable retirement plans (e.g. Participation levels, employer contributions, vesting time frames, loan availability, etc.). The Plan Fiduciary will retain final decision-making authority with respect to the structure and features of the Plan.

Participant Services

☐ Employee Enrollment and Investment Education

IAR will conduct periodic group enrollment and education meetings with employees and educational meetings with Plan participants and beneficiaries. IAR may provide information and materials that inform a participant or beneficiary about the benefits of Plan participation, the benefits of increasing Plan contributions, the impact of preretirement withdrawals on retirement income, the terms of the Plan, or the operation of the Plan. IAR may also provide educational information concerning the Plan's designated investment alternatives ("DIAs") (e.g., general asset classes, investment objectives and philosophies, risk and return characteristics, historical return information, and/or related prospectuses of the Plan's DIAs).

IAR may also provide information and materials that inform a participant or beneficiary about: (i) general financial and investment concepts, such as risk and return, diversification, dollar cost averaging, compounded return, and tax deferred investment; (ii) historical differences in rates of return between different asset classes (e.g., equities, bonds, or cash) based on standard market indices; (iii) effects of inflation; (iv) estimating future retirement income needs; (v) determining investment time horizons; and (vi) assessing risk tolerance.

The information and materials described above relate to the Plan and Plan participation, without reference to the appropriateness of any individual DIA for a particular participant or beneficiary under the Plan, or are general financial and investment information that have no direct relationship to the Plan's DIAs. The information, therefore, does not contain either "advice" or "recommendations" within the meaning of 29 CFR 2510.3-21(c)(1)(i). Accordingly, the furnishing of such information does not constitute the rendering of "investment advice" for purposes of section 3(21)(A)(ii) of ERISA.

☐ Participant Retirement Readiness Consulting

IAR may conduct group meetings with Plan participants and beneficiaries to provide education on assessing retirement income needs. Using tools available through the Plan or approved third parties, IAR will assist Plan participants and beneficiaries in

conducting “gap” analysis to determine whether their current investment objectives and savings rates are sufficient to provide for future income needs during retirement. IAR may provide assistance to Plan participants and beneficiaries in creating retirement income plans.

The information and materials described above relate to the Plan and Plan participation, without reference to the appropriateness of any individual DIA for a particular participant or beneficiary under the Plan or are general financial and investment information that have no direct relationship to the Plan’s DIAs. The information, therefore, does not contain either “advice” or “recommendations” within the meaning of 29 CFR 2510.3–21(c)(1)(i). Accordingly, the furnishing of such information does not constitute the rendering of “investment advice” for purposes of section 3(21)(A)(ii) of ERISA.

☐ Participant Education on Plan Expenses and Fee Analysis

On an as needed basis, IAR may conduct group meetings with Plan participants and beneficiaries to provide education concerning the services and fees disclosed to Plan participants by Plan Fiduciary in accordance with ERISA 404(a)(5). IAR may use information provided by Plan Fiduciary relating to the services provided and compensation received by the Plan’s other service providers to educate Plan participants. Upon request, IAR may assist the Plan Fiduciary in establishing protocols and procedures for the intake, tracking and resolution of Plan participant inquiries.

POTENTIAL ADDITIONAL RETIREMENT SERVICES PROVIDED OUTSIDE OF THE AGREEMENT

In providing Retirement Plan Services, LFS and its IARs may establish a client relationship with one or more plan participants or beneficiaries. Such client relationships develop in various ways, including, without limitation: 1) as a result of a decision by the participant or beneficiary to purchase services from LFS not involving the use of plan assets; 2) as part of an individual or family financial plan for which any specific recommendations concerning the allocation of assets or investment recommendations relate exclusively to assets held outside of the plan; or 3) through an Individual Retirement Account rollover (“IRA Rollover”). LFS IARs will not, however, solicit services from plan participants or beneficiaries when providing Retirement Plan Services. If LFS is providing Retirement Plan Services to a plan, IARs may, when requested by a plan participant or beneficiary, arrange to provide services to that participant or beneficiary through a separate agreement that excludes any investment advice on plan assets (but may consider the participant’s or beneficiary’s interest in the plan in providing that service). If a plan participant or beneficiary desires to affect an IRA Rollover, LFS may provide the participant or beneficiary with a written explanation of the options available to the plan participant or beneficiary. Any decision to affect the rollover or about what to do with the rollover assets remains that of the participant or beneficiary alone.

Fees (Form ADV, Part 2A – Item 5)

Fees for the Retirement Plan Services (“Fees”) are negotiable, and Sponsor may be charged a fee based on a percentage of plan assets, an hourly rate or a flat dollar amount. Sponsor may specify whether to pay the Fees directly or may authorize the plan’s recordkeeper or custodian to pay LFS from plan assets. If Fees are to be charged on an ongoing basis, they will be billed quarterly in arrears. If the fee is not hourly, the initial Fee will be prorated based upon the number of days remaining in the initial quarterly period from the date of execution of the Agreement. If the Fee is based on a percentage of plan assets, the initial Fee will be based upon the market value of the plan assets at the close of business on the last business day of the initial quarterly period. Thereafter, the quarterly portion of any annual asset-based Fees will be based upon the market value of the plan assets at the close of business on the last business day of the previous calendar quarter (without adjustment for anticipated withdrawals by plan participants or beneficiaries or other anticipated or scheduled transfers or distributions of assets). If the Agreement is terminated prior to the end of a quarter, LFS will be entitled to a quarterly fee, prorated for the number of days in the quarter prior to the effective date of termination, and for asset-based fees, based on the market value of the plan assets at the close of business on the effective date of termination. Sponsors receiving Retirement Plan Services may pay more or less than a client might otherwise pay if purchasing the Retirement Plan Services separately or through another service provider. There are several factors that determine whether the costs would be more or less, including, but not limited to, the size of the plan, the specific investments made by the plan, the number of locations of participants, the Retirement Plan Services offered by another service provider, and the actual costs of Retirement Plan Services purchased elsewhere. In light of the specific Retirement Plan Services offered by LFS, the Fees charged may be more or less than those of other similar service provider. All fees paid to LFS for Retirement Plan Services are separate and distinct from the fees and expenses charged by mutual funds, exchange traded funds, and other investment vehicles to their shareholders. Those fees and expenses are described in each investment’s prospectus, and will generally include a management fee, other expenses, and possible distribution fees. If the investment also imposes sales charges, a client may pay an initial or deferred sales charge. The Retirement Plan Services provided by LFS are designed to, among other things, assist the client in determining which Manager(s) are most appropriate to each client’s financial condition and objectives and to provide other administrative

assistance as selected by the client. Accordingly, the client should review both the fees charged by the funds, the Manager, the plan's other service providers and the fees charged by LFS to fully understand the total amount of fees to be paid by the client and to evaluate the Retirement Plan Services being provided.

LFS and its affiliates may provide securities brokerage, recordkeeping or other Retirement Plan Services to plans and receive variable compensation for those services. A conflict of interest may arise where LFS recommends the Retirement Plan Services of those affiliates. LFS, its employees, and its IARs benefit from the compensation paid to LFS, and may directly or indirectly receive a portion of the fees and other compensation paid by Retirement Plan Services clients. Those clients may also use other products or Retirement Plan Services available from or through LFS and in such case pay additional compensation. This practice creates a potential conflict of interest that may give LFS and its IARs an incentive to recommend Retirement Plan Services based on the compensation received. Additionally, fees and commissions may also be higher for some brokerage products, services or Retirement Plan Services, and the remuneration and profitability to LFS, its IARs and affiliates resulting from transactions involving some accounts may be greater than the remuneration and profitability resulting from other accounts, products or Retirement Plan Services. LFS addresses these conflicts through disclosure in this ADV and additional disclosures concerning compensation we may receive, directly or indirectly. LFS will also offset or refund additional compensation when required by law.

All investments involve risk and investment performance can never be predicted or guaranteed. The values of the account will fluctuate (perhaps significantly) due to market conditions, manager performance and other factors. Using any benchmark or index in connection with the Retirement Plan Services is no promise that the performance of the plan's particular investments will experience the same results, including the results shown on the various reports that are delivered as part of the Retirement Plan Services. Sponsor or the plan participants and beneficiaries retain all investment discretion over plan assets provided to them by the plan. Each is free to make his or her own investment decisions. No one is required to accept any assistance or follow any recommendations provided as part of the Retirement Plan Services. If the plan selects Investment Adviser's Service to allocate or rebalance among model portfolios or to recommend investment managers, the responsible Sponsor or participant or beneficiary can freely change allocations or managers. LFS may use or provide to Sponsor data or information provided by third parties when providing Retirement Plan Services. While LFS reasonably believes that the information or data is reliable, it does not promise that it is accurate, current or consistently available. Sponsor is responsible for all the tax liabilities arising from any transactions, including any liabilities arising from the failure to maintain the qualified status of a retirement plan receiving the Retirement Plan Services.

As part of the Retirement Plan Services to Provide Recommendations to Select and Monitor Investment Managers, Qualified Default Investment Alternative(s) ("QDIA") or Designated Investment Alternatives ("DIAs"), LFS may provide Sponsor a list of investments, including mutual funds, to consider as options for the plan, and may provide a list of investment managers to manage the assets of the plan. Any list is for informational purposes only and Sponsor retains full authority to select all plan investments, and should not be considered a primary basis for the Sponsor's decision.

LFS will consider information provided by Sponsor about the plan when assisting with or making recommendations about the plan's IPS. It is important that that information be accurate and current. Changes in the information will impact what assistance or recommendations may be made so it is important that LFS be accurately informed.

Any report containing a proposed asset allocation model is based upon a number of factors which may include the demographics of plan participants, current asset allocations and the value of the assets. LFS may change asset allocations and investment options within the model portfolios and has no obligation to revise the report or otherwise advise Sponsor if a model or any of LFS's assumptions change in the future. The analyses and suggested asset allocations contained in the reports may be based on historical financial data, assumptions about future financial trends (including market appreciation or decline, rates of return and risks for various asset classes), assumptions about applicable laws and regulations, and appropriate financial planning strategies. Any projections, analyses or other information contained in or with the reports regarding various investment outcomes are hypothetical in nature, do not reflect actual investment results and are not guarantees of future results. The reports do not provide advice regarding the plan's specific securities investments. Therefore, it is important for Sponsor to monitor current events, such as changes in tax laws or in the financial markets, which may affect Sponsor's decisions about the plan. The return rates and dollar figures contained in the report may not include all investment expenses; thus, any results shown may be reduced by such costs. Also, where applicable (and only as indicated) assumptions as to federal income tax rates, state income tax rates, and estate taxes reflected in the report would only be general estimates.

FEES AND COMPENSATION (Form ADV, Part 2A – Item 5)

Fee schedules and other compensation are included in the description of each advisory program and service above. In certain

circumstances, all fees and account minimums may be negotiable.

In programs that use portfolio managers, a portion of the total fee up to 0.75% of assets under management may be paid to the portfolio manager for their services. The amount may vary by program and by manager.

A client agreement to which LFS is a party may generally be terminated at any time, by either party, for any reason on 30 days written notice. Any prepaid, unearned fees will be refunded, and any unpaid fees will be due.

Fees charged may vary by office and by LFS Representative. Certain LFS Representatives may provide comparable services for fees that are different from those charged by other LFS Representatives.

All fees paid to LFS for investment advisory services are separate from the fees and expenses charged by mutual funds to their shareholders. These mutual fund fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee. If the fund also imposes sales charges, a client may pay an initial or deferred sales charge.

A client can invest in a mutual fund directly without the services of LFS. In that case, the client would not receive the services provided by LFS, such as assisting the client in determining which investments are most appropriate to their financial condition and objectives. The client should review the fees charged by both the funds and LFS to fully understand the total amount being paid and evaluate the services being provided.

LFS Representatives may receive additional compensation and/or incentive awards for reaching certain levels of assets under management in the investment advisory programs, or generating a certain amount of fee revenue in a certain period. The client will not be charged any additional fees due to these circumstances. However, the receipt of additional compensation presents a conflict of interest and may affect the judgment of the LFS Representative.

Most LFS Representatives are Registered Representatives of LFS in its capacity as a broker-dealer, and may be licensed agents of The Lincoln National Life Insurance Company ("LNL"). In most cases, the LFS Representative may recommend products that are managed and/or sold by Lincoln companies. The LFS Representative may receive additional compensation on these products, provided that these products are suitable for the client's objectives. Additionally, Lincoln companies will profit from any sales of their products to clients of LFS. This presents a conflict of interest and gives LFS and its Representatives an incentive to recommend investment products based on the compensation received, rather than on a client's needs. All of this information is fully disclosed in writing to the client at the time of entering into an advisory contract.

LFS, LNL and their affiliated companies have suitability requirements, as well as regulatory and compliance rules and procedures which must be followed. In addition, LFS maintains a supervisory system that includes conducting periodic supervisory and compliance inspections and audits.

In most instances, LFS Representatives may only recommend products offered through LFS where LFS has a selling agreement with the product sponsors. This does not generally include "no-load" mutual funds or non-registered insurance or annuity products.

Clients have the option to purchase investment products recommended by LFS and its Representatives through other brokers or agents that are not affiliated with LFS.

Commissions and other compensation for the sale of investment products provide the primary compensation for LFS and many of its Representatives.

LFS does not generally reduce its advisory fees to offset any applicable commissions or markups.

LFS may receive revenue from various mutual fund companies, broker-dealers, investment advisors and/or their affiliates in connection with its investment advisory programs and services. The amounts LFS receives may vary depending on the particular investment. LFS Representatives may act as agents of the companies whose products they sell, and may provide services to clients on their behalf. LFS Representatives may be compensated by LFS and/or the product manufacturer via commissions, asset-based fees, and/or other compensation which may be built into the costs and charges of the product.

In some cases, LFS Representatives receive more compensation when placing Lincoln Financial Group manufactured products, and may qualify for additional compensation based on the volume of those sales over time. LFS Representatives are also eligible for additional compensation and/or other incentives based on factors such as sales volume of certain Lincoln products, the length of time that clients keep assets in the products, and/or the profitability of the products. They may also receive compensation based on the sales of Lincoln products by other Representatives. LFS Representatives may also participate in benefit programs whose costs are partially reimbursed by Lincoln affiliates, and/or which are based on sales volume of Lincoln products. LFS-affiliated companies may also benefit financially from the sale of Lincoln life insurance, annuity, mutual fund and asset management products offered by LFS Representatives.

Some experienced new planners moving their practices to LFS have been offered loans based on future sales of products and services offered by LFS, including both Lincoln and non-Lincoln products and services. In the past, some loans were offered based on Lincoln Financial Group products alone. The repayment of these loans may be fully or partly waived based on reaching certain sales levels, or may be funded by additional compensation for these sales.

Because of the way products are priced and marketed, LFS Representatives may also receive higher compensation for the sales of products offered by companies not affiliated with Lincoln Financial Group.

Depending on which product and/or service you purchase, you may also receive additional materials which disclose important information, such as product prospectuses, applications, and disclosure brochures.

LFS has relationships with both affiliated and non-affiliated companies that may provide additional revenue and marketing support as well as education and training to LFS Representatives for the sale of various mutual fund, annuity, life insurance and alternative investment products. This revenue and marketing support does not affect the compensation to any LFS Representative or manager.

LFS has agreements with certain sponsors and custodians of advisory programs in which they provide compensation and expense reimbursements to LFS in support of the training, education and marketing support required of these products. In addition, LFS may impose certain administrative costs in connection with these programs. The method, timing and amount of payments vary by program and sponsor, and may include a direct reimbursement of certain expenses, payment of a specified dollar amount to participate in certain conferences, payment of a fee or service charge for a transaction, or a payment of a percentage of assets under management. These payments may include fees in connection with securities transactions, transaction or account-based administrative or service charges, and may include payments of 12(b)-1 fees or other asset-based fees from money market funds and other mutual funds. Payments calculated as a percentage of assets under management range from 0% to 0.25%. Administrative charges, if applicable, range from 0.05% to 0.25%. Sponsors of these programs may also directly pay for certain educational and training costs of LFS Representatives, and send their employees to meetings to provide education and training on these programs. The advisory services sponsors that provide payments to LFS as described above can be found on the LFS website at www.lfsecurities.com

LFS, its Representatives, and clients may also receive the benefit of certain services provided by program sponsors and custodians. These services may include performance reporting, statement creation and delivery, technology systems including online access to account information, fee liquidation, notification and payment services, marketing material and other services related to the management of investment advisory accounts. Some of these services may involve additional charges to LFS, its Representatives, or to clients, while others are packaged and available as part of an investment advisory program without itemization of the cost of each product or service.

PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT (Form ADV, Part 2A – Item 6)

LFS and its Representatives do not charge fees based on a share of capital gains or capital appreciation of client assets.

TYPES OF CLIENTS (Form ADV, Part 2A – Item 7)

LFS generally may provide investment advice to individuals, high net worth individuals, pension and profit sharing plans, charitable organizations, corporations or other business, and state or municipal government entities. Requirements for opening and maintaining an account, such as minimum account size, are listed above in the description for each advisory program or service, if applicable.

METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS (Form ADV, Part 2A – Item 8)

LFS provides financial consulting using both fundamental and technical approaches to financial planning. The financial plans provide analysis and advice in the following areas: investments, cash management, risk management, retirement planning and estate planning.

LFS Representatives perform analysis for asset management programs, which are provided to clients. This analysis relies on research reports and information provided by third parties who are contracted to provide such information.

In the financial planning process, LFS's Representatives will assist clients, through the use of approved questionnaires and software, in identifying their financial objectives. LFS Representatives will recommend asset allocation strategies made up of different categories of financial assets in order to address specific client-identified economic and tax concerns. For all asset management programs used by LFS, the specific security analysis methods, sources of information and investment strategies depend upon and are determined by the applicable third party asset management vendors or process selected by the client.

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

DISCIPLINARY INFORMATION (Form ADV, Part 2A – Item 9)

Below is a description of legal or disciplinary events that may be material to a client or prospective client's evaluation of LFS and its advisory business:

- α On July 8, 2010, LFS signed an Administrative Consent Order with the State of Nevada Securities Division ("Division") in which it agreed to payment of a \$25,000 civil penalty plus \$1,000 in records inspection costs related to the Division's finding that the Firm had violated provisions of Chapter 90 of the Nevada Revised Statutes and Nevada Administrative Code. The Firm was cited for failing to supervise a sales representative who did not follow established policies and procedures with respect to obtaining prior compliance approval for conducting a seminar. LFS was also ordered to pay restitution for market losses to a seminar attendee who subsequently became a securities client of the Firm.
- α On June 15, 2010, LFS entered into a Consent Order with the Texas State Securities Board ("Board") as a result of a finding that it had violated Section 115.10(b)(1) of the Board Rules. Between 2004 and 2006, LFS failed to require the agents of the firm to indicate clearly their role in creating a book that discussed investment related issues, and to identify the book as marketing material. In addition to a formal reprimand, LFS paid an administrative fine in the amount of \$40,000.
- α On January 15, 2010, LFS entered into a Consent Order with the Vermont Department of Banking, Insurance, Securities & Health Care Administration ("Administration") as a result of a finding that it had violated 9 V.S.A. § 5402(d) by having employed individuals designated as Administrative Only Representatives ("AORs") at a Vermont location. These individuals were not securities registered

in Vermont and the Administration concluded that, in some instances, their activities brought them within the definition of “agent” as defined under Vermont law. In resolution to the matter, the Firm agreed to pay:

- \$1,500 in back registration fees relating to the AORs
 - \$2,000 to the Securities Investor Education and Training Fund
 - \$6000 administrative penalty
 - \$500 in costs relating to the investigation of the matter
- α On November 7, 2008, LFS signed a Consent Order with the New Hampshire Bureau of Securities Regulation and paid a \$2,500 administrative fine in resolution of a client complaint where the representative solicited and executed four mutual fund trades between March 1, 2004 and April 30, 2004 without being properly licensed in NH. In addition, the firm was ordered to pay restitution to the client of \$20,000.
- α On February 16, 2011 the Financial Industry Regulatory Authority (“FINRA”) notified LFS of its acceptance of a Letter of Acceptance, Waiver and Consent (the “Letter”) signed and submitted to FINRA on December 21, 2010. The Letter noted that between 2002 and 2009 LFS failed to adequately protect customer records and information in the firm’s client portfolio management system and allowed certain employees to access its web-based customer account system by using shared log-on credentials without establishing adequate procedures and without controlling or monitoring who had access to the common log-on credentials. In addition, LFS failed to require security software and anti-virus protection and to audit computers owned by its registered representatives and used in connection with LFS’s securities business. As a result of the foregoing, LFS violated Rule 30 of Regulation S-P, NASD Rules 3010, 2110 and FINRA Rule 2010. LFS was censured and fined \$450,000, and the fine was paid in full on February 23, 2011.
- α On or about December 15, 2004, LFS (formerly known as Jefferson Pilot Securities Corporation) was fined \$125,000, censured, and ordered to review its procedures regarding the preservation of E-mail communications as required by SEC Rule 17(a)(4) and NASD Rules 3110 & 2110. The matter was resolved on March 16, 2005 with the firm agreeing to a Letter of Acceptance, Waiver, and Consent. In addition, the firm was required to review its procedures relating to the preservation of E-mail communications and certify to the NASD that had established systems and procedures designed to achieve compliance with the laws and regulations concerning the preservation of E-mail communications.
- α On or about November 15, 2004, LFS (formerly known as Jefferson Pilot Securities Corporation) was fined \$125,000 and censured by NASD regarding the firm’s failure to timely file Forms U4 and U5 as required by Article V, Sections (2)(C) and (3)(B) of NASD bylaws during the period January 2002 through March 2004. On November 30, 2004, the firm agreed to a Letter of Acceptance, Waiver & Consent regarding the matter. In addition, the firm agreed to conduct periodic internal audits to evaluate the effectiveness of its system for complying with the reporting requirements, and an officer of the firm will certify that such audits have occurred.
- On March 27, 2003, LFS entered into a consent order with the Commonwealth of Virginia State Corporation Commission in which it agreed to payment of a \$15,000 fine plus \$11,500 in investigation costs related to an allegation that the firm failed to adequately supervise the general securities activities of one of its former representatives.

OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS (Form ADV, Part 2A – Item 10)

LFS is a registered broker-dealer, and its investment advisor representatives are also generally registered representatives of LFS.

LFS’s principal business is as a broker-dealer selling investment products and services, including stocks, bonds, mutual funds, annuities, insurance products and options. LFS and its executive officers spend the majority of their time with these business activities. Some of LFS’s executive officers are also officers of The Lincoln National Life Insurance Company and Lincoln Life & Annuity Company of New York. The proportion of time spent on each of these activities cannot be readily determined.

If a client needs certain types of products or services that are not offered by LFS, LFS may refer the client to various third party entities that provide these products or services. LFS may be paid referral fees paid by these third parties. Examples of these types of products and/or services may include business valuation, foundation formation, tax strategies, and other services.

LFS is affiliated with the following companies due to common ownership by Lincoln National Corporation:

- The Lincoln National Life Insurance Company (insurance company)
- Lincoln Life & Annuity of New York (insurance company)
- LFA, Limited Liability Company (insurance agency)
- Lincoln Financial Distributors, Inc. (broker-dealer)
- Lincoln Financial Advisors Corporation (broker-dealer, investment advisor, and insurance agency)
- Lincoln Financial Investment Services Corporation (broker-dealer)
- Lincoln Investment Advisors Corporation (investment advisor)
- First Penn-Pacific Life Insurance Company
- California Fringe Benefit and Insurance Marketing Corporation (insurance agency)
- JPSC Insurance Services, Inc.

- LFD Insurance Agency, LLC (insurance agency)
- Lincoln Financial Group Trust Company, LLC (trust company)
- Lincoln Investment Management Company (investment adviser)
- Westfield Assigned Benefits Company (insurance agency)

Conflicts of interest may be created by financial incentives and/or compensation arrangements between LFS and its affiliates. These conflicts of interest and the steps taken by LFS to address them are described above in the section on “Fees and Compensation.”

LFS may recommend or select other investment advisors for clients and receive compensation directly or indirectly from those advisors. This creates a material conflict of interest in that LFS and its Representatives have a financial incentive to recommend advisors based on compensation paid. These conflicts of interest and the steps taken by LFS to address them are described above in the section on “Fees and Compensation.”

CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING **(Form ADV, Part 2A – Item 11)**

LFS has adopted an Investment Advisor Code of Ethics, and all investment adviser representative and certain other individuals defined as “access persons” are required to understand and follow its provisions. Through this Code, LFS strives to ensure high standards of professional excellence and ethical conduct among its associates. The Code is aligned with Lincoln Financial Group’s long standing shared values of: Integrity, Commitment of Excellence, Responsibility, Respect, Fairness, Diversity and Employee Ownership. LFS will provide a copy of its Code of Ethics to any client or prospective client on request. If you would like a copy of LFS’s Investment Advisor Code of Ethics, please call (800) 258-3648 or send an email request to LFSAdvisoryServices@lfg.com.

LFS may engage in principal transactions mainly involving debt securities. These securities may be recommended to LFS’s clients on a fully disclosed basis, and are conducted on a “riskless transaction” basis. Under these circumstances, LFS may buy or sell securities it recommends to its clients as a principal. All of this information is fully disclosed.

LFS and its Representatives may purchase securities for their own investment purposes, and in doing so may purchase securities that are also recommended to clients. This could create a conflict of interest in that LFS Representatives may have an incentive to put their own interests ahead of clients. LFS procedures require that client orders be placed ahead of orders for LFS accounts or accounts of LFS Representatives. Personal securities transactions by LFS Representatives are recorded and monitored by LFS. LFS procedures also prohibit LFS orders and orders for the benefit of LFS Representatives from inclusion in any applicable “block trades,” orders aggregated across client accounts for the purpose of seeking cost-effective execution of client orders. LFS policies require that best execution be sought for all client orders in which LFS or its Representatives are responsible for order entry. Where a conflict of interest exists, this is disclosed to the client in the client services agreement or the disclosure documents for that program.

BROKERAGE PRACTICES (Form ADV, Part 2A – Item 12)

LFS Representatives generally recommend LFS as broker-dealer for investment products. However, the client is under no obligation to purchase products from LFS or the LFS Representative, as described in the advisory contract. The client pays the same fee for advisory services whether or not products are purchased from the LFS Representative. The client also pays the same price and commissions for products whether or not LFS provided a financial plan to the client.

LFS’s advisory business does not generally include blocking trades, negotiating commissions, or obtaining volume discounts. Lower commissions or better execution may be achieved elsewhere. Different commissions may be charged to different clients.

In certain circumstances, Representatives may recommend brokers other than LFS. In most cases, the other broker would be recommended because of the role they play in an asset management program. Not all advisors require clients to direct brokerage. By directing brokerage, LFS may not be able to achieve most favorable execution of client transactions, and this practice may cost clients more money.

For additional information on conflicts of interest created by the recommendation of LFS as a broker-dealer, or the recommendation of certain other broker-dealers for asset management programs, including compensation arrangements between LFS and other broker-dealers, please see the section on “Fees and Compensation” above.

In the Custom Wealth Series programs, LFS serves as the broker-dealer, with either Pershing LLC or National Financial Services serving as custodian.

In the SEI Asset Management Programs, SEI Investments will execute trades in client accounts. SEI Trust Company will serve as custodian.

In the Brinker Capital Asset Management Programs (Destinations, Core, UMA and Crystal Strategies), Brinker Capital will execute and clear trades in client accounts. For Brinker’s Core Asset Manager Program, National Financial Services will serve as custodian. For Brinker Destinations, these services are provided by Fidelity Institutional Wealth Services.

REVIEW OF ACCOUNTS (Form ADV, Part 2A – Item 13)

Accounts in asset management programs are reviewed as agreed upon by the LFS Representative and client, as transactions occur, or as requested

by the client. Additionally, LFS Representatives receive quarterly reports of client accounts. LFS's management also receives quarterly supervisory reports for some programs. These reports are reviewed by LFS and may be discussed with the LFS Representative, if applicable. When necessary, they are reviewed with the client. Clients in asset management programs receive confirmations as activity occurs and/or monthly statements of account activity. The custodians for asset management programs provide written reports directly to clients at least quarterly.

CLIENT REFERRALS AND OTHER COMPENSATION (Form ADV, Part 2A – Item 14)

For a description of the economic benefits received by LFS and its Representatives from entities who are not clients, as well as conflicts of interest created by those benefits and how they are addressed, please see the section on "Fees and Compensation" above.

Solicitor Relationships

Overview:

LFS may pay referral fees to solicitors based on a written agreement if allowed by SEC and state regulations. A document describing the relationship will be provided to the client at or before the client signs an advisory contract. The amount of the solicitor fee may vary based on different factors, such as the types of services performed by the solicitor. The solicitor's fee does not increase the fees paid by the client. Clients are obtained primarily through the efforts of LFS's Representatives.

Solicitor Relationship Process

The solicitor will give the client a copy of LFS's Form ADV Part 2A and Part 2B, or Disclosure Brochure, and a separate Disclosure Letter. The Disclosure Letter will describe the relationship between LFS and the solicitor, and the compensation that the solicitor is being paid to refer the client to LFS. In order for the solicitor to receive the referral fees, the client must confirm in writing that they have received a copy of LFS's Disclosure Brochure and the Disclosure Letter.

Solicitor Fees

LFS will pay the solicitor a referral fee which will come from the advisory fee charged to the client. The advisory fee will not be increased due to the solicitor's relationship with LFS.

LFS may refer clients to Lincoln Financial Advisors Corporation (LFA) for financial planning or asset management services and may receive a portion of the fee charged to the client for these services. LFA is an affiliated investment adviser of LFS. Therefore, the may be a conflict of interest in referring clients to LFA for these services.

CUSTODY (Form ADV, Part 2A – Item 15)

LFS does not generally provide custodial services for client assets. However, in certain cases where clients have authorized LFS to deduct advisory fees from their brokerage accounts, LFS may be considered to have access to cash in those accounts.

Clients will receive account statements from the broker-dealer or other qualified custodian that holds their accounts, and clients should carefully review these statements. It is important to compare the information on these statements with reports you receive from LFS. Please note that there may be minor variations due to calculation methods. If you have any questions, please contact your LFS Representative.

INVESTMENT DISCRETION (Form ADV, Part 2A – Item 16)

LFS generally provides investment management services on a non-discretionary basis, meaning that LFS obtains client authorization before entering any buy or sell orders in client accounts, aside from the ability to approve or reject quarterly reallocations in the SEI Mutual Fund Program. LFS will provide investment management services on a discretionary basis, where client consent is not needed prior to entering buy and sell orders in an account, only when written authorization providing discretionary authority is granted by such client. In any event, discretionary authority is limited to trading, and will not extend to money movement, including the withdrawal of funds from the client's account.

VOTING CLIENT SECURITIES (Form ADV, Part 2A – Item 17)

LFS does not accept authority to vote client securities or proxies. Clients will receive their proxies or other solicitations directly from their custodian, unless the client has provided proxy voting authority to a third party such as an investment manager. If you have any questions regarding a particular solicitation, please contact your LFS Representative.

FINANCIAL INFORMATION (Form ADV, Part 2A – Item 18)

LFS does not have any financial condition that is reasonably likely to impair its ability to meet its contractual commitments to clients.

LINCOLN FINANCIAL ADVISORS CORPORATION[®] PRIVACY PRACTICES NOTICE LINCOLN FINANCIAL SECURITIES CORPORATION[®] PRIVACY PRACTICES NOTICE

Lincoln Financial Advisors Corporation and Lincoln Financial Securities Corporation (both a part of Lincoln Financial Network or LFN) are committed to protecting your privacy. To provide the products and services you expect from a financial services leader, we must collect personal information about you. **We do not sell your personal information to third parties.** We share your personal information with third parties as necessary to provide you with the products or services you request and to administer your business with us. This Notice describes our current privacy practices. While your relationship with us continues, we will update and send our Privacy Practices Notice as required by law. Even after that relationship ends, we will continue to protect your personal information. This Notice explains our information sharing arrangement and provides information on how to contact us if you have questions regarding our privacy practices.

INFORMATION WE MAY COLLECT AND USE

We collect personal information about you to help us identify you as our customer or our former customer; to process your requests and transactions; to offer investment or insurance services to you; to pay your claim; or to tell you about our products or services we believe you may want and use. The type of personal information we collect depends on the products or services you request and may include the following:

- **Information from you:** When you submit your application or other forms, you give us information such as your name; address; Social Security number; and your financial; health; and employment history.
- **Information about your transactions:** We keep information about your transactions with us, such as the products you buy from us; the amount you paid for those products; your account balances; and your payment history.
- **Information from outside our family of companies:** If you are purchasing insurance products, we may collect information from consumer reporting agencies such as your credit history; credit scores; and driving and employment records. With your authorization, we may also collect information, such as medical information from other individuals or businesses.
- **Information from your employer:** If your employer purchases group products from us, we may obtain information about you from your employer in order to enroll you in the plan.

HOW WE USE YOUR PERSONAL INFORMATION

We may share your personal information within our companies and with certain service providers as allowed by law. They use this information to process transactions you have requested; provide customer service; and inform you of products or services we offer that you may find useful. Our service providers may or may not be affiliated with us. They include financial service providers (for example, third party administrators; broker-dealers; insurance agents and brokers, registered representatives; reinsurers and other financial services companies with whom we have joint marketing agreements). Our service providers also include non-financial companies and individuals (for example, consultants; vendors; and companies that perform marketing services on our behalf). Information we obtain from a report prepared by a service provider may be kept by the service provider and shared with other persons; however, we require our service providers to protect your personal information and to use or disclose it only for the work they are performing for us, or as permitted by law.

When you apply for one of our products, we may share information about your application with credit bureaus. We also may provide information to group policy owners, regulatory authorities and law enforcement officials and to others when we believe in good faith that the law requires disclosure. In the event of a sale of all or part of our businesses, we may share customer information as part of the sale. **We do not sell or share your information with outside marketers who may want to offer you their own products and services; nor do we share information we receive about you from a consumer reporting agency. You do not need to take any action for this benefit.**

SECURITY OF INFORMATION

We have an important responsibility to keep your information safe. We use safeguards to protect your information from unauthorized disclosure. Our employees are authorized to access your information only when they need it to provide you with products, services, or to maintain your accounts. Employees who have access to your personal information are required to keep it confidential. Employees are trained on the importance of data privacy.

WHEN REGISTERED REPRESENTATIVES LEAVE LINCOLN FINANCIAL NETWORK

We understand that the relationship you have with your registered representative is important to you. If your registered representative's affiliation with Lincoln Financial Network ends and he or she chooses to move to a different broker-dealer, or if your registered representative's relationship with LFN is terminated, your LFN registered representative may be allowed to take with him or her copies of all client and account documentation (including but not limited to: account applications; customer statements; and other pertinent forms related to your account), so your registered representative is able to continue the relationship with you and service your account through his or her new firm. LFN will also retain copies of your client and account documentation. You do not need to take action if it is your choice to allow your LFN registered representative to keep copies of your confidential information should he or she leave our firm.

If you do not want your registered representative to keep copies of your confidential information should he or she decide to end the relationship with Lincoln Financial Network in the future, you have the right to opt out. If your account with us is a joint account, we will treat the opt out request by a joint account owner as applying to all owners on the account. If you choose to opt out now; at any time in the future; or wish to withdraw your opt out request, contact us by phone at 800-248-2285. If it is your choice to opt out there will be a 30-day period before your opt out will take effect.

If you have questions about your personal information we have on file, your request should be directed to:

Lincoln Financial Network
Attn: Privacy Reply
One Granite Place
Concord, NH 03301-3258

Please include all account numbers you maintain with LFN with your correspondence.

*This information applies to the following Lincoln Financial Network companies:

Lincoln Financial Advisors Corporation
Lincoln Financial Securities Corporation
JPSC Insurance Services, Inc.
LFA, Limited Liability Company