

# INDEPENDENT ADVISERS GROUP FIRM BROCHURE

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This brochure provides information about the qualifications and business practices of Independent Advisers Group ("IAG"). If you have any questions about the contents of this brochure, please contact your Independent Advisers Group representative or Independent Advisers Group at [advbrochure@iag.com](mailto:advbrochure@iag.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority.

Additional information about Independent Advisers Group also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## ITEM 1 COVER PAGE

## ITEM 2 MATERIAL CHANGES

This Brochure contains changes from the last annual update of this Brochure dated March 31, 2011. The following is a summary of certain changes. Item 4 has been updated to state that customized model portfolio requests, liquidation requests in connection with withdrawals, and changes to the model portfolios or investment objective selected may take up to 5 business days to process, and, in certain circumstances, may take longer.

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# INDEPENDENT ADVISERS GROUP FIRM BROCHURE

## ITEM 4 ADVISORY BUSINESS

### Introduction

Independent Advisers Group Corporation ("IAG") is an investment advisor registered with the SEC pursuant to the Investment Advisers Act of 1940. IAG has provided advisory services as a registered investment advisor since 1996. Note that registration as an investment advisor with the SEC does not imply a certain level of skill or training. As of December 31, 2010, IAG managed approximately \$8,779,000 of client assets on a discretionary basis and approximately \$211,336,000 of client assets on a non-discretionary basis. IAG is owned 100% by LPL Holdings, Inc., which is owned 100% by LPL Investment Holdings Inc., a publicly held company.

IAG's advisory services are made available to clients through its own investment advisor representatives ("IARs") and also through IARs of a third party investment advisor firm ("Advisor"). For more information about an IAG IAR providing advisory services to the account, client should refer to the Brochure Supplement for the IAR. The Brochure Supplement is a separate document that is provided by the IAR along with this Brochure before or at the time client engages the IAR. If client did not receive a Brochure Supplement for the IAG IAR, the client should contact the IAR or IAG at [advbrochure@iag.com](mailto:advbrochure@iag.com). If IAG advisory programs are offered through an Advisor, clients also should refer to the Advisor's disclosure brochure.

### Types of Advisory Services

IAG offers various types of advisory services and programs, including wrap programs and a mutual fund asset allocation program. This Brochure provides information about IAG and the mutual fund asset allocation program, the Optimum Market Portfolios ("OMP") program.

IAG provides information in separate disclosure brochures for its services offered through the Market Pace and Market Pace II advisory programs. If clients would like more information on such programs, clients should contact the IAR for a copy of the program brochure that describes such program or go to [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

### Optimum Market Portfolios Program

The OMP program is a professionally managed mutual fund asset allocation program in which LPL Financial LLC ("LPL"), IAG and IAR provide ongoing investment advice. LPL is a related person of IAG and sponsor of the OMP program. In connection with the program, LPL also acts as custodian to accounts, provides research information to Advisor and IARs, and provides brokerage services as the broker-dealer on transactions.

The IAR obtains the necessary financial data from the client, assists the client in determining the suitability of the program and assists the client in setting an appropriate investment objective. The IAR on a discretionary or non-discretionary basis selects a model portfolio of mutual funds ("Portfolio") designed by LPL's Research Department consistent with the client's stated investment objective. If client authorizes IAR to take discretion to select Portfolios on behalf of client, such authority will be set out in the Account Agreement and Application signed by the client. The Portfolios are made up of mutual funds in the Optimum Funds mutual fund family. A Portfolio may include up to six Optimum Funds.

IAG and LPL have discretion to buy and sell securities in the account and will invest the account based on the Portfolio selected. The client authorizes IAG and LPL to take discretion by executing the Account Agreement and Application. LPL rebalances accounts based on the allocations in the Portfolio as described below. LPL reviews the account for rebalancing on the frequency selected by the client at account opening or as altered by the IAR or the client from time to time. The choices for frequency of rebalancing are: quarterly (four times per year), semi-annually (two times per year) or annually (once per year). Accounts are reviewed on the frequency selected based on the anniversary date of account opening to determine if rebalancing is necessary. At each rebalancing review date, program accounts are rebalanced only if there is a 5% or greater deviation from LPL's targeted allocation percentage for the Portfolio, subject to a minimum transaction amount of \$250. The preference for rebalancing frequency may not be applicable if IAR or the client selects a Portfolio that is dynamically or tactically rebalanced by LPL. In this case, LPL will determine if rebalancing is necessary on at least a quarterly basis, or more frequently if deemed appropriate.

IAG and LPL invest deposits in an account according to the Portfolio at the time the account holdings reach a 5% or greater deviation from LPL's targeted allocation percentage for cash, subject to a minimum amount to be allocated of \$2,500. Although OMP accounts are not considered tax efficient or tax managed, LPL may delay placing transactions on non-retirement accounts by one day for any rebalancing scheduled to occur on the first one year anniversary date of the account opening in an attempt to limit short-term tax treatment for any position being sold.

Clients may deposit eligible securities into the account at any time, but such deposits will not be reviewed for allocation to the Portfolio until the next rebalancing review date. IAG and LPL may accommodate requests by client or IAR for all or a portion of the assets in the account to remain allocated to cash for a period of time. Such customized Portfolio requests, liquidation requests in connection with withdrawals, and

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changes to the Portfolio or investment objective selected may take up to 5 business days to process, and, in certain circumstances, may take longer.

For more information regarding the OMP program, please review the LPL OMP Program Brochure. The OMP Program Brochure is a separate document that is provided by the IAR along with this Brochure before or at the time client engages the IAR. If client did not receive an OMP Brochure from the IAR, the client should contact the IAR or IAG at [advbrochure@iag.com](mailto:advbrochure@iag.com).

## ITEM 5 FEES AND COMPENSATION

### Fees and Billing

In the OMP program, clients pay an ongoing advisory fee ("Account Fee"). The Account Fee is negotiable between the client and the IAR and is set out in the Account Application. The Account Fee is a straight percentage based on the value of all assets in the account, including cash holdings. The maximum Account Fee is 2.50%.

The Account Fee is paid to IAG and IAG retains up to 0.50% of the Account Fee. The remaining portion is paid to the Advisor or broker-dealer firm with whom the IAR is associated based on the terms of the agreement between IAG and the firm, and shared between the firm and the IAR. IAG also shares a portion of the Account Fee with LPL for the research, brokerage, custodial and management services it provides.

LPL deducts the Account Fee and other fees and charges associated with an OMP account from the account. LPL calculates and deducts the Account Fee in the method described in the Account Agreement, unless other arrangements are made in writing. If a client wishes to be billed for the Account Fee, rather than a deduction directly from the account, the client needs to make a request to IAG through the IAR.

LPL deducts the Account Fee quarterly in advance. If the Account Agreement is terminated before the end of the quarterly period, LPL will pay the client a pro rated refund of any pre-paid quarterly Account Fee based on the number of days remaining in the quarter after the termination date. However, if the account is closed within the first six months by the client or as a result of withdrawals that bring the account value below the required minimum, LPL, IAG and Advisor reserve the right to retain the pre-paid quarterly Account Fee for the current quarter in order to cover the administrative costs of establishing the account (for example, the costs related to transferring positions in and out of the account, data entry in opening the account, reconciliation of positions in order to issue quarterly performance reports, and re-registration of positions). After the termination date, LPL may convert the account to a brokerage account. In a brokerage account, client is charged a commission for each transaction and LPL, IAG and IAR have no responsibility to provide ongoing investment advice.

### Other Types of Fees and Expenses of IAG

In addition to the Account Fee, IAG charges client accounts with assets valued at less than \$100,000 an additional \$25 charge at the end of the quarter. Accounts with assets valued at \$100,000 up to \$200,000 at the end of the quarter will be assessed an account charge of \$20.

### Other Types of Fees and Expenses of LPL

In addition to the Account Fee, LPL assesses a confirmation charge of \$5 on each purchase and sale transaction. The confirmation charge is identified under the service charge column on trade confirmations and represents a reimbursement of expenses associated with printing and mailing confirmations. LPL does not share any portion of the confirmation charge with IAG, Advisor or IAR. The confirmation charge may be higher or lower than commissions otherwise payable in the absence of the Account Fee. Clients also pay LPL other miscellaneous administrative or custodial-related fees and charges that may apply to an OMP account. LPL notifies clients of these charges at account opening.

### Fees Charged by Third Parties

There are other fees and charges that are imposed by third parties other than IAG or LPL that apply to investments in OMP accounts. In OMP, assets are invested in mutual funds and, therefore, there are two layers of advisory fees and expenses for those assets. Client will pay an advisory fee to the investment advisor of the Optimum Funds and other expenses as a shareholder of the Funds. Client will also pay the Account Fee with respect to those assets. The Optimum Funds or funds with similar investment objectives may be purchased outside of IAG and LPL. Therefore, clients could generally avoid the second layer of fees by not using the advisory services of IAG, LPL and IAR and by making their own decisions regarding mutual fund investing. The amount of the advisory fees and other expenses of the Optimum Funds are set out in the prospectus and financial statements of the Optimum Funds, which are available upon request from IAR or the Optimum Funds directly.

Advisor may charge fees in addition to the Account Fee. Clients should refer to the Firm Brochure of Advisor for more information regarding fees charged by Advisor.

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## Important Things to Consider About Fees on an OMP Account

- The Account Fee is a single fee for investment advisory services and other administrative and custodial services. Clients do not pay a commission or transaction charge, but do pay a confirmation charge as described above. The Account Fee may cost the client more than purchasing the program services separately, for example, paying an advisory fee plus commissions or transaction charges to a broker-dealer for each transaction in the account. Factors that bear upon the cost of the account in relation to the cost of the same services purchased separately include the:
  - type and size of the account
  - historical and or expected size or number of trades for the account, and
  - number and range of supplementary advisory and client-related services provided to the client.
- The Account Fee may be higher than the fees charged by other investment advisors for similar services. This is the case in particular if the Account Fee is at or near the maximum Account Fee set out above. The IAR is responsible for determining the Account Fee to charge each client based on factors such as total amount of assets involved in the relationship and the complexity, number and range of supplementary advisory and client-related services to be provided to the account. Clients should consider the level and complexity of the advisory services to be provided when negotiating the Account Fee with IAR.
- The IAR recommending the program to the client receives compensation as a result of the client's participation in the program. This compensation includes a portion of the Account Fee and also may include other compensation, such as bonuses, awards or other things of value offered by IAG to the Advisor or broker-dealer firm with whom the IAR is associated. For example, IAG may pay additional compensation to Advisor or the broker-dealer firm with whom the IAR is associated by providing reimbursement of administrative services fees that Advisor pays to IAG or free or reduced-cost marketing materials. IAG may pay Advisor or the broker-dealer firm with whom the IAR is associated this compensation based on the amount of assets serviced in IAG advisory programs. Therefore, the amount of this compensation may be more than what Advisor or broker-dealer firm with whom the IAR is associated would receive if the client participated in other IAG programs, programs of other investment advisors or paid separately for investment advice, brokerage and other client services. Therefore, the IAR, Advisor or the broker-dealer firm may have a financial incentive to recommend a program account over other programs and services.
- The investment products available to be purchased in the program can be purchased by clients outside of an OMP account, through broker-dealers or other investment firms not affiliated with IAG or LPL.

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

This Item is not applicable. IAG and its IARs do not accept performance-based fees.

## ITEM 7 TYPES OF CLIENTS

IAG's advisory services are available for individuals, individual retirement accounts ("IRAs"), banks and thrift institutions, pension and profit sharing plans, including plans subject to Employee Retirement Income Security Act of 1974 ("ERISA"), trusts, estates, charitable organizations, state and municipal government entities, corporations and other business entities.

IAG generally requires a minimum account value of \$15,000. In certain instances, IAG will permit a lower minimum account size. An account will not be invested according to the Portfolio until the minimum has been reached.

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

In OMP, clients invest in Portfolios designed by LPL's Research Department. LPL Research designs different types of Portfolios for OMP to meet the varying needs of clients. The IAR, or the client with the assistance of the IAR, selects the Portfolio and provides advice based on the client's individual needs. LPL's Research Department uses the following investment strategies in designing Portfolios. It is important to note that no methodology or investment strategy is guaranteed to be successful or profitable. Investing in securities involves the risk of loss that clients should be prepared to bear.

- **Standard.** This investment strategy seeks to generate capital appreciation while assuming a reasonable amount of risk. These Portfolios are intended to take advantage of market opportunities that will occur or persist over a three-to-five-year time frame. These Portfolios invest in six Optimum Funds across the following asset classes: large growth, large value, small/mid growth, small/mid value, international, and fixed income.
- **U.S.** This investment strategy seeks to generate capital appreciation while assuming a reasonable amount of risk. These Portfolios are intended to take advantage of market opportunities that will occur or persist over a three-to-five-year time frame. These Portfolios invest

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in five Optimum Funds across the following asset classes: large growth, large value, small/mid growth, small/mid value, and fixed income. These portfolios do not invest in international.

- **Growth Tilt.** This investment strategy seeks to generate capital appreciation while assuming a reasonable amount of risk. These portfolios are intended to take advantage of market opportunities that will occur or persist over a three-to-five-year time frame. These Portfolios invest in six Optimum Funds across the following asset classes: large growth, large value, small/mid growth, small/mid value, international, and fixed income. The investment horizons on these Portfolios tend to be longer term. These Portfolios are overweighted to value relative to growth.
- **Value Tilt.** This investment strategy seeks to generate capital appreciation while assuming a reasonable amount of risk. These Portfolios are intended to take advantage of market opportunities that will occur or persist over a three-to-five-year time frame. These Portfolios invest in six Optimum Funds across the following asset classes: large growth, large value, small/mid growth, small/mid value, international, and fixed income. The investment horizons on these Portfolios are longer term. These Portfolios are overweighted to value relative to growth.

For Standard and U.S. Portfolios described above, LPL Research makes available a strategic or tactical version for each Portfolio. The strategic Portfolios are intended to take advantage of market opportunities that will occur or persist over a three-to-five-year time frame. The tactically managed Portfolios are intended to take advantage of short-, medium-, or long-term opportunities. These Portfolios tend to involve more transactions in the account, and therefore, will result in greater confirmation charges and are less tax-sensitive than the strategic Portfolios.

## ITEM 9 DISCIPLINARY INFORMATION

IAG does not have any disciplinary events to disclose in response to this Item. However, its related person, LPL, is an investment advisor regulated by the SEC and a broker-dealer regulated by the SEC and the Financial Industry Regulatory Authority ("FINRA"). For more information about disciplinary and legal events involving LPL, client should refer to Investment Advisor Public Disclosure at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) or FINRA BrokerCheck at [www.finra.org](http://www.finra.org).

## ITEM 10 OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

If required for their positions with LPL, IAG's principal executive officers are securities licensed as registered representatives of LPL. IARs are registered either as investment advisor representatives of IAG or the Advisor firm. If the IARs are associated with IAG, they typically are registered representatives of a broker-dealer firm that is not affiliated with IAG or LPL. IARs that are associated with an Advisor (and not IAG) also may be registered representatives of Advisor or a broker-dealer affiliate of Advisor. IAG and Advisor are not affiliated.

IAG and LPL are related persons. As a broker-dealer, LPL transacts business in various types of securities, including mutual funds, stocks, bonds, commodities, options, private and public partnerships, variable annuities, real estate investment trusts and other investment products. LPL is registered to operate in all 50 states and has an independent-contractor sales force of registered representatives and IARs dispersed throughout the United States. If required for their positions with a registered broker-dealer, LPL's principal executive officers are securities licensed as registered representatives of LPL. LPL is also registered as a transfer agent with the SEC and as a futures commission merchant with the Commodity Futures Trading Commission. In addition, LPL is qualified to sell insurance products in all 50 states.

Certain executive officers and other employees of IAG are also executive officers, employees, registered representatives, insurance agents and investment advisor representatives of LPL. These individuals may spend as much as 75% of their time focusing on the activities of LPL.

IAG and The Private Trust Company ("PTC"), a federally chartered non-depository bank licensed to provide trust services in all 50 states, are related persons. PTC serves as IRA custodian for program accounts set up as IRAs and receives an annual maintenance fee for this service. PTC also provides personal trustee services to clients for a variety of administrative fiduciary services, which services may relate to a program account. PTC's IRA custodian and trustee services and related fees are established under a separate engagement between the client and PTC.

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

### Code of Ethics and Personal Trading

IAG has adopted a code of ethics that includes guidelines regarding personal securities transactions of its employees and IARs. The code of ethics permits employees and IARs to invest for their own personal accounts in the same securities that IAG and IARs purchase for clients in program accounts. This presents a conflict of interest because trading by an employee or IAR in a personal securities account in the same security on or about the same time as trading by a client can disadvantage the client. IAG addresses this conflict of interest by requiring in its code of ethics that employees and IARs report certain personal securities transactions and holdings to IAG. IAG has procedures to review

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personal trading accounts for front-running. Employees and IARs are also required to obtain pre-approval for investments in private placements and initial public offerings. A copy of the code of ethics is available to clients or prospective clients upon request to the IAR.

## Participation or Interest in Client Transactions

IAG and LPL do not engage in principal transactions with clients in program accounts. IAG's parent company, LPL Investment Holdings Inc., is a publicly traded company. LPL Investment Holdings Inc. stock may not be purchased directly in OMP accounts.

LPL provides investment consulting services to the investment advisor of the Optimum Funds. These services include assisting the investment advisor in determining whether to engage, maintain or terminate sub-advisors for the Optimum Funds. As compensation for these services, LPL receives an investment consulting fee of up to 0.285% of assets from the investment advisor to the Optimum Funds. In addition, the Chief Financial Officer of LPL serves as a Trustee of the Optimum Funds.

LPL also performs recordkeeping and administrative services on behalf of the Optimum Funds and receives compensation for the services of up to 0.18% based on the OMP client assets in the fund. These services include establishing and maintaining sub-account records reflecting the issuance, exchange or redemption of shares by each program account. The receipt of this recordkeeping and investment consulting compensation by LPL presents a conflict of interest, because LPL has a financial benefit the more assets that are invested in the Optimum Funds. However, the investment consulting and recordkeeping compensation is retained by LPL and is not shared with IAG, IARs or Advisors. Therefore, there is no financial incentive related to this compensation for an IAR or Advisor to recommend an OMP account.

Cash balances in a program account will be automatically invested either in a money market mutual fund or in an interest-bearing Federal Deposit Insurance Corporation ("FDIC") –insured cash account (an "ICA"). The sweep money market funds available in the program pay 12b-1 fees higher than other money market funds. In addition, LPL receives compensation of up to 0.35% for recordkeeping services it provides for the funds. LPL also receives up to 0.15% of the assets invested in the sweep money market funds in connection with marketing support services LPL provides to the money market fund sponsor.

In connection with the ICA, LPL receives a fee equal to a percentage of the average daily deposit balance in the ICA. The fee paid to LPL may be at an annual rate of up to an average of 200 basis points as applied across all deposit accounts taken in the aggregate; therefore, on some accounts, fees to LPL may be higher or lower than this amount. The compensation LPL receives on an ICA may be higher than if a client invests in other sweep investment options. For additional information on the ICA, please see the ICA Disclosure Booklet available from IAR.

The compensation that LPL receives related to the ICA and the sweep money market funds is in addition to the Account Fee received with respect to the assets in the sweep investment. This compensation related to the ICA and sweep money market funds presents a conflict of interest to LPL because LPL has a financial benefit if cash is invested in the ICA or funds. However, this compensation is retained by LPL and is not shared with IAG, IARs or Advisors. In addition, LPL Research does not take into account this compensation when it makes decisions on a Portfolio's allocation to cash.

Client should understand that LPL, IAG and IAR may perform advisory and/or brokerage services for various other clients, and that LPL, IAG and IAR may give advice or take actions for those other clients that differ from the advice given to the client. The timing or nature of any action taken for the account may also be different.

## ITEM 12 BROKERAGE PRACTICES

IAG does not receive research or other products or services other than execution from a broker-dealer or third party in connection with client securities transactions ("soft dollar benefits").

In OMP, IAG requires that clients direct LPL as the sole and exclusive broker-dealer to execute transactions in the account. LPL is not paid a commission or transaction charge for executing transactions in OMP accounts, but does receive a confirmation charge for transactions in the account. Clients should understand that not all advisors or program sponsors require their clients to direct brokerage. Because LPL is a related person of IAG, this presents a conflict of interest. By directing brokerage to LPL, clients may be unable to achieve the most favorable execution of client transactions. Therefore, directed brokerage may cost clients more money. However, clients should note that transactions in mutual funds in OMP accounts are made at the net asset value of the mutual fund.

LPL will aggregate transactions for a client with other clients. LPL also will aggregate rebalancing transactions for an account with other program accounts. Due to the large number of accounts that may be involved in rebalancing transactions on a single day, LPL may effect transactions for some accounts on one day and for other accounts on the following day or days. In such case, LPL will have discretion to sequence the accounts involved in rebalancing transactions with the goal of treating all accounts equitably over time.

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## **ITEM 13 REVIEW OF ACCOUNTS**

For information regarding how program accounts are reviewed for rebalancing, including the frequency of such reviews, please see Item 4 above.

IAG provides clients with regular written reports regarding their accounts. IAG provides detailed quarterly performance reports describing account performance and positions. IAG also provides an additional year-end report for accounts not established on a calendar quarter basis. In addition, LPL sends to clients trade confirmations and account statements showing transactions, positions, and deposits and withdrawals of principal and income. LPL does not send trade confirmations for systematic purchases, systematic redemptions and systematic exchanges.

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

### **Other Compensation**

The IAR, IAG and IAG employees may receive additional compensation from advisory product sponsors. Such compensation may not be tied to the sales of any products. Compensation may include such items as gifts valued at less than \$100 annually, an occasional dinner or ticket to a sporting event, or reimbursement in connection with educational meetings or marketing or advertising initiatives. Advisory product sponsors may also pay for education or training events that may be attended by IAG employees and IARs.

### **Client Referrals**

IAG may compensate other persons for client referrals. IAG enters into an agreement with such referral agents and pays them a portion of the advisory fee. The referral agent discloses to the client at the time of the solicitation the arrangement and the compensation to be received by the referral agent.

## **ITEM 15 CUSTODY**

LPL is the qualified custodian for OMP accounts and maintains custody of client funds and securities in a separate account for each client under the client's name. LPL sends account statements showing all transactions, positions, and all deposits and withdrawals of principal and income. LPL sends account statements monthly when the account has had activity or quarterly if there has been no activity. Clients should carefully review those account statements. LPL is located at One Beacon Street, 22nd Floor, Boston, MA 02108-3106 and 9785 Towne Centre Drive, San Diego, CA 92121.

## **ITEM 16 INVESTMENT DISCRETION**

The IAR may provide services on a discretionary or non-discretionary basis. IAG and LPL have discretion to buy and sell securities in the account on a discretionary basis. The client authorizes the discretionary authority by executing the Account Agreement and Application. For more information, please see Item 4 above.

## **ITEM 17 VOTING CLIENT SECURITIES**

IAG and IARs do not accept authority to vote client securities in OMP program accounts. Clients retain the right to vote all proxies that are solicited for securities held in the account. Clients will receive proxies or other solicitations from LPL. If clients have questions regarding the solicitation, they should contact the contact person that the issuer identifies in the proxy materials or their IAR. In addition, LPL and IARs do not accept authority to take action with respect to legal proceedings relating to securities held in the account.

## **ITEM 18 FINANCIAL INFORMATION**

Investment advisors are required in this Item to provide certain information or disclosures about its financial condition. IAG has no financial commitment that impairs its ability to meet contractual or fiduciary commitments to clients.

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