

# Arbor Point Advisors, LLC

## Firm Brochure

(Part 2A Appendix 1 of Form ADV)

This brochure provides information about the qualifications and business practices of Arbor Point Advisors, LLC (also referred to as we, us and Arbor Point Advisors throughout this disclosure brochure). If you have any questions about the contents of this brochure, contact us at: 800-747-6111. The information in this brochure has not been reviewed or approved by the U.S. Securities & Exchange Commission, any state regulatory agency or self-regulatory organization.

Additional information about Arbor Point Advisors, LLC is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can view our firm's information on this website by searching for Arbor Point Advisors, LLC or our firm's CRD number is 16512. Registration as an investment adviser does not imply a certain level of skill or training.

September 2012

---

12325 Port Grace Blvd.  
La Vista, NE 68128  
800-747-6111

## SUMMARY OF MATERIAL CHANGES

---

### First Edition of Brochure

Arbor Point Advisors is a newly registered investment adviser and this brochure dated September 2012 is the first brochure prepared by our firm. In the future, this item will discuss only specific material changes that are made to the brochure and provide readers with a summary of such changes. We will also reference the date of the last annual update of this brochure.

We will ensure that you receive a summary of any material changes to this and subsequent brochures within 120 days after our firm's fiscal year ends. Our firm's fiscal year ends on September 30, so you will receive the summary of material changes no later than January 31 each year. At that time we will also offer or provide a copy of the most current brochure. We may also provide other ongoing disclosure information about material changes as necessary.

# Table of Contents

<b>SUMMARY OF MATERIAL CHANGES .....</b>	<b>ii</b>
First Edition of Brochure .....	ii
<b>ADVISORY BUSINESS .....</b>	<b>1</b>
Principal Owners.....	1
Firm Description.....	1
Amount of Assets Managed By Our Firm.....	1
Advice to Certain Types of Investments.....	1
No Participation in Wrap Fee Programs.....	2
Tailor Advisory Services to Individual Needs of Clients .....	3
Types of Services Offered .....	3
<b>FEES AND COMPENSATION.....</b>	<b>7</b>
1. Fees for Financial Planning Services.....	7
2. Fees for Asset Management Services .....	9
3. Fees for Third-Party Money Managers .....	11
Other Fees.....	13
<b>PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT .....</b>	<b>15</b>
<b>TYPES OF CLIENTS .....</b>	<b>15</b>
Account Minimums.....	15
<b>METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS .....</b>	<b>15</b>
Methods of Analysis.....	16
Investment Strategies .....	17
Risk of Loss .....	19
<b>DISCIPLINARY INFORMATION .....</b>	<b>22</b>
<b>OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS.....</b>	<b>22</b>
Financial Industry Affiliates .....	22
Other Affiliations.....	25
Third-Party Money Managers .....	26
<b>CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING.....</b>	<b>26</b>
Our Approach to Conflicts of Interest.....	26
Code of Ethics.....	27
Participation or Interest in Client Transactions.....	27

Personal Trading.....	28
Our Pre-Clearance and Restricted Securities Policy .....	28
Our Insider Trading Policy .....	28
Our Policy Governing Contributions to Local and State Elected Officials and Candidates .....	29
<b>BROKERAGE PRACTICES .....</b>	<b>29</b>
Recommendation of Broker/Dealers and Custodians for Asset Management Services .....	29
Order Aggregation .....	31
Handling Trade Errors Made by Arbor Point Advisors or a investment adviser representative.....	31
Recommendation of Securities America, Inc. ....	32
<b>REVIEW OF ACCOUNTS.....</b>	<b>32</b>
Managed Account Reviews .....	32
Financial Plan Reviews.....	32
Reports and Account Statements .....	33
<b>CLIENT REFERRALS AND OTHER COMPENSATION.....</b>	<b>33</b>
Client Referrals .....	33
Other Compensation .....	34
<b>CUSTODY .....</b>	<b>35</b>
<b>INVESTMENT DISCRETION.....</b>	<b>35</b>
<b>VOTING CLIENT SECURITIES.....</b>	<b>36</b>
Proxy Voting.....	36
Class Action Lawsuits .....	36
<b>FINANCIAL INFORMATION .....</b>	<b>37</b>

## ADVISORY BUSINESS

---

### Principal Owners

Arbor Point Advisors, LLC is a majority-owned subsidiary of Securities America Financial Corporation. Securities America Financial Corporation is a wholly-owned subsidiary of Ladenburg Thalmann Financial Services, Inc. (LTFS). Ladenburg Thalmann Financial Services, Inc. provides a diverse array of financial products and services through a number of subsidiaries. Ladenburg Thalmann Financial Services, Inc. is listed on the NYSE Amex Exchange under the symbol LTS. Dr. Phillip Frost and related entities, Gamma Trust, and Nevada Trust are beneficial owners of over 25% of Ladenburg Thalmann Financial Services, Inc. Ladenburg Thalmann Financial Services, Inc. has several other affiliates, including affiliates registered as investment advisors, an investment company, insurance companies, broker/dealers, and a trust company. Ladenburg Thalmann Financial Services, Inc. is a holding company primarily engaged in business through its subsidiaries. Please refer to the section *Other Financial Industry Activities and Affiliations* for details.

---

### Firm Description

Arbor Point Advisors, LLC (Arbor Point Advisors) is a newly formed investment adviser registered with the U.S. Securities and Exchange Commission since September 2012. The investment advisory services of Arbor Point Advisors are provided to you through an appropriately licensed and qualified individual who is an investment adviser representative of Arbor Point Advisors (referred to as your "investment adviser representative" or "representative" throughout this brochure). Arbor Point Advisors investment adviser representatives may also be registered representatives of Securities America, Inc. (SAI), a full service broker/dealer, member FINRA and SIPC, and affiliated with Arbor Point Advisors.

Your investment adviser representative typically is not an employee of Arbor Point Advisors; rather, your investment adviser representative typically is an independent contractor of Arbor Point Advisors.

Your investment adviser representative is limited to providing the services and charging investment advisory fees in accordance with the descriptions detailed in this brochure. However, the exact services you receive and the fees you will be charged will be specified in your advisory services agreement.

---

### Amount of Assets Managed By Our Firm

As a newly registered investment adviser, Arbor Point Advisors has no assets under management to report as of the date of this brochure.

---

### Advice to Certain Types of Investments

Arbor Point Advisors provides investment advice on the following types of investments:

- Equity securities (exchange-listed securities, securities traded over the counter and foreign issues)

- 1 -

- Warrants
- Corporate debt securities (other than commercial paper)
- Commercial paper
- Certificates of deposit
- Municipal securities
- Investment company securities (mutual funds)
- Variable products (variable annuities, variable life insurance)
- U.S. government securities
- Options contracts on securities
- Interests in partnerships investing in real estate, oil and gas interests
- Exchange traded funds (ETFs)
- Real estate investment trusts (REITS)
- Real estate investments
- Limited partnerships and private placement partnerships in tax credit programs, cable and other miscellaneous direct participation programs

Although we generally provide advice only on the products previously listed, we reserve the right to offer advice on any investment product that may be suitable for each client's specific circumstances, needs, goals and objectives.

Arbor Point Advisors through SAI conducts or may hire third-party vendors to conduct due diligence analysis of the products listed above. Although we do not establish fee-based investment advisory accounts through SAI and thus do not execute fee-based investment advisory trades through SAI, SAI has policies and procedures in place to review the issuers of financial products such as real estate investment trusts, structured notes and annuity and life insurance products. We will rely on SAI for their due diligence reviews of such products. Reviews include publicly available information and reports issued by third-party rating agencies and may in some cases include certain nonpublic information provided by the issuer. SAI, on our behalf, periodically reassesses, but does not continuously monitor, the creditworthiness or financial solvency of third-party issuers. These policies and procedures are reasonably designed to limit your exposure to credit and default risks resulting from an inability of the issuers to repay the principal on a note or fulfill an insurance obligation. However, you should be advised that credit markets can be volatile and the creditworthiness of an issuer may change rapidly. Arbor Point Advisors and SAI are prohibited by regulation from guaranteeing or providing any assurance that an issuer of financial products will be available to fulfill the issuer's obligation to any purchase of a product through SAI.

---

#### No Participation in Wrap Fee Programs

A wrap-fee program is defined as any advisory program under which a specified fee or fees not based directly upon transactions in a client's account is charged for investment advisory services (which may include portfolio management and/or advice concerning the selection of other investment advisers) and the

execution of client transactions. We do not offer or participate in wrap-fee programs. All of our services are provided on a non-wrap fee basis which means fees and expenses for execution of client transactions charged by the client's broker/dealer and/or custodian are billed directly to the client's account separately from our advisory fees.

For example, when investing in mutual funds through our Asset Management Services program, investments are primarily in no-load or load-waived mutual funds and exchange traded funds. However, fund companies charge each fund shareholder an investment management fee that is disclosed in the fund prospectus. In addition, brokerage firms may charge a transaction fee when you buy funds. When stocks and bonds are bought or sold through a brokerage account managed in our Asset Management Services program, the brokerage firm charges a fee for such stock and bond trades. Such fees may be labeled by the broker/dealer as a commission, trade ticket, transaction fee, execution fee, or other similar term).

---

### Tailor Advisory Services to Individual Needs of Clients

Advisory services are always provided based on your individual needs. This means, for example, that when we provide Asset Management Services, you are given the ability to impose restrictions on the accounts we manage for you, including specific investment selections and sectors. We work with you on a one-on-one basis through interviews and questionnaires to determine your investment objectives and suitability information.

We will not enter into an investment adviser relationship with a prospective client whose investment objectives may be considered incompatible with our investment philosophy or strategies or where the prospective client seeks to impose unduly restrictive investment guidelines.

---

### Types of Services Offered

The following are descriptions of the advisory services available through Arbor Point Advisors. Please understand that a written agreement, which details the exact terms of the service, must be signed by you and Arbor Point Advisors before we can provide you the services described below.

#### **1. Financial Planning Services**

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

- Personal: Family records, budgeting, personal liability, estate information, divorce planning, college planning and financial goals analysis.
- Tax & Cash Flow: Income tax\* and spending analysis and planning for past, current and future years. (\* Arbor Point Advisors and its investment adviser representatives do not provide tax or legal advice.)

- **Death & Disability:** Cash needs at death, income needs of surviving dependents, estate planning and disability income analysis.
- **Retirement:** Analysis of current strategies and investment plans to help you achieve your retirement goals. Retirement planning could include the review of qualified and non-qualified retirement plans and strategies.
- **Investments:** Analysis of investment alternatives, asset allocation strategies and their effects on your portfolio.
- **Life Insurance:** Analysis of current and future insurance needs.
- **College Planning:** Analysis of your college funding and planning situations along with recommendations of academic and financial strategies to increase your cash flow, which can be used to reduce college expenses and help maintain your retirement goals.

In addition, Arbor Point Advisors and your investment adviser representative may provide financial planning consultation services on specific areas of concern to you. These services can also include retirement plan consulting services provided to the plan sponsor (through a separate Retirement Plan Advisory Services Agreement) or to individuals wanting advice on how their plan investments should be allocated.

Arbor Point Advisors and your investment adviser representative may also provide financial planning services to business entities and groups requesting educational services and financial planning seminars or individual consulting and planning services for employees or members. If individual planning or consulting services are provided, each participating employee or member will be required to execute a separate agreement with us. These services will be advice-only services. Arbor Point Advisors and your investment adviser representative will not implement transactions on your behalf as part of these services. If you want Arbor Point Advisors or your investment adviser representative to implement transactions on your behalf, you will need to contract with Arbor Point Advisors and your investment adviser representative for our Asset Management Services program described later in this section. Or you may use your investment adviser representative in his or her separate capacity as a registered securities representative to establish a brokerage account and implement transactions in this separate capacity.

A conflict may exist between the interests of Arbor Point Advisors or your investment adviser representative and your interests if you choose to buy product(s) through your investment adviser representative in his or her capacity as an SAI registered securities representative where the representative may receive a commission on the product(s) sold in addition to the fees charged for financial planning and financial planning consultations. You are under no obligation to act upon Arbor Point Advisors' or your investment adviser representative's recommendations. If you elect to act on any of the recommendations, you are under no obligation to effect transactions through Arbor Point Advisors or our broker/dealer affiliate. Your investment adviser representative may recommend investments to you in which you may pay management fees and/or broker/dealer commissions if our broker/dealer affiliate processes the transaction.

When providing financial planning and financial planning consultation services, your investment adviser representative gathers information through interviews concerning your current financial status, future goals, attitude towards risk and time horizon. You may be required to complete a questionnaire and provide additional documentation as requested by Arbor Point Advisors or your investment adviser representative. Depending on the level of services you purchase, your investment adviser representative may prepare a written report. Implementing any recommendation may require you to work closely with your attorney,



accountant and/or insurance agent. Implementation is entirely at your discretion. Your investment adviser representative may also provide advice on non-securities matters. Generally, this is in connection with the rendering of estate planning, college planning and insurance and/or annuity advice.

Some states may preclude your investment adviser representative and Arbor Point Advisors from receiving a financial planning fee for services customarily associated with the solicitation of insurance sales or the servicing of an insurance contract. Other states may permit your representative and Arbor Point Advisors to receive an insurance financial planning fee and an insurance commission provided that certain conditions are met, such as written disclosure about the services and compensation. Please consult with your representative if you have questions as which regulations govern you and your account.

## **2. Asset Management Services**

Most clients receiving this brochure will be signing up for our Asset Management Service which can best be defined as giving continuous investment advice to a client and making investments for the client based on the individual needs of the client. Through this service, we offer a highly customized and individualized investment program for each client. A specific investment strategy is crafted to focus on the specific client's goals and objectives.

We provide our Asset Management Service through accounts maintained at a qualified custodian recommended and selected by Arbor Point Advisors (please refer the section *Brokerage Practices* for more information).

You must appoint our firm as your investment adviser of record on specified accounts (collectively, the "Account"). The Account consists only of separate account(s) held by qualified custodian(s) under your name. The qualified custodians maintain physical custody of all funds and securities of the Account, and you retain all rights of ownership (e.g., right to withdraw securities or cash, exercise or delegate proxy voting and receive transaction confirmations) of the Account (please refer to *Custody* for more information).

The Account is managed by us based on your financial situation, investment objectives and risk tolerance. Your investment adviser representative will monitor the Account and provide advice regarding buying, selling, reinvesting or holding securities, cash or other investments of the Account.

We will need to obtain certain information from you to determine your financial situation and investment objectives. You will be responsible for notifying us of any updates regarding your financial situation, risk tolerance or investment objective and whether you wish to impose or modify existing investment restrictions; however your investment adviser representative will contact you at least annually to discuss any changes or updates regarding your financial situation, risk tolerance or investment objectives. Your investment adviser representative is always reasonably available to consult with you relative to the status of your Account. You have the ability to impose reasonable restrictions on the management of your accounts, including the ability to instruct us not to purchase certain securities.

It is important that you understand that your investment adviser representative manages investments for other clients and may give them advice or take actions for his or her own personal accounts that is different from the advice provided to you or actions taken for you. We are not obligated to buy, sell or recommend to you any security or other investment that we may buy, sell or recommend for any other clients or for our staff's personal accounts.

Conflicts may arise in the allocation of investment opportunities among accounts that we manage. We strive to allocate investment opportunities believed to be appropriate for your account(s) and other

accounts advised by our firm among such accounts equitably and consistent with the best interests of all accounts involved. However, there can be no assurance that a particular investment opportunity that comes to our attention will be allocated in any particular manner. If we obtain material, non-public information about a security or its issuer that we may not lawfully use or disclose, we have absolutely no obligation to disclose the information to any client or use it for any client's benefit.

### ***Administrative Services Provided by Orion Advisor Services, LLC***

Arbor Point Advisors has engaged Orion Advisor Services, LLC (referred to as "ORION") to utilize its technology platforms to support data reconciliation, performance reporting, fee calculation and billing, research, client database maintenance, quarterly performance evaluations, payable reports, website administration, models, trading platforms, and other functions related to the administrative tasks of managing client accounts. Due to this arrangement, ORION will have access to client accounts, but ORION will not serve as an investment adviser to Arbor Point Advisors clients.

ORION charges Arbor Point Advisors a fee for each account administered by ORION. The annual fee is paid from the portion of the management fee retained by Arbor Point Advisors. If your account is a new account transferred to TD Ameritrade, the annual fee charged by ORION is paid by TD Ameritrade for the first full year of your account. Please refer to the section *Brokerage Practices* for more details.

ORION's parent company, NorthStar Financial Services Group, LLC, maintains a minority ownership interest in Arbor Point Advisors. Such interest may create a conflict of interest when ORION works with Arbor Point as any decision to utilize ORION's services is therefore not based solely on the services ORION provides.

### **3. Third-Party Money Managers**

In addition to our Financial Planning and Asset Management Services programs, there may be situations where your investment adviser representative believes it would be appropriate to have some or all of your investable assets managed by a third-party investment adviser firm that offers investment strategies not otherwise available through your adviser representative. In these situations, Arbor Point Advisors permits its representative to offer advisory services by referring clients to a third-party investment adviser that provides asset management and other investment advisory services. We refer to such firms as third-party money managers. The recommendation of third-party money managers is always done on a non-discretionary basis. This means you must approve of our recommendation prior to engaging a third-party money manager. In order to select a third-party money manager, you will be required to execute an agreement and other forms required by the money manager.

Third-party managers are responsible for continuously monitoring client accounts and making trades in client accounts when necessary. As a result of the referral, we are paid a portion of the fee charged and collected by the third-party money managers in the form of solicitor or consulting fees. Each solicitation arrangement is performed pursuant to a written solicitation agreement and is in compliance with SEC Rule 206(4)-3 and applicable state securities rules and regulations.

Under this program, we assist you with identifying your risk tolerance and investment objectives. We recommend third-party money managers in relation to your stated investment objectives and risk tolerance, and you may select a recommended third-party money manager or model portfolio based upon your needs.

You must enter into an agreement directly with the third-party money manager who provides your designated account with asset management services.

We are available to answer questions that you may have regarding your account and act as the communication conduit between you and the third-party money manager. The third-party money manager may take discretionary authority to determine the securities to be purchased and sold for your Account. Discretionary authority allows the third-party money manager to determine the type of securities, the amount of securities that can be bought or sold and the commission rates paid for your portfolio without obtaining your consent for each transaction. We do not have any trading authority with respect to your designated account managed by the third-party money manager.

Although we review the performance of numerous third-party money manager firms, we enter into only a select number of relationships with third-party money manager firms that have agreed to pay us a portion of the overall fee charged to our clients. Therefore, Arbor Point Advisors has a conflict of interest in that it will only recommend third-party money managers that will agree to compensate us for referrals of our clients.

Most third-party money managers recommended by our investment adviser representatives are unaffiliated companies. However, your investment adviser representative may recommend Ladenburg Thalmann Asset Management, Inc. (LTAM), an affiliated investment adviser. LTAM may also offer advisory services to other broker/dealers including our affiliated broker/dealer. We have an inherent conflict of interest in that we may recommend LTAM over other third party money managers because of our affiliation with LTAM. We control for this conflict of interest by not imposing quotas or requirements for our investment adviser representatives to use LTAM.

Clients are advised that there may be other third-party managed programs not recommended by our firm, that are suitable for the client and that may be more or less costly than arrangements recommended by our firm. No guarantees can be made that a client's financial goals or objectives will be achieved by a third-party investment adviser recommended by our firm. Further, no guarantees of performance can ever be offered by our firm.

## **FEES AND COMPENSATION**

---

### **1. Fees for Financial Planning Services**

The fee ranges detailed in this section are indicative of the standard fees typically charged. In some instances fees higher than those stated above may be charged if the scope of the contracted project warrants a higher fee. All fees are negotiable and are agreed upon prior to entering into a contract. Investment adviser representatives may waive or reduce agreed upon financial planning, consultation and seminar fees and expenses if you buy products or enter into agreements for other services with the representative. You and the adviser representative determine the exact fee and how the fee is to be paid. Investment adviser representatives negotiate fees with you based on the complexity of your personal circumstances, financial situation and the services that will be provided, the scope of the engagement, your gross income, the experience and standard fees charged by the representative providing the services, and the nature and total dollar asset value of the assets on which services will be provided. In addition, fees may be negotiated based on whether you have assets under management with the representative. Financial plans are generally presented to you within 90 days of entering the contract, provided that all

information needed to prepare the financial plan has been promptly provided by you. Fees of more than \$1,200 will not be collected six or more months in advance.

Investment adviser representatives may charge an hourly fee, a fixed fee or a percentage of the assets on which the adviser representative is providing financial planning consultation services. Hourly fees for financial planning and financial planning consultations are generally charged at a rate of up to \$750 or more per hour. As an alternative, a flat fee may be charged. Flat fees for financial planning and consultation services can range up to \$15,000 or more. Clients contracting for ongoing financial planning and consultation services may be charged an annual, semi-annual, quarterly or monthly retainer fee. Such fee is charged as a flat fee or a percentage of assets on which the investment adviser representative is providing advice. The maximum percentage charged will be 3.00% of the value of assets on which the consulting services are provided. Arbor Point Advisors and its investment adviser representatives may or may not charge individual attendees or sponsors for financial planning seminars. Financial planning seminar fees may range from zero to \$15,000 or more.

Fees may be charged to clients in advance of services being provided; upon completion of services provided; or a portion of the fee may be charged in advance with the remaining balance due upon completion and/or presentment of an invoice from Arbor Point Advisors. Fees for ongoing services will be due upon presentment of an invoice from Arbor Point Advisors.

Arbor Point Advisors and/or the investment adviser representatives may also be entitled to receive reimbursements from product sponsors for seminar expenses if disclosed and agreed to in advance by seminar attendees or sponsors. Please refer to the section *Client Referrals and Other Compensation* for more details.

Financial planning clients are not under any obligation to engage Arbor Point Advisors' investment adviser representatives in their SAI registered representative capacity when considering implementation of advisory recommendations. The implementation of any or all recommendations is solely at your discretion. You may engage individuals from non-affiliated broker/dealers to implement the advisory recommendations. The implementation of any or all recommendations is solely at your discretion. In that case, you would not receive the services provided by your investment adviser representative.

### **Termination of Services**

Financial planning services may be terminated at any time upon written notice of either Arbor Point Advisors or the client. Upon termination, clients are entitled to a refund of all deposits not already earned by Arbor Point Advisors. Clients may terminate services within five business days from the date of executing the agreement for services and receive a refund of no less than one-half of the retainer, or any unearned portion of the retainer, whichever is greater.

### **Other Fees**

Financial planning fees paid to Arbor Point Advisors are separate and distinct from the commissions, fees and expenses charged by insurance companies associated with any disability insurance, life insurance and annuities subsequently acquired by you. If you sell or liquidate certain existing securities positions to acquire any insurance or annuity, you may also pay a commission and/or deferred sales charges in addition to the financial planning and consulting fees paid to Arbor Point Advisors and any commissions, fees and expenses charged by the insurance company for subsequently acquired insurance and/or annuities.

If you elect to have your investment adviser representative, in his or her separate capacity as an insurance agent, implement the recommendations of Arbor Point Advisors, your investment adviser representative at his or her discretion may waive or reduce the fee charged for these services by the amount of the commissions received by your investment adviser representative as an insurance agent. Any reduction of the investment advisory fee will not exceed 100% of the insurance commission received.

All fees paid to Arbor Point Advisors for financial planning services are separate and distinct from the fees and expenses charged by mutual funds to their shareholders. These fees and expenses are described in each mutual 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, you may pay an initial or deferred sales charge.

All fees paid to Arbor Point Advisors for financial planning and consulting services are separate and distinct from the commissions charged by a broker-dealer or asset management fees charged by an investment adviser to implement such recommendations.

If you elect to have your investment adviser representative, in his or her separate capacity as an SAI registered representative, implement the recommendations through an SAI commission-based account, your investment adviser representative at his or her discretion may waive or reduce the financial planning fee charged by the amount of the commissions received as a registered representative. Any reduction of the investment advisory fee will not exceed 100% of the commission received as a registered representative. In addition your investment adviser representative may recommend load or no-load mutual funds that charge you 12b-1 fees. Your investment adviser representative may receive a portion of these 12b-1 fees in his or her separate capacity as a registered representative of SAI. The receipt of 12b-1 fees could represent an incentive for Arbor Point Advisors or your investment adviser representative to recommend mutual funds with 12b-1 fees or higher 12b-1 fees over mutual funds with no 12b-1 fees or lower 12b-1 fees and therefore creates a conflict of interest.

If you elect to implement the recommendations of Arbor Point Advisors through our other investment advisory programs, Arbor Point Advisors may waive or reduce a portion of the investment advisory fees for such investment advisory program(s). Any reduction will be at the discretion of your investment adviser representative and disclosed to you prior to contracting for additional investment advisory services.

It should be noted that lower commissions and fees for comparable services may be available from other sources.

---

## 2. Fees for Asset Management Services

The annual management fee charged for services provided through our Asset Management Services program is based on the complexity of your financial situation, the services that will be provided, the experience and standard fees charged by your investment adviser representative providing services, and the nature and total dollar asset value of the assets maintained in your account.

**The maximum annual fee we permit our investment adviser representatives to charge is 3.00%.** Some of our adviser representatives choose to charge a fixed percentage fee on the total assets while other adviser representatives choose to implement a tiered fee schedule whereby the percentage-based fee is lowered as assets in your accounts increase.

You and your investment adviser representative may negotiate the fee. Therefore fees will vary from client to client. The exact fee charged to or fee schedule used with you is disclosed and quoted to you prior to services being provided. Your adviser representative can choose to "bundle" related Asset Based Brokerage Services Program accounts for you to achieve a break on management fees. Account bundling can be done on accounts with the same fee schedule and with clients in the same immediate family or under the same qualified plan. When accounts are bundled, the total average daily balance for all of the bundled accounts is used to determine the fee percentage from the fee schedule. This percentage is then applied to each account and a fee charged to each account respectively.

For administrative and support services we retain up to 0.25% of the investment adviser representative's annualized management fee. The investment adviser representative is paid the balance. For assets held in Asset Based Brokerage Services, we charge a \$50 annual processing fee for accounts that fall below \$100,000 at the end of the calendar year. This fee may be passed on to your investment adviser representative at our discretion.

Fees for management services are charged monthly or quarterly in advance on the 15th business day of the month. Fees are based on the previous period's (month or quarter) average daily balance or period ending balance during the billing period. In any partial period (calendar month or quarter), the fee is pro-rated based upon the number of days the account was open during the month.

Typically, management fees are automatically deducted from your account according to your authorization provided in your agreement for services. On an exception basis, you may have the management fees paid from other accounts or have us bill you directly by invoice. In such cases, the management fee is noted as zero on your brokerage statement.

### **Termination of Services**

The Client Agreement between you and our firm may be canceled at any time, for any reason. However, services provided will continue until either you or we give written notice of termination to the other party. Termination is effective upon receipt of notice, although transactions in progress will be completed in the normal course of business. Upon termination of our Asset Management Services, any prepaid, unearned management fees will be calculated and promptly refunded based upon the number of days remaining in the billing period after the termination date. Subsequent transactions in a closed account are subject to your broker/dealer's normal brokerage rates and commissions.

### **Other Fees**

Brokerage commissions and/or transaction ticket fees charged by the broker/dealer are billed directly to your account by the broker/dealer. Arbor Point Advisors does not receive any portion of such commissions or fees from you or the broker/dealer. In addition, you may incur certain charges imposed by third parties other than Arbor Point Advisors in connection with investments made through your account including, but not limited to, mutual fund sales loads, 12b-1 fees and surrender charges, variable annuity fees and surrender charges, IRA and qualified retirement plan fees, and charges imposed by the broker/dealer-qualified custodian(s) of your account. Management fees charged by Arbor Point Advisors are separate and distinct from such fees including fees and expenses charged by investment company securities that may be held in your account. Arbor Point Advisors does not receive any portion of such fees. A description of these fees and expenses are available in each investment company security's prospectus. The ongoing management fee for investment management services may cost you more than if the assets were held in a traditional brokerage account. In a brokerage account, you are charged a commission for each transaction,

and the representative has no duty to provide ongoing advice with respect to the account. If you plan to follow a buy and hold strategy for the account or do not wish to buy ongoing investment advice or management services, you should consider opening a brokerage account rather than an advisory account. Fees charged in our programs may be more than the cost of purchasing the same services separately. You may be able to obtain similar services for a lesser fee from other advisors. The fees charged vary among our programs.

Our firm also may invest a portion of your assets in mutual funds, exchange traded funds or variable annuities and charge an investment management fee on your assets invested in these securities. Therefore, you may pay two levels of fees for the management of your assets, one directly to our firm and one indirectly to the managers of the mutual funds; exchange traded funds or variable annuities held in their portfolios. The underlying assets may be bought directly through the mutual fund company or variable annuity company. Therefore, you could generally avoid the second layer of fees by making your own decisions regarding the mutual fund, exchange traded fund or variable annuity investment. However, in that case, you would not receive the investment management services provided by your investment adviser representative.

Arbor Point Advisors' policy prohibits the imposition of an asset-based fee for 18 months on products that were subject to a commission and sold by your representative at the time of purchase, with the exception of mutual fund class-C shares. Arbor Point Advisors' policy prohibits the imposition of an asset-based fee for 12 months for mutual fund class-C shares that were subject to a commission and sold by your representative at the time of purchase. While these products may be allowed to be journaled from a commission-based account to an advisory account, Arbor Point Advisors' policy is to exclude these products from the fee-calculation unless first held for 18 months, with the exception of mutual fund class-C shares, which have a 12 month holding period. While Arbor Point Advisors (or an entity on its behalf) has designed reasonable controls to monitor for such activity, we encourage you to check the accuracy of your advisory fee billings in those cases where you have a commission-based product, sold by your investment adviser representative, transferred to a fee-based account.

---

### 3. Fees for Third-Party Money Managers

Arbor Point Advisors and our investment adviser representatives are compensated by third-party money managers through solicitor or consulting fees. You should be aware that the solicitor or consulting fees paid to Arbor Point Advisors differ among recommended managers. We may receive marketing override fees or preferred sponsor fees from third-party money managers. If we do not receive marketing override fees or preferred sponsor fees, then we may retain up to 10% of the investment adviser representative's solicitation fees or consulting fees from those programs.

Fees charged by third-party money managers may be negotiated but generally range from .10% to 3.0 % annually, depending upon the manager selected, the size of the account and the services covered. Under some programs, an inclusive fee covers account management, brokerage, clearance, custody and administrative services. In other programs, the account may be charged separately for such services. The amount of the fees, services provided, payment structure, termination provisions and other aspects of each program are detailed and disclosed in the third-party investment adviser's Form ADV, the wrap fee disclosure brochure or other applicable disclosure documents such as the disclosure documents of the managers selected and the account opening documents. Arbor Point Advisors and your investment

adviser representative share in a portion of the fee charged by the third-party money manager. The shared portion varies from program to program. Disclosure of the shared amount will be provided to you at the time you engage a third party money manager and can also be obtained from us upon request but generally ranges between 25% - 75% of your total fee. All fees are calculated and collected by the third-party money manager who will be responsible for delivering our portion of the fee paid by you to us.

In mutual fund/variable annuity programs, your investment adviser representative assists you in selecting various strategies consisting of model portfolios of mutual funds and/or variable annuity sub-accounts or assists you in designating certain of your existing investment in mutual funds and/or variable annuities to be managed by a third-party investment adviser firm. Arbor Point Advisors and the investment adviser representatives do not manage or obtain discretionary authority over the assets in accounts participating in these programs. The third-party adviser either rebalances the mutual funds, variable annuity sub-accounts or model portfolios selected by you on a predetermined schedule or actively manages a portfolio of mutual funds and/or variable annuity sub-accounts in accordance with your stated general strategy or objectives.

Annual fees charged as a percentage of assets under management are charged, monthly or quarterly, in advance or arrears as agreed upon between you and your investment adviser representative. Your representative quotes an exact percentage to you based on the nature and total asset value of that account. Fees of more than \$1,200 will not be collected six or more months in advance.

Under this program, you may incur additional charges including but not limited to, mutual fund sales loads, 12b-1 fees and surrender charges, and IRA and qualified retirement plan fees.

We have a conflict of interest by only offering those third-party money managers that have agreed to pay a portion of their advisory fee to us and have met the conditions of our due diligence review. In addition, we may have the incentive to recommend a money manager that agrees to allocate a higher portion of the total fee to our firm over other money managers that allocate a lower percentage to our firm. There may be other third-party money managers that may be suitable for you and/or may be more or less costly. No guarantees can be made that your financial goals or objectives will be achieved. Further, no guarantees of performance can be offered.

The amount of compensation Arbor Point Advisors or your representative may receive in a particular program may be more than would be received if you participated in other Arbor Point Advisors programs or paid separately for investment advice, brokerage and other services. Your investment adviser representative is not under any obligation to promote or use one money manager over another. You may want to consider the following factors when determining the reasonableness of the fees charged, including the following:

- The cost of developing investment strategies and managing the assets.
- The cost of producing performance reports covering the managed assets.
- The cost of administrative, marketing and website services.
- Transaction and custody costs or other miscellaneous fees, taxes or charges, as well as commissions or mark-ups and mark-downs on the purchase and sale of securities.
- The value of the services provided in assisting you in designing, establishing and monitoring the managed assets.



- The cost of the additional administrative, marketing, asset management and other support services that may be provided in the management of a program account.

Arbor Point Advisors, your investment adviser representative, in their capacity as licensed registered securities representatives of SAI, and SAI are able to effect securities transactions for separate and typical compensation for any client requesting these securities transaction services. Your investment adviser representative may sell insurance products in his or her separate capacity as an independent insurance agent, for sales commissions. If your investment adviser representative is a SAI registered securities representative he or she has the discretion to determine the amount of commission charged to his or her clients on products other than mutual funds or insurance products.

In addition to the advisory fees disclosed in your advisory agreement or commissions you pay for the purchase of securities and insurance products, your investment adviser representative may receive compensation, including bonuses and non-cash compensation, for selling certain securities or other investment products. Examples of non-cash compensation may include the receipt of due diligence and/or marketing allowance payments from certain sponsors. While the arrangements with each sponsor may vary, each product sponsor may pay a due diligence or marketing allowance fee based upon the amount of assets held at the sponsor or on the gross amount of each sale, depending upon the product. In certain cases, additional payments are paid or directed to Arbor Point Advisors or SAI for selling these products. This may create a conflict of interest based on the amount of compensation Arbor Point Advisors or SAI receives when recommending one non-publicly traded product over another. As a result, certain incentives and conflicts of interest may exist for your investment adviser representative if you buy certain recommended products or services. We encourage you to review this ADV closely and discuss any conflicts of interest with your representative.

---

## Other Fees

Investment adviser representatives may sell recommend mutual fund and insurance products offered by subsidiaries of Ladenburg Thalmann Financial Services, Inc. (LTFS). Securities America Financial Corporation, the parent of SAI and Arbor Point Advisors is a wholly-owned subsidiary of Ladenburg Thalmann Financial Services, Inc. and, therefore, a potential conflict of interest may exist when Arbor Point Advisors investment adviser representatives recommend these products. Due to the interrelationship of these entities, conflicts of interest may arise that are not readily apparent to you. Securities America Financial Corporation, through our firm, SAI, our broker/dealer affiliate, and through Ladenburg Thalmann Financial Services, Inc. in the course of its business operations, may engage in marketing allowance or sponsorship arrangements with third parties, sub-advisors, and brokerage firms to promote the distribution of investment products, including variable annuity and insurance products, mutual funds, managed accounts and customized portfolios. These additional engagements may not necessarily result in additional assets under management with our firm. However, investment adviser representatives are under no obligation to sell these products or to meet any selling quotas related specifically to these products. We encourage you to review this ADV closely and discuss any potential conflicts of interest with your representative.

An outside third party money manager recommended by our firm may use SAI, our broker/dealer affiliate and investment adviser representatives who are also SAI registered securities representatives to implement recommended transactions for separate compensation, provided that the use of SAI is consistent with the manager's obligation of best execution. We recognize your unrestricted right to select and choose any broker or dealer you wish, except in situations where we or a recommended manager is given discretionary authority over your account. However, no manager is under any obligation to use our broker/dealer affiliate for any securities transactions.

Clients may purchase securities through broker-dealers in initial public offerings, secondary offerings and special purpose acquisition company transactions. An affiliate of our firm may act as an underwriter or manager for such offerings, and as such, will receive compensation equal to either all or a portion of "gross spread" (the difference between the price the client pays for the security and the price at which the affiliated firm purchased the securities). Our firm may also receive a portion of the gross spread as a member of the selling syndicate. The advisory fee is not reduced to offset this compensation. The amount of the gross spread is described in the relevant prospectus, offering circular or official statement.

Our firm may share a portion of payments received from a mutual fund or in connection with an initial public offering, a secondary offering, and/or a private placement with your investment adviser representative. Your representative may also receive compensation, such as 12b-1 or services fees, in connection with the sale of funds. Therefore, your investment adviser representative has an incentive to recommend implementing the recommendations made through our firm. This conflict of interest is heightened when your investment adviser representative recommends securities where our firm is a member of the selling syndicate because your investment adviser representative typically receives more compensation in connection with these securities than in connection with other types of securities. Your investment adviser representative may also have a heightened conflict of interest when recommending funds that pay compensation, because he or she may receive a portion of that compensation. Your investment adviser representative may favor certain clients when offering initial public offerings, secondary offerings and other follow-on offerings. Trade allocation will be determined on a basis that is fair, reasonable and equitable to those selected clients and that meets the clients' investment objectives. Factors such as the size of the account and the account's investment objectives may be taken into account when allocating investments. When an order is only partially filled, the security will be allocated to accounts pro-rata to the allocation of the original order quantities. Commission and transaction costs will be allocated to each account pro-rata.

With respect to initial public offerings, secondary offerings and other follow-on offerings, an allocation pro-rata to the original order quantity will be applied where demand exceeds supply. Where it is not possible to apply this policy in any particular trade, efforts will be made to allocate the next investment opportunities so that clients participating in the offerings over time, irrespective of account size, receive equitable treatment in the filling of orders.

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

---

Performance-based fees are defined as fees based on a share of capital gains on or capital appreciation of the assets held in a client's account. Arbor Point Advisors does not charge or accept performance-based fees.

## TYPES OF CLIENTS

---

We generally provide investment advice to:

- (1) Individuals;
- (2) High net worth individuals;
- (3) Banks or thrift institutions;
- (4) Pension and profit sharing plans;
- (5) Trusts, estates, or charitable organizations;
- (6) Corporations or business entities; and
- (7) State and municipal governmental entities.

---

## Account Minimums

We do not impose a minimum investment amount or other requirement for our financial planning services.

Arbor Point Advisors generally requires a minimum of \$25,000 in order to open an account. Exceptions may be granted at the discretion of our firm or your investment adviser representative.

Third-party money managers may have minimum account and minimum fee requirements in order to participate in their programs. Each-third party money manager will disclose its minimum account size and fees in its Form ADV Part 2A Disclosure Brochure.

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

---

Our investment adviser representatives use various methods of analysis and investment strategies. Therefore, methods and strategies will vary based on the adviser representative providing advice. Models and strategies used by one adviser representative may be different than strategies used by other representatives.

Some investment adviser representatives may use just one method or strategy while others may rely on multiple strategies. Arbor Point Advisors does not require or mandate a particular investment strategy be implemented by its adviser representatives. Further, Arbor Point Advisors has no requirements for using a

particular analysis method and adviser representatives are provided flexibility (subject to Arbor Point Advisors supervision and compliance requirements) when developing their investment strategies.

The following sections provide brief descriptions of some of the more common methods of analysis and investment strategies that are used by Arbor Point Advisors' investment adviser representatives.

---

## Methods of Analysis

Security analysis methods may include:

Charting - This is a set of techniques used in technical analysis in which charts are used to plot price movements, volume, settlement prices, open interest, and other indicators, in order to anticipate future price movements. Users of these techniques, called chartists, believe that past trends in these indicators can be used to extrapolate future trends.

Charting is likely the most subjective analysis of all investment methods since it relies on proper interpretation of chart patterns. The risk of reliance upon chart patterns is that the next day's data can always negate the conclusions reached from prior days' patterns. Also, reliance upon chart patterns bears the risk of a certain pattern being negated by a larger, more encompassing pattern that has not shown itself yet.

Cyclical – This method analyzes the investments sensitive to business cycles and whose performance is strongly tied to the overall economy. For example, cyclical companies tend to make products or provide services that are in lower demand during downturns in the economy and in higher demand during upswings. Examples include the automobile, steel, and housing industries. The stock price of a cyclical company will often rise just before an economic upturn begins, and fall just before a downturn begins. Investors in cyclical stocks try to make the largest gains by buying the stock at the bottom of a business cycle, just before a turnaround begins.

While most economists and investors agree that there are cycles in the economy that need to be respected, the duration of such cycles is generally unknown. An investment decision to buy at the bottom of a business cycle may actually turn out to be a trade that occurs before or after the bottom of the cycle. If done before the bottom, then downside price action can result prior to any gains. If done after the bottom, then some upside price action may be missed. Similarly, a sell decision meant to occur at the top of a cycle may result in missed opportunity or unrealized losses.

Fundamental – This is a method of evaluating a security by attempting to measure its intrinsic value by examining related economic, financial and other qualitative and quantitative factors. Fundamental analysts attempt to study everything that can affect the security's value, including macroeconomic factors (like the overall economy and industry conditions) and individually specific factors (like the financial condition and management of a company). The end goal of performing fundamental analysis is to produce a value that an investor can compare with the security's current price in hopes of figuring out what sort of position to take with that security (underpriced = buy, overpriced = sell or short). Fundamental analysis is considered to be the opposite of technical analysis. Fundamental analysis is about using real data to evaluate a security's value. Although most analysts use fundamental analysis to value stocks, this method of valuation can be used for just about any type of security.

The risk associated with fundamental analysis is that it is somewhat subjective. While a quantitative approach is possible, fundamental analysis usually entails a qualitative assessment of how market forces interact with one another in their impact on the investment in question. It is possible for those market forces to point in different directions, thus necessitating an interpretation of which forces will be dominant. This interpretation may be wrong, and could therefore lead to an unfavorable investment decision.

Technical – This is a method of evaluating securities by analyzing statistics generated by market activity, such as past prices and volume. Technical analysts do not attempt to measure a security's intrinsic value, but instead use charts and other tools to identify patterns that can suggest future activity. Technical analysts believe that the historical performance of stocks and markets are indications of future performance.

Technical analysis is even more subjective than fundamental analysis in that it relies on proper interpretation of a given security's price and trading volume data. A decision might be made based on a historical move in a certain direction that was accompanied by heavy volume; however, that heavy volume may only be heavy relative to past volume for the security in question, but not compared to the future trading volume. Therefore, there is the risk of a trading decision being made incorrectly, since future trading volume is an unknown. Technical analysis is also done through observation of various market sentiment readings, many of which are quantitative. Market sentiment gauges the relative degree of bullishness and bearishness in a given security, and a contrarian investor utilizes such sentiment advantageously. When most traders are bullish, then there are very few traders left in a position to buy the security in question, so it becomes advantageous to sell it ahead of the crowd. When most traders are bearish, then there are very few traders left in a position to sell the security in question, so it becomes advantageous to buy it ahead of the crowd. The risk in utilization of such sentiment technical measures is that a very bullish reading can always become more bullish, resulting in lost opportunity if the money manager chooses to act upon the bullish signal by selling out of a position. The reverse is also true in that a bearish reading of sentiment can always become more bearish, which may result in a premature purchase of a security.

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

---

## Investment Strategies

Various investment strategies may be employed in our programs. However, a specific investment strategy or investment policy is determined for you to focus on your specific goals and objectives. Investment strategies and philosophies used within our managed programs vary based on the advice provided by your

investment adviser representative. Models and strategies used by one representative may be different than strategies used by other representatives. Some investment adviser representatives limit their advice to mutual funds and others will provide advice on a full range of securities that include equities, mutual funds, options, fixed income and other types of investments listed elsewhere in this brochure. Your investment adviser representative may develop models or strategies that are generally applied to their clients while other representatives will develop individualized portfolios for each client. The following are descriptions of some, though not necessarily all, of the strategies used by our firm and investment adviser representatives.

Long term purchases. Investments held at least a year.

Short term purchases. Investments sold within a year.

Frequent trading. This strategy refers to the practice of selling investments within 30 days of purchase.

Short sales. A short sale is generally the sale of a stock not owned by the investor. Investors who sell short believe the price of the stock will fall. If the price drops, the investor can buy the stock at the lower price and make a profit. If the price of the stock rises and the investor buys it back later at the higher price, the investor will incur a loss. Short sales require a margin account.

Margin transactions. When an investor buys a stock on margin, the investor pays for part of the purchase and borrows the rest of the purchase price from a brokerage firm. For example, an investor may buy \$5,000 worth of stock in a margin account by paying for \$2,500 and borrowing \$2,500 from a brokerage firm. Clients cannot borrow stock from Arbor Point Advisors.

Option writing including cover options, uncovered options or spreading strategies. Options are contracts giving the purchaser the right to buy or sell a security, such as stocks, at a fixed price within a specific period of time.

Tactical asset allocation. Allows for a range of percentages in each asset class (such as Stocks = 40-50%). The ranges establish minimum and maximum acceptable percentages that permit the investor to take advantage of market conditions within these parameters. Thus, a minor form of market timing is possible, since the investor can move to the higher end of the range when stocks are expected to do better and to the lower end when the economic outlook is bleak.

Strategic asset allocation. Calls for setting target allocations and then periodically rebalancing the portfolio back to those targets as investment returns skew the original asset allocation percentages. The concept is akin to a "buy and hold" strategy, rather than an active trading approach. Of course, the strategic asset allocation targets may change over time as the client's goals and needs change and as the time horizon for major events such as retirement and college funding grow shorter.

If your individual situation changes, you should notify your investment adviser representative, who will assist you in revising the current portfolio and/or prepare an updated client profile so that he/she can

determine if a different model portfolio would be appropriate to your new situation. You may also directly contact the third-party adviser managing the account.

It is important that you understand the concept and risks inherent in exchanging an investment from one position to another. Some investment decisions result in profit and others in losses. Arbor Point Advisors and your investment adviser representative cannot guarantee that the objectives of any investment program will be achieved. Furthermore, it is important that you understand that the exchange of shares of one mutual fund for shares of another mutual fund is treated as a sale for federal income tax purposes, and that capital gains or losses may be realized unless you are eligible for tax deferral under a qualified retirement plan.

In limited circumstances, your investment adviser representative or third-party money manager may engage in a strategy involving frequent trading. You should consider the following points before entering into an advisory relationship where such trading occurs. Active trading can be extremely risky and is not appropriate for someone of limited resources and limited investment trading or trading experience and low risk tolerance. You should be prepared to lose all of the funds that you invest in securities. In particular, you should not fund this type of trading with retirement savings, student loans, second mortgages, emergency funds, funds set aside for purposes such as education or home ownership, or funds required to meet your living expenses. Active trading may result in few or no profits, and worse, may lead to large financial losses very quickly. Active trading requires in-depth active knowledge of the securities market and of sophisticated and disciplined trading techniques and strategies. Also, you must compete with professional, licensed traders employed by securities firms and other knowledgeable, experienced and well-trained traders. You should have appropriate knowledge and experience before engaging in active trading. You should be familiar with a securities firm's business practices, including the operation of the firm's order execution systems and procedures. Under certain conditions, you may find it difficult or impossible to liquidate a position quickly at a reasonable price. Your success will be affected by strengths and weaknesses and the methods and practices of the brokerage firm in executing trades. You should develop an intimate knowledge of these matters before you engage in an active trading strategy. Active trading may involve aggressive trading, and you can, generally, expect to pay commissions on each trade. The total daily commissions that you pay on your trades will add to your losses or significantly reduce your earnings. For instance, assuming that each trade costs \$16 and an average of 29 transactions are conducted per day, you would need to generate an annual profit of \$111,360 just to cover commission expenses. Tax consequences can be affected due to shorter-term purchases and sells. You may want to consult your tax professional for advice. Your portfolio may tend to be more volatile with shorter term or more active trading.

---

## Risk of Loss

Investment portfolios, programs, models, asset allocations or strategies entail the risk of loss; and values and returns will fluctuate over time. While we seek to limit any losses, there have been periods of loss in the past, and there will likely be others in the future. Arbor Point Advisors and our investment adviser representatives emphasize that investment returns, particularly over shorter time periods, are highly dependent on trends in the various investments markets. Thus, our investment management services are generally suitable only for long-term investment objectives or strategies, rather than for short-term trading purposes. Diversification does not guarantee a profit or guarantee to protect you against loss, and there is no guarantee that your investment objectives will be achieved. These programs, portfolios, models, asset allocations and strategies are not FDIC insured and the investments in them may lose value. All

investment programs have certain risks that are borne by you. Our investment approach constantly keeps the risk of loss in mind. You face the following investment risks:

- Interest-rate Risk: Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- Market Risk: The price of a security, bond or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events.
- Inflation Risk: The risk is that the rate of inflation will exceed the rate of return on an investment.
- Currency Risk: Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- Reinvestment Risk: This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.
- Business Risk: These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They generally carry a higher risk of profitability than an electric company, which may generate much of its income from a steady stream of customers who buy electricity no matter what the economic environment is like.
- Liquidity Risk: Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.
- Financial Risk: Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.
- Management Risk – Your investment through our firm varies with the success and failure of your investment adviser representative's investment strategies, research, analysis and determination of portfolio securities. If your representative's investment strategies do not produce the expected returns, the value of the investment will decrease.
- Margin Risk - When you purchase securities, you may pay for the securities in full or borrow part of the purchase price from your account custodian or clearing firm. If you intended to borrow funds in order to purchase securities, you will be required to open a margin account, which will be carried by the clearing firm. The securities purchased in such an account are the clearing firm's collateral for its loan to you.

If those securities in a margin account decline in value, the value of the collateral supporting this loan also declines, and as a result, the brokerage firm is required to take



action in order to maintain the necessary level of equity in your account. The brokerage firm may issue a margin call and/or sell other assets in your account.

It is important that you fully understand the risks involved in trading securities on margin, which are applicable to any margin account that you may maintain, including any margin account that may be established as part of the Asset Management Agreement established between you and Arbor Point Advisors and held by the account custodian or clearing firm.

These risks include the following:

- You can lose more funds than you deposit in your margin account.
- The account custodian or clearing firm can force the sale of securities or other assets in your account.
- The account custodian or clearing firm can sell your securities or other assets without contacting you.
- You are not entitled to choose which securities or other assets in your margin account may be liquidated or sold to meet a margin call.
- The account custodian or clearing firm may move securities held in your cash account to your margin account and pledge the transferred securities.
- The account custodian or clearing firm can increase its "house" maintenance margin requirements at any time and they are not required to provide you advance written notice.
- You are not entitled to an extension of time on a margin call.

Past performance is not indicative of future results. Therefore, you should never assume that future performance of any specific investment or investment strategy will be profitable. Investing in securities (including stocks, mutual funds, and bonds, etc.) involves risk of loss. Further, depending on the different types of investments there may be varying degrees of risk. You should be prepared to bear investment loss including loss of original principal. There is no guarantee that your investment objectives will be achieved.

Our firm and our affiliated entities make no promises, representations, warranties or guarantees that any of its services to be rendered will result in a profit to you. Our firm and our affiliated entities do not guarantee the future performance or any specific level of performance, the success of any investment decision or strategy that our firm and any of our affiliated entities may use or the success of our overall management. You should understand that investment decisions made for you by our firm or any of our affiliated entities are subject to various market, currency, economic, political and business risks and that those investment decisions will not always be profitable. You should understand that Arbor Point Advisors, Arbor Point Advisors representatives and our affiliated entities will not be liable for any loss incurred with respect to your account, except where such loss directly results from such party's negligence or malfeasance. Nothing in this section is intended to be a waiver of any right of action you may have under applicable securities laws or your rights in the event Arbor Point Advisors, the Arbor Point Advisors representative or its affiliated subsidiaries breach any fiduciary duty owed to you.

Arbor Point Advisors through SAI monitors accounts based on standard deviation thresholds. For information about these thresholds, please visit [www.securitiesamerica.com](http://www.securitiesamerica.com) under Investors/Investor Information.

## DISCIPLINARY INFORMATION

---

Arbor Point Advisors has no legal or disciplinary events that are material to a client's or prospective client's evaluation of our business or integrity.

Our parent company, Securities America Financial Corporation, and some of its subsidiaries are involved in the normal course of business in legal, regulatory and arbitration proceedings, including class actions, concerning matters arising in connection with the conduct of its activities.

In July 2009, two issuers of private placement interests (Medical Capital Holdings, Inc./Medical Capital Corporation and affiliated corporations and Provident Shale Royalties, LLC and affiliated corporations) sold by the Company's subsidiary Securities America, Inc. ("SAI") were the subject of SEC actions (brought against those entities and individuals associated with them), which resulted in several putative class action lawsuits naming both SAI and Ameriprise, as well as related regulatory inquiries. Approximately \$400 million of Medical Capital and Provident Shale investments made by SAI clients defaulted. On January 26, 2010, the Commonwealth of Massachusetts filed an Administrative Complaint against SAI. On May 23, 2011, SAI reached a settlement with Massachusetts which required SAI to pay \$2.8 million to Massachusetts investors plus potential additional amounts in the future. The settlement does not include any fines against Securities America, and contained no acknowledgement of wrongdoing. On August 5, 2010, the Montana Securities Division brought an enforcement complaint against SAI and several individuals regarding sales to less than 10 investors in that State. This case was settled on March 14, 2012 for \$115,000. On February 13, 2012, the State of NH filed a Notice of Order against SAI and two individuals regarding sales of Medical Capital to six investors in that state. That matter is scheduled for hearing on November 6, 2012, and involves only claims for fines (\$2,500 per violation), costs of the proceeding, and disgorgement of commissions (approximately \$25,000), not any further payments to any investors. A significant volume of FINRA arbitrations were also brought against SAI. All the class actions and all but 6 arbitrations have now been resolved. The combined settlements provided a total of approximately \$162 million to investors.

## OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

---

### Financial Industry Affiliates

Arbor Point Advisors conducts activities with some affiliates who are "related persons" as defined on the U.S. Securities and Exchange Commission's Form ADV. These activities may be material to our investment advisory business or our advisory clients. These affiliates include companies under common control of Securities America Financial Corporation by virtue of their status as subsidiaries of Securities America Financial Corporation. Arbor Point Advisors, Securities America Advisors, Inc. (SAA), and SAI, are subsidiaries of Securities America Financial Corporation.

## **Securities America, Inc.**

SAI is a full-service, introducing broker/dealer, member of FINRA and SIPC. Investment adviser representatives of Arbor Point Advisors may also be registered securities representatives with SAI. When placing securities transactions through SAI in their capacity as registered securities representatives, Arbor Point Advisors adviser representatives are allowed to earn sales commissions. OSJ Managers ("supervisors") who are responsible for the direct supervision of your representative may receive a percentage of commissions or fees as an override to compensate them for their supervisory services. This may be perceived as a conflict of interest. However, your representative and his/her supervisor maintain their independence through their commitment to meeting their client duties and regulatory obligations. The payment of an override, fee or commission is not the determining factor when making a recommendation or providing investment advice however, you should discuss any conflict of interest with your representative prior to following any recommendation or investment advice. You are under no obligation to purchase products or services recommended by your representative.

SAI is also a licensed insurance agency and the associated persons of SAI and Arbor Point Advisors may also be independently licensed to sell insurance products through various insurance companies. When acting in these capacities, commissions are paid to SAI for selling these products.

The compensation received from SAI may create a conflict of interest whenever an associated person recommends an insurance or investment product through SAI.

## **Securities America Advisors, Inc.**

Arbor Point Advisors is under common ownership with another investment adviser firm, Securities America Advisors, Inc. which is also owned by Securities America Financial Corporation. Arbor Point Advisors is registered with the SEC, relying on Rule 203A-2(c) under the Investment Advisers Act of 1940, because Arbor Point Advisors is under common control with SAA, an investment adviser that is registered with the SEC, and Arbor Point Advisors' principal office and place of business is the same as SAA. We share officers and home office employees with SAA. However, our investment adviser representatives are only licensed with Arbor Point Advisors and not also with SAA. Although our services are similar to those provided by SAA, our investment adviser representatives do not provide advisory services for SAA or utilize the programs sponsored by SAA.

## **Other Financial Industry Affiliates**

Securities America Financial Corporation is a wholly-owned subsidiary of Ladenburg Thalmann Financial Services, Inc. (LTFS). Ladenburg Thalmann Financial Services, Inc. provides financial products and services through subsidiaries. Ladenburg Thalmann Financial Services, Inc. has several other subsidiaries registered as investment advisors, broker/dealers, an investment company, a trust company, and insurance companies or agencies.

Your investment adviser representative may also recommend that clients invest in securities issued in an initial public and secondary offering ("new issue") transactions for which Ladenburg Thalmann & Company, Inc. (LTCO) an affiliated broker-dealer, acts as a manager, an underwriter and/or a member of the selling group or Arbor Point Advisors or SAI may also act as a member of the selling group. Our firm has a conflict of interest when recommending these securities for several reasons. First, our affiliated broker-dealer, Ladenburg Thalmann & Company, receives all or a portion of the gross spread – the difference between the price that the client pays for the security and the price that Ladenburg Thalmann & Company purchases the security for -- in connection with such sales. This gross spread is generally 7%, but may be higher or

lower in connection with certain offerings. If our firm is a member of the selling group, we also receive a portion of the gross spread. Your investment adviser representative generally receives a portion of this compensation in his or her capacity as a registered securities representative for SAI. In addition, LTCO has a substantial interest—both financial and with respect to its reputation—in assuring that the offering is successful by having a large number of the securities purchased. Finally, in connection with certain offerings, LTCO has an obligation to purchase and resell a certain number of securities. Thus, because of our affiliation with LTCO, we may have incentives to recommend investments in these offerings for these reasons, rather than based solely on a client's needs. To address these conflicts, we have policies and procedures in place to make sure that securities in initial public offerings are recommended only to clients for whom they are suitable given the client's investment objectives and assets. In addition, clients are generally given transaction specific disclosure prior to the client's decision to invest in such securities.

Ladenburg Thalmann Asset Management (LTAM), Investacorp Advisory Services and Triad Advisors, Inc. are SEC registered investment advisers and are wholly owned subsidiaries of Ladenburg Thalmann Financial Services, Inc. Ladenburg Thalmann Asset Management, Inc. (LTAM) owns 50% of Ladenburg Thalmann Fund Management, LLC (LTFM), which is a registered investment adviser. Ladenburg Thalmann Fund Management, LLC (LTFM) is an adviser to an open-end registered investment company, the Boyar Value Fund, Inc. This fund is an open-end diversified management investment company. SAI, our broker-dealer affiliate may distribute this fund along with the funds of other investment companies. Your investment adviser representative may recommend that clients invest in the Boyar Value Fund or in the Ladenburg Thalmann Alternative Strategies Fund, for which LTAM acts as investment adviser and SAI acts as distributor. Ladenburg Thalmann Alternative Inc. is the manager of Ladenburg Opportunity Fund I, LLC, a hedge fund. LTAM Titan Fund, LLC is a fund of funds hedge fund, its sole managing member is LTAM.

Recommendations made to purchase these investments create a conflict of interest because LTAM and SAI generally receive more compensation in connection with the purchase of these funds than they do in connection with the purchase of other funds. In addition, these funds pay fees in connection with services or distribution, such as 12b-1 fees. These fees are paid to SAI as broker-dealer. Your investment adviser representative may receive part of the compensation paid to SAI in his or her capacity as a registered securities representative of SAI to the extent permitted by applicable law. SAI and Arbor Point Advisors have policies and procedures to address such conflicts of interest. These additional engagements have the potential to, but, may not necessarily result in additional revenue to our firm or an affiliate.

We are also affiliated with Ladenburg Thalmann & Co. Inc, Investacorp, Inc., and Triad Advisors, Inc., which are registered full service broker-dealers.

Due to the interrelationship of these entities, conflicts of interest may arise that are not readily apparent to the client. Securities America Financial Corporation, through SAI, Arbor Point Advisors, and Ladenburg Thalmann Financial Services, Inc., in the course of its business operations, may engage in marketing allowance or sponsorship arrangements with third parties, sub-advisors and brokerage firms to promote the distribution of investment products, including variable annuity and insurance products, mutual funds, managed accounts and customized portfolios. These additional engagements have the potential to, but, may not necessarily, result in additional assets under management with our firm. Therefore, a potential conflict of interest may exist when investment adviser representatives recommend these products, as Ladenburg Thalmann Financial Services, Inc. stands to receive earnings from the internal fees of the recommended securities as well as earnings from a portion of the investment advisory fee received by our

firm. Please refer to the section titled "Compensation for the Sale of Securities Or Other Investment Products" for more information.

Your investment adviser representative may recommend Premier Trust to provide trust and administrative services. Premier Trust provides full disclosure with respect to its trust and administrative services and related costs.

At the request of Arbor Point Advisors or SAI, Ladenburg Thalmann Asset Management may provide model allocations, including strategy performance and standard deviation information. These model allocations are selected based upon criteria established by Arbor Point Advisors or SAI. Your investment adviser representative can use this information in constructing your portfolio. Ladenburg Thalmann Asset Management may also provide your investment adviser representative with research information pertaining to exchange traded funds traded in the United States.

The majority of Arbor Point Advisors' investment adviser representatives are independent contractors and not employees of Arbor Point Advisors or SAI. Some representatives may be employees of Arbor Point Advisors or an affiliated broker/dealer. Your representative may own, operate, be employed by or otherwise maintain affiliations with other business entities such as insurance agencies, law firms, real estate or mortgage companies, financial planning firms, investment advisors and/or accounting firms. Many Arbor Point Investment adviser representatives market their services under a different marketing name and/or as an outside business activity.

Your representative may use marketing names or other names that are held out to the public. Such names are known as "doing business as" or "d/b/a" names. The purpose for using a name other than Arbor Point Advisors is for your representative to create a brand or marketing name that is specific to your representative and/or branch office, but separate from Arbor Point Advisors. While we allow your representative to use a name other than Arbor Point Advisors, your representative must disclose on all advertising and correspondence that securities are offered through Securities America, Inc., and advisory services are offered through Arbor Point Advisors, LLC

---

## Other Affiliations

### **Banking or Thrift Institution**

Our brokerage affiliate, SAI, markets its services through banks and thrifts. In some circumstances, investment management services are also marketed through these banks and thrifts, provided that such marketing is done in compliance with applicable Securities and Exchange Commission and state regulations. SAI has established an agreement with EverBank, a Federal Deposit Insurance Corporation (FDIC) insured Savings Association, to allow SAI registered securities representatives, who may also be Arbor Point Advisors investment adviser representatives, to affiliate with EverBank. In this capacity, your representative may refer clients to EverBank, so that EverBank may provide you with banking services. Your representative is compensated for any referrals made through Everbank. However, you are not obligated to use banking services from these individuals or entities.

### **Insurance Company or Agency**

Some principal executive officers, investment adviser representatives and other employees of our firm are agents and/or brokers of various insurance companies. Some individuals are able to effect insurance

recommendations if you elect to have insurance recommendations implemented. As such, your investment adviser representative, in his or her separate capacity as an insurance agent, may suggest that you implement recommendations of Arbor Point Advisors by purchasing disability insurance, life insurance, annuities, or other insurance products. This receipt of commissions creates an incentive for the investment adviser representative to recommend those products for which he or she will receive a commission in his or her separate capacity as an insurance agent. Consequently, the investment adviser representative may have a conflict of interest and the advice rendered to you could be biased. You are under no obligation to implement any insurance or annuity transaction through your investment adviser representative.

We have arrangements that are material to our advisory business with a related person who is an insurance agency. SAI, our broker/dealer affiliate, is also a licensed insurance agency and may receive commissions in connection with the sale of fixed insurance products by registered representatives who are licensed to sell these products. SAI, in addition to receiving commissions on the sale of these insurance products, receives payments from certain insurance sponsors for marketing, training and distribution support. None of these additional payments are paid or directed to any registered representative/insurance agent who sells these products. The registered representative/insurance agent does not receive a greater or lesser commission for sales of these insurance products from which our broker/dealer affiliate receives revenue sharing payments. However, the marketing, educational and distribution activities paid with revenue sharing could potentially lead a registered representative/insurance agent to focus more on products offered by insurance sponsors that make revenue sharing payments to our broker/dealer affiliate, than those of sponsors that do not make such payments when recommending insurance products to their clients.

## **Board of Directors**

Members of the Board of Directors for Securities America Financial Corporation may serve as board members for several of our affiliated companies. There may be a perceived conflict of interest. You should be aware that the Board of Directors does not make decisions for our firm without following the process set forth in our firm's by-laws.

---

## **Third-Party Money Managers**

Our investment adviser representatives may recommend third-party money managers to manage some or all of your assets. Once you select the third-party money manager to manage all or a portion of your assets, the third-party money manager will pay us a portion of the fees you are charged. Please refer to *Items 4 and 5* for full details regarding the programs, fees, conflicts of interest and materials arrangements when Arbor Point Advisors selects other investment advisers.

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

---

### **Our Approach to Conflicts of Interest**

Conflicts of interest that may arise in the course of providing investment management services are described throughout this brochure, as are some of our policies and procedures designed to address specific conflicts of interest, such as our Code of Ethics and personal trading practices.

We have a compliance program in place that is intended to identify, mitigate and, in certain instances, prevent actual and potential conflicts of interest, ensure compliance with legal and regulatory requirements and ensure compliance with client investment guidelines and restrictions. Our compliance program includes written policies and procedures that we believe are reasonably designed to prevent violations of applicable law and regulations.

---

## Code of Ethics

We have established a Code of Ethics to comply with the requirements of Section 204A-1 of the *Investment Advisers Act of 1940* reflecting our fiduciary obligations and those of our supervised persons and requiring compliance with federal securities laws. Our Code of Ethics covers all individuals who are classified as "supervised persons." Arbor Point Advisors officers, Arbor Point Advisors directors, Arbor Point Advisors investment adviser representatives and their associated persons are classified as supervised persons. We require our advisory affiliates and their supervised persons to consistently act in their clients' best interests in all advisory activities. We impose certain requirements on our advisory affiliates and supervised persons to ensure they meet the firm's fiduciary responsibilities to their clients. The standard of conduct required is higher than that ordinarily required and encountered in commercial business and includes compliance with applicable federal securities laws and regulations and with the Code of Ethics. Under the Code of Ethics, supervised persons are required to report their personal securities holdings and transactions, may be required to pre-clear certain investments or may be restricted with respect to the timing of certain investments or prohibited from making certain investment. All supervised persons are required to conduct all personal trades through designated broker/dealers unless an exception has been granted. This response is only intended to provide you with a summary description of our Code of Ethics.

If you wish to review our Code of Ethics in its entirety, a copy may be obtained by calling us at (800)747-6111, ext. 6141 or writing to the RIA Compliance Department at Arbor Point Advisors, 12325 Port Grace Blvd, La Vista, NE, 68128.

---

## Participation or Interest in Client Transactions

Representatives may sell mutual fund and insurance products offered by subsidiaries of Ladenburg Thalmann Financial Services, Inc. (LTFS). Therefore, a potential conflict of interest may exist when Arbor Point Advisors investment adviser representatives recommend these products inasmuch as Ladenburg Thalmann Financial Services, Inc. stands to receive earnings from the internal fees of the recommended securities as well as earnings from a portion of the investment advisory fee received by our firm. Representatives are not under any obligation to sell these products or to meet any selling quotas related specifically to these products. We would refer you to the section titled *Other Financial Industry Activities and Affiliations* and encourage you to review this ADV closely and discuss any potential conflicts of interest with your investment adviser representative.

Third-party money managers recommended through our Third-Party Money Manager program determine the brokers to be used for client trades. In certain circumstances, and when consistent with the manager's fiduciary obligation of best execution, trades may be effected through SAI and its registered securities representatives, who will receive separate and typical compensation for implementation of these transactions. You should review the disclosure documents of the third-party money manager to determine

if these managers block trade, negotiate commissions and/or obtain volume discounts. Please refer to the section titled *Other Financial Industry Activities and Affiliations*.

---

## Personal Trading

Arbor Point Advisors, Arbor Point Advisors investment adviser representatives and our supervised persons may recommend securities to buy, sell or hold a position in securities identical to the securities recommended to you, at or about the same time that they or a related person buys or sells the same securities for their own or a related person's account. It is Arbor Point Advisors' policy that no supervised person will put his/her interest before your interests. Arbor Point Advisors and our representatives may not trade ahead of any client or trade in a way that would cause the supervised person to obtain a better price than the price a client would obtain.

---

## Our Pre-Clearance and Restricted Securities Policy

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

---

## Our Insider Trading Policy

Arbor Point Advisors and our supervised persons may come into possession of material nonpublic information which, if disclosed, might affect an investor's decision to buy, sell or hold a security. Under applicable law, our firm and our supervised persons are prohibited from improperly disclosing or using such information for their personal benefit or for the benefit of any other person, regardless of whether such other person is a client. Accordingly, should Arbor Point Advisors or our supervised persons come into possession of material nonpublic information with respect to any company, we and they are prohibited from communicating such information to, or using such information for the benefit of, our respective clients, and have no obligation or responsibility to disclose such information to, nor responsibility to use such information for the benefit of, our clients when following policies and procedures designed to comply with law.

Arbor Point Advisors and our affiliated entities have adopted an "Insider Trading Policy" in accordance with Section 204A of the Advisers Act, which establishes procedures to prevent the misuse of material nonpublic information by our firm and our supervised persons. If your investment adviser representative maintains a personal investment account with another advisory firm or broker/dealer, your representative must make arrangements with that outside firm or broker/dealer to send at least quarterly statements to SAI. The representative must complete an annual certification concerning their personal securities



activities, and provide such additional information about personal trading activities as may be required under the Insider Trading Policy and the Code of Ethics. Supervised persons who violate this policy may be subject to sanctions imposed by our firm.

---

## Our Policy Governing Contributions to Local and State Elected Officials and Candidates

Arbor Point Advisors requires that its supervised persons seeking to make a political contribution to a state or local candidate pre-clear their political contributions through the firm. We do not require our supervised persons to pre-clear contributions to candidates running for federal office, unless the candidate is currently a state or local government official running for federal office. Depending on the state or local pay-to-play rules, Arbor Point Advisors and your investment adviser representative may be subject to local and state pay-to-play rules in addition to federal securities rules and regulations.

## BROKERAGE PRACTICES

---

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

You are under **no** obligation to act on the recommendations of Arbor Point Advisors and are free to select any broker/dealer or investment adviser you'd like to implement our recommendations. In other words, you are not *required* to work with us. However, if you want hire us for our Asset Management Service, we will be responsible for executing your account transactions and therefore responsible for attaining the best execution possible. Please note that we cannot promise or guarantee our brokerage platforms are the least expensive in the industry. There may be other platforms with lower costs.

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

When selecting brokerage platforms for client accounts, we consider standard benefits that are available without cost to all investment adviser firms using the platform, including our firm. These benefits include, but are not necessarily limited to, the following products and services: receipt of duplicate client statements and confirmations; research related products and tools; access to a trading desk serving Arbor Point Advisors accounts participants; the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client accounts; the ability to have advisory fees deducted directly from

client accounts; access to an electronic communications network for client order entry and account information; and access to mutual funds with no transaction fees. Some of the products and services made available by a broker/dealer through their program may benefit Arbor Point but may not benefit client accounts. These products or services may assist Arbor Point Advisors in managing and administering client accounts, including accounts not maintained at the broker/dealer providing the benefit.

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

### ***Clearing and Custodial Arrangement***

Although we permit our investment adviser representatives to use several different brokerage platforms and consider the overall services provided by those brokerage firms, we have material arrangements with some firms that create an incentive for us to recommend those firms over other broker/dealers. Some of the arrangements may result in conflicts of interest with our clients and are explained in the following sections.

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

One such broker/dealer firm is TD Ameritrade. Arbor Point Advisors also participates in the TD Ameritrade Institutional program. TD Ameritrade Institutional is a division of TD Ameritrade, Inc. member FINRA/SIPC/NFA. TD Ameritrade is an independent and unaffiliated SEC-registered broker-dealer and FINRA member. TD Ameritrade offers, to independent investment advisors, services which include custody of securities, trade execution, clearance and settlement of transactions. Arbor Point Advisors receives some benefits from TD Ameritrade through its participation in the program.

Some clearing and custodial firms may refer financial professionals to Arbor Point Advisors to possibly join our firm as investment adviser representatives. Currently, Arbor Point Advisors has such a referral relationship with TD Ameritrade. Any such referring broker/dealer or clearing/custodial firm does not supervise Arbor Point Advisors and has no responsibility for Arbor Point Advisors supervision of our investment adviser representatives, management of client portfolios or Arbor Point Advisors other advice or

services. We have the final authority and responsibility for approving all investment adviser representatives licensed with our firm. Our receipt of investment adviser representative referrals from these firms raises potential conflicts of interest. Such firms will most likely refer potential investment adviser representatives to Arbor Point Advisors when we encourage those investment adviser representatives' clients to custody their assets at the referring firm and whose client accounts are profitable to that firm. Consequently, in order to obtain investment adviser representative referrals, Arbor Point Advisors may have an incentive to recommend to clients that the assets under management by Arbor Point Advisors be held in custody with the referring firm and to place transactions for client accounts with that same firm. Our arrangement does not diminish our duty to seek best execution of trades for client accounts. A referring custodial or clearing firm does not receive solicitor or referral fees from us for providing Arbor Point Advisors with a potential investment adviser representative referral.

We also receive an economic benefit from TD Ameritrade when our investment adviser representatives select TD Ameritrade Institutional to serve as the brokerage platform for their client accounts. When an account is opened through TD Ameritrade, we receive compensation from TD Ameritrade in the form of a reimbursement to cover the first year's annual fee charged by Orion Advisor Services, LLC. Refer to the sections *Advisory Business* of this brochure to read about the services provided by Orion Advisor Services, LLC. The reimbursement paid by TD Ameritrade is paid directly to Arbor Point Advisors and the entire portion is retained by Arbor Point Advisors. The fact that TD Ameritrade has agreed to pay the first year's annual fee charged by Orion Advisor Services, LLC against each account opened through TD Ameritrade creates the potential for us to recommend or even require clients use the services of TD Ameritrade. However, as previously stated, we permit brokerage arrangements other than TD Ameritrade.

---

## Order Aggregation

While not required by firm policy, Arbor Point Advisors and your investment adviser representative may aggregate client transactions or allocate orders when possible. The types and volumes of securities traded for client accounts do not lend themselves to aggregation or blocking of trades when mutual funds are traded. To the extent other securities are purchased that lend themselves to aggregation or block trading (for example, stocks or exchange traded funds), Arbor Point Advisors and your representative may aggregate client transactions or allocate orders whenever possible. Arbor Point Advisors and our representatives will allocate trades to advisory clients in a fair and equitable manner that will be applied consistently to all clients. When trades are not aggregated, clients may not enjoy the effects of lower transaction per share costs that often occurs as a result of aggregating trades. As a result, you may pay a higher transaction cost than could be received elsewhere. Personal accounts of our investment adviser representatives, associated persons and their family members will not be treated more favorably than any other client account. You should be aware that if an order is not aggregated, you may or may not pay higher brokerage costs.

---

## Handling Trade Errors Made by Arbor Point Advisors or a investment adviser representative

If Arbor Point Advisors or our supervised persons make a trade error in your account, the error will be corrected and your account will be restored to where it would have been had the trade error not occurred. Any profit or loss from the trade correction will be maintained by your broker/dealer.

---

## Recommendation of Securities America, Inc.

If clients choose to work with our investment adviser representatives on a strictly commission basis to implement advice, they must work with our investment adviser representatives in their capacity as a registered representative of our affiliated broker/dealer, SAI. Our investment adviser representatives that are also registered representatives of SAI are required to use the services of Securities America, Inc. and SAI approved clearing broker-dealers when acting in their capacity as registered representatives. SAI serves as the introducing broker-dealer. All accounts established through SAI will be cleared and held at National Financial Services, LLC or Pershing, LLC.

SAI has a wide range of approved securities products for which SAI performs due diligence prior to selection. SAI's registered representatives are required to adhere to these products when implementing securities transactions through SAI. Transaction fees charged for these products may be higher or lower than transaction fees clients may be able to obtain if transactions were implemented through another broker/dealer.

## REVIEW OF ACCOUNTS

---

### Managed Account Reviews

Managed accounts are reviewed at least quarterly. Factors triggering an account review may include material market, economic or political events, changes in your financial or personal situation or performance of the account in general.

Account reviews will include investment strategy and objectives review and making a change if strategy and objectives have changed. Reviews are conducted by your investment adviser representative, with reviews performed in accordance with your investment goals and objectives.

Accounts established and maintained with other third-party money managers are reviewed by your investment adviser representative at least quarterly, usually when statements and/or reports are received from the money manager.

---

### Financial Plan Reviews

Your investment adviser representative is responsible for preparing initial financial planning advice and conducting any on-going reviews you may request. Arbor Point Advisors contracts with SAI to engage SAI home office staff (and SAI registered principals), on Arbor Point's behalf, to review a sampling of each supervised person's financial plans, including written financial planning advice. SAI Compliance and Supervision personnel are also engaged to conduct periodic reviews of financial adviser activities. Financial planning clients may contract for a review and update of their financial plans for a separate fee. Financial plans provided by Arbor Point Advisors representatives may be periodically reviewed by Supervision personnel within SAI, our affiliated broker/dealer, on our behalf.

---

## Reports and Account Statements

For all managed accounts, you are provided with transaction confirmation notices and regular quarterly account statements directly from the broker/dealer-qualified custodian holding your account. Additionally, Arbor Point Advisors may provide position or performance reports to you on an on-going (monthly or quarterly) and/or as-requested basis.

Whether position or performance reports by a third party money manager are provided to you will depend upon the third party money manager.

Financial planning clients do not typically receive reports other than the written plan originally contracted for and provided by Arbor Point Advisors.

You are encouraged to always compare any reports or statements provided by us or a third-party money manager against the account statements delivered from the broker/dealer-qualified custodian. When you have questions about your account statement, you should contact our firm and the qualified custodian preparing the statement.

## CLIENT REFERRALS AND OTHER COMPENSATION

---

### Client Referrals

We enter into agreements with solicitors (referring parties) to refer clients to us. The referral agreements between our firm and referring parties are designed to comply with SEC regulations as set out in 17 CFR Section 275.206(4)-3. If a referred client enters into an investment advisory agreement with our firm, and a cash referral is paid to the referring party, such fee will be paid as a fixed fee or a percentage of the client advisory fees that are generated. Written disclosure regarding the referral fees we pay are provided to you prior to or at the time of entering into our investment advisory or financial planning agreements. The referral fee disclosed to you will be payable to the referring party for the duration of Arbor Point Advisors advisory relationship with you, whether or not our investment or trading strategies, or your investment objectives, change over time. We will have no further referral fee obligation, if, the referring parties' representations and warranties outlined in our referral agreement become inaccurate or untrue, or if our investment advisory agreement with you is terminated for any reason. In those states that require solicitors to be licensed or filed as a registered investment advisor, we may require the solicitor to be licensed or filed under our registration.

The compensation to be paid in connection with these agreements is subject to negotiation between our firm, your investment adviser representative, and the referring party. The referral agreements between any referring party and our firm do not result in any charges to you in addition to the normal level of advisory fees charged. However, these situations may create a financial incentive to recommend one of our programs over another or over other investment advisors and broker/dealer programs, products and services. Your investment adviser representative recommending our programs receives compensation as a result of your participation in our programs.

In addition, we may award separate non-cash compensation to our investment adviser representatives and their staff for client referrals.

---

## Other Compensation

Arbor Point Advisors or our affiliated broker/dealer, SAI, may form alliances and networking and referral arrangements with financial institutions such as community banks, credit unions, credit union service organizations and Farm Credit Services (Financial Institutions) to allow representatives to offer financial planning services and certain other non-deposit investment and insurance products and services, to customers/members of those Financial Institutions. Our firm may lease space in selected branches of the Financial Institutions and then sub-lease it to your representative, if he or she conducts business from these locations. As a result of these alliances or networking arrangements, your representative may not be able to offer certain products that are otherwise available through our firm. Also as a result of these alliances or networking arrangements, the Financial Institutions may receive compensation representing payment for the use of the facilities and equipment of the Financial Institutions, in the form of a program support or rent payment and/or a portion of advisory fees or securities and insurance commissions paid to representatives for sales to customer/members of the institutions. These relationships may create compliance issues relative to consumer protection. The joint guidelines of regulators of the depository institution call for at a minimum written and verbal disclosure at or prior to the time securities products are purchased or sold that the securities products:

- Are not insured by the Federal Deposit Insurance Corporation (FDIC) or National Credit Union Share Insurance Fund, the Federal Deposit Insurance Corporation, the National Credit Union Administration, or any other federal or state deposit guarantee fund or other government agency;
- Not endorsed or guaranteed by the bank or credit union or their affiliates;
- Are not deposits or obligations of the depository institutions and are not guaranteed by the depository institutions;
- Investments and securities are subject to investment risks, including possible loss of principal invested.

Your representative may be incented to join and remain affiliated with Arbor Point Advisors and SAI through certain compensation arrangements which could include bonuses, enhanced pay-outs, forgivable loans and/or business transition loans. We may also offer incentives to your representative for meeting certain production levels above and beyond compensation he or she receives for providing advisory services through Arbor Point Advisors and/or selling products and services through SAI. The receipt of such incentives may be considered to be a conflict of interest. We encourage you to review this ADV closely and discuss any potential conflicts of interest with your representative.

Our firm, our officers and our investment adviser representatives may receive reimbursements from marketing and distribution allowances, due diligence fees and travel expenses. Other compensation or reimbursement may also be received based on deposits and/or assets under management directly from third-party money manager program sponsors for the costs of marketing, distribution, business and client development, educational enhancement and/or due diligence reviews incurred by our firm or your representatives relating to the promotion or sale of the program sponsor's products or services.

Travel expense reimbursements are typically a result of attendance at due diligence and/or investment training events hosted by product sponsors. Marketing expense reimbursements are typically the result of informal expense sharing arrangements in which product sponsors may underwrite costs incurred for marketing such as advertising, publishing and seminar expenses. Although receipt of these travel and marketing expense reimbursements are not predicated upon specific sales quotas, the product sponsor reimbursements are typically made by those sponsors for which sales have been made or it is anticipated sales will be made.

## CUSTODY

---

Custody, as it applies to investment advisors, has been defined by regulators as having access or control over client funds and/or securities. In other words, custody is not limited to physically holding client funds and securities. If an investment adviser has the ability to access or control client funds or securities, the investment adviser is deemed to have custody and must ensure proper procedures are implemented.

Arbor Point Advisors is deemed to have custody of client funds and securities whenever Arbor Point Advisors is given the authority to have fees deducted directly from client accounts. However, this is the only form of custody Arbor Point Advisors will ever maintain. It should be noted that authorization to trade in client accounts is not deemed by regulators to be custody.

For accounts in which Arbor Point Advisors is deemed to have custody, we have established procedures to ensure all client funds and securities are held at a qualified custodian in a separate account for each client under that client's name. Clients or an independent representative of the client will direct, in writing, the establishment of all accounts and therefore are aware of the qualified custodian's name, address and the manner in which the funds or securities are maintained. Finally, account statements are delivered directly from the qualified custodian to each client, or the client's independent representative, at least quarterly. Clients should carefully review those statements and are urged to compare the statements against reports received from Arbor Point Advisors. When clients have questions about their account statements, they should contact Arbor Point Advisors or the qualified custodian preparing the statement.

## INVESTMENT DISCRETION

---

When providing asset management services and upon receiving written authorization from the client in our standard client agreement, Arbor Point Advisors maintains trading authorization over your account(s) and can provide management services on a discretionary basis. When discretionary authority is granted, we will have the authority to determine the type of securities, the amount of securities that can be bought or sold and the commission rates paid for your portfolio without obtaining your consent for each transaction.

If you decide to grant trading authorization on a non-discretionary basis, we will be required to contact you prior to implementing changes in your account. Therefore, you will be contacted and required to accept or reject our investment recommendations including:

- The security being recommended

- The number of shares or units
- Whether to buy or sell

Once the above factors are agreed upon, we will be responsible for making decisions regarding the timing of buying or selling an investment and the price at which the investment is bought or sold. If your accounts are managed on a non-discretionary basis, you need to know that if we are not able to reach you or you are slow to respond to our request, it can have an adverse impact on the timing of trade implementations and we may not achieve the optimal trading price.

You will have the ability to place reasonable restrictions on the types of investments that may be purchased in your Account. You may also place reasonable limitations on the discretionary power granted to Arbor Point Advisors so long as the limitations are specifically set forth or included as an attachment to the client agreement.

## VOTING CLIENT SECURITIES

---

### Proxy Voting

Arbor Point Advisors does not vote proxies on behalf of Clients. We have determined that taking on the responsibilities for voting client securities does not add enough value to the services provided to you to justify the additional compliance and regulatory costs associated with voting client securities. Therefore, it is your responsibility to vote all proxies for securities held in Account.

You will receive proxies directly from the qualified custodian or transfer agent; we will not provide you with the proxies. You are encouraged to read through the information provided with the proxy-voting documents and make a determination based on the information provided. Although we do not vote client proxies, if you have a question about a particular proxy feel free to contact us. However, you will have the ultimate responsibility for making all proxy-voting decisions.

With respect to assets managed by a third-party money manager, we will not vote the proxies associated with these assets. You will need to refer to each third-party money manager's disclosure brochure to determine whether the third-party money manager will vote proxies on your behalf. You may request a complete copy of third-party money manager's proxy voting policies and procedures as well as information on how your proxies were voted by contacting the third-party money manager or by contacting Arbor Point Advisors at the address or phone number indicated on Page 1 of this disclosure document.

---

### Class Action Lawsuits

You retain the right under applicable securities laws to initiate individually a lawsuit or join a class-action lawsuit against the issuer of a security that was held, purchased or sold by or for you. Arbor Point Advisors does not initiate any such legal proceeding on behalf of clients and does not provide legal advice to clients regarding potential causes of action against such a security issuer or whether the client should join a class-action lawsuit. We recommend that you seek legal counsel prior to making a decision regarding whether to participate in such a class-action lawsuit. Moreover, our services do not include monitoring or informing you of any potential or actual class-action lawsuits against the issuers of the securities that were held, purchased or sold by or for you.



## FINANCIAL INFORMATION

---

This item is not applicable to this brochure. Arbor Point Advisors does not require or solicit or accept prepayment of more than \$1200 in fees per client, six months or more in advance. Therefore, we are not required to include a balance sheet for the most recent fiscal year. We are not subject to a financial condition that is reasonably likely to impair our ability to meet contractual commitments to clients. Finally, Arbor Point Advisors has not been the subject of a bankruptcy petition at any time.

4811-7325-7489, v. 1