



The financial advisors of Private Advisor Group are registered with and securities offered through LPL Financial, member FINRA/SIPC.

**Item 1            Cover Page**

**Private Advisor Group, LLC  
SEC File Number: 801-72060**

**Wrap Fee Program Brochure  
Part 2A – Appendix 1  
Dated 3/23/2013**

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**This brochure provides information about the qualifications and business practices of Private Advisor Group, LLC. If you have any questions about the contents of this brochure, please contact us at (973) 538-7010 or [Patrick.sullivan@PrivateAdvisorGroup.com](mailto:Patrick.sullivan@PrivateAdvisorGroup.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.**

**Additional information about Private Advisor Group, LLC also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**References herein to Private Advisor Group, LLC as a “registered investment adviser” or any reference to being “registered” does not imply a certain level of skill or training.**



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## Item 2 Material Changes

This Wrap Fee Program Brochure Part 2A – Appendix 1 contains changes to Private Advisor Group, LLC’s disclosure statement that was filed on March 15, 2012. The Brochure was updated to include information about third party asset management programs, retirement plan consulting services, and custodial accounts at broker-dealers other than LPL. In addition, this brochure clarifies and adds language regarding fees in wrap accounts and non-wrap accounts and calculating advisory fees on cash assets.

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## Item 4 Services, Fees and Compensation

### A. INVESTMENT ADVISORY SERVICES

The client can determine to engage the Registrant to provide discretionary investment advisory services on a wrap *fee* basis. (*See* discussion below). If a client determines to engage the Registrant on a wrap fee basis the client will pay a single fee for bundled services (i.e. investment advisory, brokerage, custody). The services included in a wrap fee agreement will depend upon each client’s particular need.

#### PRIVATE ADVISOR GROUP WRAP PROGRAM

The Registrant is the sponsor and investment manager of the Private Advisor Group Wrap Program (hereinafter the “Program”). Under the Program, the Registrant is able to offer participants discretionary investment management services, for a single specified annual Program fee, inclusive of trade execution, custody, reporting, and investment management fees. The current annual Program fee ranges from negotiable to 3.00%, based upon **various objective and subjective factors** including, but not limited to, the amount of the assets placed under the Registrant’s direct management, the amount of the assets placed under the Registrant’s advisement (assets that are generally managed directly by the client or by other investment professionals engaged by the client, for which the Registrant provides review/monitoring services, but does not have trading authority), the complexity of the engagement, and the level and scope of the overall investment advisory services to be rendered. *See also Fee Differential* discussion below.



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Under the Program, the Registrant shall be provided with written authority to determine which securities and the amounts of securities that are bought or sold. Any limitations on this discretionary authority shall be included in the written agreement between each client and the Registrant. Clients may change/amend these limitations, in writing, at any time. The client shall have reasonable access to one of the Registrant's investment professionals to discuss their account.

LPL Financial shall serve as the custodian for Program accounts unless a client directs that another custodian be used, such as Schwab Advisor Services division of Charles Schwab & Co., Inc. (Schwab) or TD Ameritrade.

**Fee Differentials:** In certain circumstances, the Registrant, in its sole discretion, may charge a different wrap fee (higher or lower) based upon certain criteria (i.e., complexity of the engagement, anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, anticipated level and scope of other services to be provided (i.e. financial planning services), negotiations with client etc.).

**Fee Calculation:** The fee charged is calculated as described above and is not charged on the basis of a share of capital gains upon or capital appreciation of the funds or any portion of the funds of an advisory client, pursuant to Section 205(a)(1) of the Investment Advisers Act of 1940, as amended (hereinafter the "Act").

**Fee Payment:** Clients will be charged in advance at the beginning of each calendar quarter based upon the value (market value or fair market value in the absence of market value, plus any credit balance or minus any debit balance), of the client's account at the end of the previous quarter. Fees are prorated for accounts opened during the quarter. An additional fee for the current quarter will be assessed if assets are deposited after the beginning of the quarter, prorated based on the number of calendar days remaining in the quarter during which the service will be in effect. **No** portion of the fee will be credited to the client for the current calendar quarter should any withdrawals from the portfolio occur in the same calendar quarter.

**Termination of Advisory Relationship:** A client agreement may be canceled at any time, by either party, for any reason upon receipt of prior written notice. Upon termination of any account, any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable.

## MISCELLANEOUS

**Client Responsibilities:** In performing any of its services, the Registrant shall not be required to verify any information received from the client or from the client's other professionals, and is expressly authorized to rely thereon. Furthermore, unless the client indicates to the contrary in the client's Investment Objective Confirmation letter, the Registrant shall assume that there are no restrictions on its services, other than to manage the account in accordance with the client's designated investment objective. **Moreover, it remains each client's responsibility to promptly notify the Registrant if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/revising the Registrant's previous recommendations and/or services.**



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**Please Note: Investment Performance:** As a condition to participating in the Program, the participant **must** accept that past performance may not be indicative of future results, and understand that the future performance of any specific investment or investment strategy (**including** the investments and/or investment strategies purchased and/or undertaken by the Registrant) **may not:** (1) achieve their intended objective; (2) be profitable; or, (3) equal historical performance level(s) or any other performance level(s).

**Please Note: Inverse/Enhanced Market Strategies.** The Registrant may also utilize leveraged long and short mutual funds and/or exchange traded funds that are designed to perform in either an: (1) inverse relationship to certain market indices (at a rate of 1 or more times the inverse [opposite] result of the corresponding index) as an investment strategy and/or for the purpose of hedging against downside market risk; and (2) enhanced relationship to certain market indices (at a rate of 1 or more times the actual result of the corresponding index) as an investment strategy and/or for the purpose of increasing gains in an advancing market. There can be **no assurance** that any such strategy will prove profitable or successful. In light of these enhanced risks/rewards, a client may direct the Registrant, in writing, not to employ any or all such strategies for his/her/their/its accounts.

- B. Participation in the Program may cost more or less than purchasing such services separately. Also the Program fee charged by Registrant for participation in the Program may be higher or lower than those charged by other sponsors of comparable wrap fee programs.

Depending upon the percentage wrap-fee charged by the Registrant, the amount of portfolio activity in the client's account, and the value of custodial and other services provided, the wrap fee may or may not exceed the aggregate cost of such services if they were to be provided separately and/or if the Registrant were to negotiate transaction fees and seek best price and execution of transactions for the client's account.

- C. The Program's wrap fee does not include certain charges and administrative fees, including, but not limited to, fees charged by *Independent Managers*, transaction charges (excluding mark-ups and mark-downs) resulting from trades effected through or with a broker-dealer other than LPL Financial, transfer taxes, odd lot differentials, exchange fees, interest charges, American Depositary Receipt agency processing fees, and any charges, taxes or other fees mandated by any federal, state or other applicable law or otherwise agreed to with regard to client accounts. Such fees and expenses are in addition to the Program's wrap fee.
- D. Registrant's related persons who recommend the wrap fee program to clients do not receive compensation as a result of a client's participation in the wrap fee program.

## **Item 5 Account Requirements and Types of Clients**

The Registrant's clients shall generally include individuals, business entities, trusts, estates and charitable organizations. The Registrant does not generally require an annual minimum fee or asset level for clients to open or maintain a Program account.



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## Item 6 Portfolio Manager Selection and Evaluation

- A. The Registrant may allocate a portion of a client's Program assets among unaffiliated independent investment managers in accordance with the client's designated investment objective(s). In such situations, the *Independent Manager[s]* shall have day-to-day responsibility for the active discretionary management of the allocated Program assets. The Registrant shall continue to render investment supervisory services to the client relative to the ongoing monitoring and review of account performance, asset allocation and client investment objectives. Factors which the Registrant shall consider in recommending *Independent Manager[s]* include the client's designated investment objective(s), management style, performance, reputation, financial strength, reporting, pricing, and research.
- B. The Registrant acts as the portfolio manager for the Program. **Inasmuch as the execution costs for transactions effected in the client account will be paid by the Registrant, a potential conflict of interest arises in that the Registrant may have a disincentive to trade securities in the client account.** In addition, the amount of compensation received by the Registrant as a result of the client's participation in the Program may be more than what the Registrant would receive if the client paid separately for investment advice, brokerage and other services.

As the Program sponsor, the Registrant shall be responsible for the primary management of the Program, including the selection and termination of all *Independent Manager[s]*. Once selected, *Independent Manager[s]* shall be responsible for day-to-day management and selection of securities for the account.

- C. The information required for Item 6.C consists of Items 4.B, 4.C, 4.D, 6, 8.A, and 17 of Registrant's Part 2A.

### ADVISORY SERVICES OFFERED: (Item 4B of Part 2A)

As discussed below, the Registrant offers to its clients (individuals, business entities, trusts, estates and charitable organizations, etc.) investment advisory services, and, to the extent specifically requested by a client, financial planning and related consulting services.

### INVESTMENT ADVISORY SERVICES

The client can determine to engage the Registrant to provide discretionary and/or non-discretionary investment advisory services on a wrap or non-wrap *fee* basis. (*See* discussion below). If a client determines to engage the Registrant on a wrap fee basis the client will pay a single fee for bundled services (i.e. investment advisory, brokerage, custody). The services included in a wrap fee agreement will depend upon each client's particular need. If the client determines to engage the Registrant on a non-wrap fee basis the client will select individual services on an unbundled basis, paying for each service separately (i.e. investment advisory, brokerage, custody).

### NON-WRAP FEE BASIS



The financial advisors of Private Advisor Group are registered with and securities offered through LPL Financial, member FINRA/SIPC.

The client can determine to engage the Registrant to provide discretionary and/or non-discretionary investment advisory services on a *fee* basis. The Registrant's annual investment advisory fee shall be based upon a percentage (%) of the market value and type of assets placed under the Registrant's management to be charged quarterly in advance, and Registrant's representatives may at their discretion negotiate a fee with a maximum of 2.55% which may follow the example below:

<u>Market Value of Portfolio</u>	<u>Annual Fee %</u>
\$0 - \$500,000	2.55%
\$500,001 – 1,000,000	2.40%
\$1,000,001 – 5,000,000	2.25%
More than \$5,000,000	Negotiable

Registrant's annual investment advisory fee shall include investment advisory services, and, to the **extent specifically requested** by the client, financial planning and consulting services. In the event that the client requires extraordinary planning and/or consultation services (to be determined in the sole discretion of the Registrant), the Registrant may determine to charge for such additional services, the dollar amount of which shall be set forth in a separate written notice to the client.

#### **PRIVATE ADVISOR GROUP WRAP PROGRAM**

The Registrant provides investment management services on a wrap fee basis in accordance with the Registrant's investment management wrap fee program (the "Program"). The services offered under, and the corresponding terms and conditions pertaining to, the Program are discussed in the Wrap Fee Program Brochure a copy of which is presented to all prospective Program participants. Under the Program, the Registrant is able to offer participants discretionary investment management services, for a single specified annual Program fee, inclusive of trade execution, custody, reporting, and investment management fees. The current annual Program fee ranges from negotiable to 3.00%, based upon **various objective and subjective factors** including, but not limited to, the amount of the assets placed under the Registrant's direct management, the amount of the assets placed under the Registrant's advisement (assets that are generally managed directly by the client or by other investment professionals engaged by the client, for which the Registrant provides review/monitoring services, but does not have trading authority), the complexity of the engagement, and the level and scope of the overall investment advisory services to be rendered. (*See also Fee Differential* discussion below.)

The terms and conditions for client participation in the Program are set forth in detail in the Wrap Fee Program Brochure, which is presented to all prospective Program participants in accordance with the disclosure requirements of Part 2A Appendix 1 of Form ADV. The Wrap Fee Program Brochure is incorporated into this Brochure by reference. All prospective Program participants should read both the Registrant's Brochure and the Wrap Fee Program Brochure, and ask any corresponding questions that they may have, prior to participation in the Program. LPL Financial shall serve as the custodian for Program accounts.

**Please Note:** As indicated in the Wrap Fee Program Brochure, participation in the Program may cost more or less than purchasing such services separately. As also indicated in the Wrap Fee Program





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Brochure, the Program fee charged by Registrant for participation in the Program may be higher or lower than those charged by other sponsors of comparable wrap fee programs.

## FINANCIAL PLANNING AND CONSULTING SERVICES

To the extent requested by a client, the Registrant *may* determine to provide financial planning and/or consulting services (including investment and non-investment related matters, including estate planning, insurance planning, etc.) on a stand-alone fee basis. Registrant's planning and consulting fees are negotiable, but generally range from \$350 to \$12,000 on a fixed fee basis, and from \$150 to \$400 on an hourly rate basis, depending upon the level and scope of the service(s) required and the professional(s) rendering the service(s). Prior to engaging the Registrant to provide planning or consulting services, clients are generally required to enter into a *Financial Planning and Consulting Agreement* with Registrant setting forth the terms and conditions of the engagement (including termination), describing the scope of the services to be provided, and the portion of the fee that is due from the client prior to Registrant commencing services. If requested by the client, Registrant may recommend the services of other professionals for implementation purposes, including the Registrant's representatives in their individual capacities registered representatives of LPL Financial and as licensed insurance agents. (*See* disclosure at Item 10 C.1 and Item 10 C.8). The client is under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from the Registrant. **Please Note:** If the client engages any such recommended professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional. **Please Also Note:** It remains the client's responsibility to promptly notify the Registrant if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/revising Registrant's previous recommendations and/or services.

## THIRD PARTY ASSET MANAGEMENT PROGRAMS ("TAMPS")

### The Registrant

may recommend or select other investment advisors for its clients generally through Third Party Asset Management Programs ("TAMPS"). LPL makes available advisory services and programs of third party investment advisors. Through these TAMPS, the Registrant's representatives provide ongoing investment advice to clients that is tailored to the individual needs of the client. As part of these TAMP services, the representative typically obtains the necessary financial data from the client, assists the client in determining the suitability of the program, assists the client in setting an appropriate investment objective and assists the client in opening an account with the TAMP. In addition, depending on the type of program, the representative may assist the client to select a model portfolio of securities designed by the TAMP or select a portfolio management firm to provide discretionary asset management services. It is the third party investment advisor (and not Registrant's representative) that has client authority to purchase and sell securities on a discretionary or non-discretionary basis pursuant to investment objective chosen by the client. This authorization will be set out in the TAMP client agreement. The Brochure for the particular TAMP will explain whether clients may impose restrictions on investing in certain securities or types of securities. In particular, the Registrant currently offers advisory services through TAMPS sponsored by, among others: Brinker Capital, BTS Asset Management, Curian Capital, Flexible Plan,



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Geneva Investment Management, Genworth Financial Wealth Management (“GFWM”), Hanlon Investment Management, Independent Portfolio Consultants, Nationwide, The Principal Group, SEI Investments Management, Symmetry Partners LLC and Touchstone Retirement Group. Clients should refer to the Brochure, client agreement and other account paperwork for each TAMP for more detailed information about the services available under the program.

#### **REFERRAL SERVICES FOR INVESTMENT ADVISORS**

The Registrant and its representatives may act as referral agents or solicitors on behalf of third party investment advisors pursuant to a referral or solicitor agreement. In such case, LPL provides services to the third party investment advisor related to the referred client. The Registrant’s representative provides the referred client a disclosure statement regarding the role of The Registrant and its representative as a referral agent or solicitor, but the representative does not enter into an agreement with the client to provide ongoing investment advice. Instead, the client engages the third party investment advisor for advisory services. Please see Item 14 below for more information about these referral services and the related compensation.

#### **RETIREMENT PLAN CONSULTING SERVICES**

The Registrant’s representatives may assist clients that are trustees or other fiduciaries to retirement plans (“Plans”) by providing fee-based consulting and/or advisory services. Representatives perform one or more of the following services, as selected by the client in the client agreement:

- Assistance in the preparation or review of an investment policy statement (“IPS”) for the Plan based upon consultation with client to ascertain Plan’s investment objectives and constraints.
- Acting as a liaison between the Plan and service providers, product sponsors or vendors.
- Ongoing monitoring of investment manager(s) or investments in relation to the criteria specified in the Plan’s IPS or other written guidelines provided by the client to representative.
- Preparation of reports describing the performance of Plan investment manager(s) or investments, as well as comparing the performance to benchmarks.
- Ongoing recommendations, for consideration and selection by client, about specific investments to be held by the Plan or, in the case of a participant-directed defined contribution plan, to be made available as investment options under the Plan.
- Training for the members of the Plan Committee with regard to their service on the Committee, including education and consulting with respect to fiduciary responsibilities.
- Assistance in enrolling Plan participants in the Plan, including conducting an agreed upon number of enrollment meetings. As part of such meetings, representatives may provide participants with information about the Plan, which may include information on the benefits of





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Plan participation, the benefits of increasing Plan contributions, the impact of pre-retirement withdrawals on retirement income, the terms of the Plan and the operation of the Plan.

- Assistance with investment education seminars and meetings for Plan participants. Such meetings may be on a group or individual basis, and may include information about the investment options under the Plan (e.g., investment objectives, risk/return characteristics, and historical performance), investment concepts (e.g., diversification, asset classes, and risk and return), and how to determine investment time horizons and assess risk tolerance. Such meetings do not include specific investment advice about investment options under the Plan as being appropriate for a particular participant.
- Assistance at client's direction in making changes to investment options under the Plan.
- As part of the ongoing investment recommendation service set out above, assistance in identifying investment options in connection with the "broad range" requirement of Section 404(c) of the Employee Retirement Income Security Act of 1974 ("ERISA").
- As part of the ongoing investment recommendation service set out above, assistance in identifying an investment fund product or model portfolio in connection with the definition of a "Qualified Default Investment Alternative" ("QDIA") under ERISA.
- Assistance with the preparation, distribution and evaluation of Request for Proposals, finalist interviews, and conversion support in connection with vendor analysis and service provider support.
- Preparation of comparisons of Plan data (e.g., regarding fees and services and participant enrollment and contributions) to data from the Plan's prior years and/or a benchmark group of similar plans.
- Assistance in identifying the fees and other costs borne by the Plan for, as specified by client, investment management, recordkeeping, participant education, participant communication and/or other services provided with respect to the Plan.

If the Plan makes available publicly traded employer stock ("company stock") as an investment option under the Plan, representatives do not provide investment advice regarding company stock and are not responsible for the decision to offer company stock as an investment option. In addition, if participants in the Plan may invest the assets in their accounts through individual brokerage accounts, a mutual fund window, or other similar arrangement, or may obtain participant loans, representatives do not provide any individualized advice or recommendations to the participants regarding these decisions. Furthermore, representatives do not provide individualized investment advice to Plan participants regarding their Plan assets.

If client elects to engage the Registrant and its representatives to perform ongoing investment monitoring and ongoing investment recommendation services in the client agreement, such services will constitute "investment advice" under Section 3(21)(A)(ii) of ERISA. Therefore, Registrant and its representatives



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will be deemed a “fiduciary” as such term is defined under Section 3(21)(A)(ii) of ERISA in connection with those services. Clients should understand that to the extent Registrant and its representatives are engaged to perform services other than ongoing investment monitoring and recommendations, those services are not “investment advice” under ERISA and therefore, Registrant and its representatives will not be a “fiduciary” under ERISA with respect to those other services.

#### **MISCELLANEOUS ADVISORY SERVICES DISCLOSURE**

**Non-Investment Consulting/Implementation Services.** If requested by the client, the Registrant may provide consulting services regarding non-investment related matters, such as estate planning, tax planning, insurance, etc. Neither the Registrant, nor any of its representatives, serves as an accountant and no portion of the Registrant’s services should be construed as same. To the extent requested by a client, the Registrant may recommend the services of other professionals for certain non-investment implementation purposes (i.e. attorneys, accountants, insurance, etc.), including representatives of the Registrant in their separate registered/licensed capacities as discussed below. The client is under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from the Registrant. **Please Note:** If the client engages any such recommended professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional. **Please Also Note:** It remains the client’s responsibility to promptly notify the Registrant if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/revising Registrant’s previous recommendations and/or services.

**Please Note: Inverse/Enhanced Market Strategies.** The Registrant may utilize leveraged long and short mutual funds and/or exchange traded funds that are designed to perform in either an: (1) inverse relationship to certain market indices (at a rate of 1 or more times the inverse [opposite] result of the corresponding index) as an investment strategy and/or for the purpose of hedging against downside market risk; and (2) enhanced relationship to certain market indices (at a rate of 1 or more times the actual result of the corresponding index) as an investment strategy and/or for the purpose of increasing gains in an advancing market. There can be **no assurance** that any such strategy will prove profitable or successful. In light of these enhanced risks/rewards, a client may direct the Registrant, in writing, not to employ any or all such strategies for his/her/their/its accounts.

**Please Note: Fee Differentials.** As indicated above, the Registrant shall price its services based upon various objective and subjective factors. As a result, Registrant’s clients could pay diverse fees based upon the market value of their assets, the complexity of the engagement, and the level and scope of the overall investment advisory and/or consulting services to be rendered. As a result of these factors, the services to be provided by the Registrant to any particular client could be available from other advisers at lower fees. All clients and prospective clients should be guided accordingly.

**Please Note: Calculation of advisory fees includes cash assets:** The Registrant calculates advisory fees on all assets placed under its management, including cash held in advisory accounts. Clients may consent to asset allocations that include certain amounts being held as cash for short or long-term reasons, or may direct that assets be held in cash based on personal risk tolerance or market conditions. The Registrant will calculate advisory fees based on total assets in advisory accounts, and all clients and prospective clients should be guided accordingly



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**Please Note: Non-Discretionary Service Limitations.** Clients that determine to engage the Registrant on a non-discretionary investment advisory basis **must be willing to accept** that the Registrant cannot effect any account transactions without obtaining prior verbal consent to any such transaction(s) from the client. Thus, in the event of a market correction during which the client is unavailable, the Registrant will be unable to effect any account transactions (as it would for its discretionary clients) **without first obtaining the client's verbal consent.**

**Trade Error Policy.** Registrant shall reimburse accounts for losses resulting from the Registrant's trade errors, but shall not credit accounts for such errors resulting in market gains. The gains and losses are reconciled within the Registrant's custodian firm account and Registrant retains the net gains and losses.

**Client Obligations.** In performing its services, Registrant shall not be required to verify any information received from the client or from the client's other professionals, and is expressly authorized to rely thereon. Moreover, each client is advised that it remains his/her/its responsibility to promptly notify the Registrant if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/revising Registrant's previous recommendations and/or services.

**Disclosure Statement.** A copy of the Registrant's written Brochure as set forth on Part 2A of Form ADV shall be provided to each client prior to, or contemporaneously with, the execution of the *Investment Advisory Agreement or Financial Planning and Consulting Agreement*.

#### **ADVISORY SERVICES FOR CLIENTS' INDIVIDUAL NEEDS (Item 4C of Part 2A)**

The Registrant shall provide investment advisory services specific to needs of each client. Prior to providing investment advisory services, an investment adviser representative will discuss with each client, their particular investment objective(s). The Registrant shall allocate each client's investment assets consistent with their designated investment objective(s). Clients may, at anytime, impose restrictions, in writing, on the Registrant's services.

#### **MANAGEMENT OF WRAP AND NON-WRAP ACCOUNTS (Item 4D of Part 2A)**

There is no significant difference between how the Registrant manages wrap fee accounts and non-wrap fee accounts. However, as stated above, if a client determines to engage the Registrant on a wrap fee basis the client will pay a single fee for bundled services (i.e. investment advisory, brokerage, custody) (*See* Item 4.A). The services included in a wrap fee agreement will depend upon each client's particular need. If the client determines to engage the Registrant on a non-wrap fee basis the client will select individual services on an unbundled basis, paying for each service separately (i.e. investment advisory, brokerage, custody). **Please note:** When managing a client's account on a wrap fee basis, the Registrant shall receive as payment for its investment advisory services, the balance of the wrap fee after all other costs incorporated into the wrap fee have been deducted.

#### **Performance Based Fees and Side-By-Side Management (Item 6 of Part 2A)**

Neither the Registrant nor any supervised person of the Registrant accepts performance-based fees.

#### **Methods of Analysis, Investment Strategies and Risk of Loss (Item 8A of Part 2A)**



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The Registrant shall utilize the following methods of security analysis:

- Charting - (analysis performed using patterns to identify current trends and trend reversals to forecast the direction of prices)
- Fundamental - (analysis performed on historical and present data, with the goal of making financial forecasts)
- Technical - (analysis performed on historical and present data, focusing on price and trade volume, to forecast the direction of prices)
- Cyclical - (analysis performed on historical relationships between price and market trends, to forecast the direction of prices)

The Registrant shall utilize the following investment strategies when implementing investment advice given to clients:

- Long Term Purchases (securities held at least a year)
- Short Term Purchases (securities sold within a year)
- Trading (securities sold within thirty (30) days)

**Please Note: Investment Risk.** Different types of investments involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by the Registrant) will be profitable or equal any specific performance level(s).

#### **Voting Client Securities (Item 17 of Part 2A)**

A. The Registrant does not vote client proxies. Clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets.

B. Clients will receive their proxies or other solicitations directly from their custodian. Clients may contact the Registrant to discuss any questions they may have with a particular solicitation.

### **Item 7 Client Information Provided to Portfolio Managers**

The Registrant shall be the Program's portfolio manager. The Registrant shall provide investment advisory services specific to needs of each client. Prior to providing investment advisory services, an investment adviser representative will discuss with each client, their particular investment objective(s). The Registrant shall allocate each client's investment assets consistent with their designated investment objective(s). Clients may, at any time, impose restrictions, in writing, on the Registrant's services.

As indicated above, each client is advised that it remains his/her/its responsibility to promptly notify the Registrant if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/revising Registrant's previous recommendations and/or services.



The financial advisors of Private Advisor Group are registered with and securities offered through LPL Financial, member FINRA/SIPC.

To the extent the Program utilizes *Independent Manager[s]*, the Registrant shall provide the *Independent Manager[s]* with each client's particular investment objective(s). Any changes in the client's financial situation or investment objectives reported by the client to the Registrant shall be communicated to the *Independent Manager[s]* within a reasonable period of time.

## **Item 8 Client Contact With Portfolio Managers**

The client shall have, without restriction, reasonable access to the Program's portfolio manager.

## **Item 9 Additional Information**

A. The information required for Item 9.A consists of Items 9 and 10 of Registrant's Part 2A.

### **Disciplinary Information (Item 9 of Part 2A)**

The Registrant does not have any reportable disciplinary information.

### **Other Financial Industry Activities and Affiliations (Item 10 of Part 2A)**

- A. Patrick J. Sullivan, John Hyland and certain of Registrant's representatives are also registered representatives of LPL Financial, an SEC registered and FINRA member broker-dealer.
- B. Neither the Registrant, nor its representatives, are registered or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or a representative of the foregoing.
- C.

**Registered Representatives of LPL Financial.** Patrick J. Sullivan, John Hyland and certain of Registrant's representatives, are registered representatives of LPL Financial, an SEC Registered and FINRA member broker-dealer. Clients may choose to engage Registrant's representatives in their individual capacities as registered representatives of LPL Financial, to implement investment recommendations on a commission basis.

**Licensed Insurance Agents.** Patrick J. Sullivan, John Hyland and certain of Registrant's representatives, in their individual capacities, are licensed insurance agents, and may recommend the purchase of certain insurance-related products on a commission basis. As referenced in Item 4.B above, clients can engage certain of Registrant's representatives to purchase insurance products on a commission basis.

- **Conflict of Interest:** The recommendation by Registrant's representatives that a client purchase a securities and/or insurance commission product presents a ***conflict of interest***, as the receipt of commissions may provide an incentive to recommend investment products based on commissions received, rather than on a particular client's need. No client is under any obligation to purchase





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any commission products from Registrant's representatives. Clients are reminded that they may purchase investment products recommended by Registrant through other, non-affiliated broker dealers or insurance agents. **The Registrant's Chief Compliance Officer, Patrick J. Sullivan, remains available to address any questions that a client or prospective client may have regarding the above conflict of interest.**

**Licensed Attorneys.** Certain of Registrant's representatives are licensed attorneys and may, in their individual capacity, provide limited legal services to Registrant's clients. To the extent that a client specifically requests legal or estate planning services, the Registrant may recommend the services of an attorney, including certain of Registrant's representatives in their individual capacities as licensed attorneys. Any such legal services shall rendered independent of the Registrant pursuant to a separate agreement between the client and the attorney. The Registrant shall not receive any of the fees charged by the attorney, referral or otherwise. **The Registrant's Chief Compliance Officer, Patrick J. Sullivan, remains available to address any questions that a client or prospective client may have regarding the above conflict of interest**

**Employees of Banks.** Certain of Registrant's representatives are employees or affiliates of banks, and may recommend the use or purchase of certain bank products or services. Conflict of Interest: The recommendation by these representatives that a client use or purchase of certain bank products or services presents a conflict of interest, as a bank employee may have an incentive based on his employment to recommend the use or purchase of certain bank products or services rather than on a particular client's need. No client is under any obligation to use or purchase of any bank products or services. Clients are reminded that they may patronize any bank and are not required to use or purchase any banking products or services recommended by the representative. In addition, a representative's employment by a bank does not mean that investments made through him are deposits with the bank, or obligations of the bank or are guaranteed by the bank or any governmental agency. Investments are subject to investment risks, including possible loss of the principal amount invested. **The Registrant's Chief Compliance Officer, Patrick J. Sullivan remains available to address any questions that a client or prospective client may have regarding the above conflict of interest.**

**Other Investment Advisor Firm.** Certain of Registrant's representatives also serve as investment advisor representatives of other registered investment advisors. These representatives may refer certain clients to those other investment advisors for advisory services. The recommendation by these representatives that a client engage the investment advisory services of another investment advisor presents a conflict of interest, as these representatives may receive a direct economic benefit from any such referral. No client is under any obligation to engage the services of another investment advisor. **The Registrant's Chief Compliance Officer, Patrick J. Sullivan, remains available to address any questions that a client or prospective client may have regarding the above conflict of interest.**

**Real Estate broker or dealer.** Certain of Registrant's representatives also serve as real estate brokers or dealers or as owners or investors in real estate investments. These representatives may recommend the purchase, sale, rental of or investment in real estate. Such advice presents a conflict of interest, as the receipt of commissions may provide an incentive to recommend real estate based on





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commissions to be received, rather than on a particular client's need. In addition, holding an ownership interest in real estate investment being offered to a client also presents a conflict of interest. No client is under any obligation to purchase or rent any real estate from or invest in real estate with these representatives. Clients are reminded that they may purchase or rent any real estate recommended by these representatives through other, real estate agents, and that they may invest in other real estate ventures. **The Registrant's Chief Compliance Officer, Patrick J. Sullivan remains available to address any questions that a client or prospective client may have regarding the above conflict of interest.**

**Certified Public Accountant.** Certain of Registrant's representatives are Certified Public Accountants. To the extent that these representatives provide accounting services, which may include tax advice, to any clients, including clients of the Registrant, all such services shall be performed by those representatives, in their individual professional capacities, independent of the Registrant, for which services Registrant shall not receive any portion of the fees charged by the representative, referral or otherwise. It is expected that these representatives, solely incidental to their practices as accountants, may recommend the Registrant's services to certain of their clients. No client of Registrant is under any obligation to use the accounting services of these representatives. **The Registrant's Chief Compliance Officer, Patrick J. Sullivan remains available to address any questions that a client or prospective client may have regarding the above conflict of interest.**

- D. The Registrant may recommend or select other investment advisors for its clients generally through Third Party Asset Management Programs ("TAMPs"). LPL makes available advisory services and programs of third party investment advisors. Through these TAMPs, the Registrant's representatives provide ongoing investment advice to clients that is tailored to the individual needs of the client. As part of these TAMP services, the representative typically obtains the necessary financial data from the client, assists the client in determining the suitability of the program, assists the client in setting an appropriate investment objective and assists the client in opening an account with the TAMP. In addition, depending on the type of program, the representative may assist the client to select a model portfolio of securities designed by the TAMP or select a portfolio management firm to provide discretionary asset management services. It is the third party investment advisor (and not Registrant's representative) that has client authority to purchase and sell securities on a discretionary or non-discretionary basis pursuant to investment objective chosen by the client. This authorization will be set out in the TAMP client agreement. The Brochure for the particular TAMP will explain whether clients may impose restrictions on investing in certain securities or types of securities. In particular, the Registrant currently offers advisory services through TAMPs sponsored by, among others: SEI, Loring Ward Advisor Services, Manning & Napier, Genworth Financial Wealth Management ("GFWM"), ManagersChoice, Envestnet, Lockwood and FTJ Fund Choice. Clients should refer to the Brochure, client agreement and other account paperwork for each TAMP for more detailed information about the services available under the program.
- B. The information required for Item 9.B consists of Items 11, 13, 14 and 18 of Registrant's Part 2A.

#### **Code of Ethics, Participation or Interest in Client Transactions and Personal Trading (Item 11 of Part 2A)**

- A. The Registrant maintains an investment policy relative to personal securities transactions. This investment policy is part of Registrant's overall Code of Ethics, which serves to establish a standard



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of business conduct for all of Registrant's Associated Persons that is based upon fundamental principles of openness, integrity, honesty and trust, a copy of which is available upon request.

In accordance with Section 204A of the Investment Advisers Act of 1940, the Registrant also maintains and enforces written policies reasonably designed to prevent the misuse of material non-public information by the Registrant or any person associated with the Registrant.

- B. Neither the Registrant nor any related person of Registrant recommends, buys, or sells for client accounts, securities in which the Registrant or any related person of Registrant has a material financial interest.
- C. The Registrant and/or representatives of the Registrant *may* buy or sell securities that are also recommended to clients. This practice may create a situation where the Registrant and/or representatives of the Registrant are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a potential conflict of interest. Practices such as "scalping" (i.e., a practice whereby the owner of shares of a security recommends that security for investment and then immediately sells it at a profit upon the rise in the market price which follows the recommendation) could take place if the Registrant did not have adequate policies in place to detect such activities. In addition, this requirement can help detect insider trading, "front-running" (i.e., personal trades executed prior to those of the Registrant's clients) and other potentially abusive practices.

The Registrant has a personal securities transaction policy in place to monitor the personal securities transactions and securities holdings of each of the Registrant's "Access Persons". The Registrant's securities truncation policy requires that Access Person of the Registrant must provide the Chief Compliance Officer or his/her designee with a written report of the their current securities holdings within ten (10) days after becoming an Access Person. Additionally, each Access Person must provide the Chief Compliance Officer or his/her designee with a written report of the Access Person's current securities holdings at least once each twelve (12) month period thereafter on a date the Registrant selects; provided, however that at any time that the Registrant has only one Access Person, he or she shall not be required to submit any securities report described above.

- D. The Registrant and/or representatives of the Registrant *may* buy or sell securities, at or around the same time as those securities are recommended to clients. This practice creates a situation where the Registrant and/or representatives of the Registrant are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a potential conflict of interest. As indicated above in Item 11 C, the Registrant has a personal securities transaction policy in place to monitor the personal securities transaction and securities holdings of each of Registrant's Access Persons.

#### **Review of Accounts (Item 13 of Part 2A)**

- A. For those clients to whom Registrant provides investment supervisory services, account reviews are conducted on an ongoing basis by the Registrant's Principal. All investment supervisory clients are advised that it remains their responsibility to advise the Registrant of any changes in their investment objectives and/or financial situation. All clients (in person or via telephone) are encouraged to review



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financial planning issues (to the extent applicable), investment objectives and account performance with the Registrant on an annual basis.

- B. The Registrant *may* conduct account reviews on an other than periodic basis upon the occurrence of a triggering event, such as a change in client investment objectives and/or financial situation, market corrections and client request.
- C. Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts. The Registrant may also provide a written periodic report summarizing account activity and performance.

#### **Client Referrals and Other Compensation (Item 14 of Part 2A)**

- A. As referenced in Item 12.1 above, the Registrant may receive an indirect economic benefit from LPL Financial. The Registrant, without cost (and/or at a discount), may receive support services and/or products from LPL Financial.

Registrant's clients do not pay more for investment transactions effected and/or assets maintained at LPL Financial as result of this arrangement. There is no corresponding commitment made by the Registrant to LPL Financial or any other any entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as result of the above arrangement.

**The Registrant's Chief Compliance Officer, Patrick J. Sullivan, remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding perceived conflict of interest any such arrangement may create.**

If a client is introduced to the Registrant by either an unaffiliated or an affiliated solicitor, Registrant *may* pay that solicitor a referral fee in accordance with the requirements of Rule 206(4)-3 of the Investment Advisers Act of 1940, and any corresponding state securities law requirements. Any such referral fee shall be paid solely from the Registrant's investment management fee, and shall not result in any additional charge to the client. If the client is introduced to the Registrant by an unaffiliated solicitor, the solicitor, at the time of the solicitation, shall disclose the nature of his/her/its solicitor relationship, and shall provide each prospective client with a copy of the Registrant's written Brochure with a copy of the written disclosure statement from the solicitor to the client disclosing the terms of the solicitation arrangement between the Registrant and the solicitor, including the compensation to be received by the solicitor from the Registrant.

- C. If the Registrant introduces a client to another investment advisor or an investment manager, the Registrant may be paid a referral or solicitor fee in accordance with the requirements of Rule 206(4)-3 of the Investment Advisers Act of 1940, and any corresponding state securities law requirements. Any such referral fee shall be paid according to a fee disclosure statement provided to the client at the time that the referral is made. When the Registrant is acting as an unaffiliated solicitor, the Registrant, at the time of the solicitation, shall disclose the nature of its solicitor relationship, and shall provide each prospective client with a copy of the Registrant's written Brochure with a copy of the written



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disclosure statement from the investment advisor or investment manager to the client disclosing the terms of the solicitation arrangement between the Registrant and the investment advisor or investment manager, including the compensation to be received by the Registrant.

**Financial Information (Item 18 of Part 2A)**

- A. The Registrant does not solicit fees of more than \$1,200 (one thousand two hundred dollars), per client, six months or more in advance.
- B. The Registrant is unaware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments relating to its discretionary authority over certain client accounts.
- C. The Registrant has not been the subject of a bankruptcy petition.

**ANY QUESTIONS: The Registrant's Chief Compliance Officer, Patrick J. Sullivan, remains available to address any questions that a client or prospective client may have regarding the above disclosures and arrangements. Should a client or prospective client have any questions, please contact Mr. Sullivan at (973) 538-7010.**