

PERSONAL WEALTH PORTFOLIOS (PWP)
PROGRAM FORM BROCHURE

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This wrap program brochure provides information about the qualifications and business practices of LPL Financial ("LPL"). If you have any questions about the contents of this brochure, please contact your LPL financial advisor or LPL at lplfinancial.adv@lpl.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority.

Additional information about LPL also is available on the SEC's website at www.adviserinfo.sec.gov.

ITEM 1 COVER PAGE

ITEM 2 MATERIAL CHANGES

This Brochure contains changes from the last annual update of this Brochure dated March 31, 2014. The following is a summary of certain changes made to this Brochure from the time of the annual update of the Brochure dated March 31, 2013 until the most recent annual update dated March 31, 2014. The following also includes a summary of certain changes made to the Brochure since the last annual update dated March 31, 2014. The Brochure was updated to include LPL's new San Diego address of 4707 Executive Drive, San Diego, California 92121-3091. Item 9 was updated to provide information regarding four disciplinary events involving LPL, one related to LPL's systems and procedures to review and retain emails, one related to aspects of LPL's processing and supervision of the sale of alternative investments, including non-traded real estate investment trusts, one related to the books and records of certain variable annuity exchange transactions, and one related to improper conduct by an LPL investor advisor representative. Item 9 also was updated to include more information about compensation that LPL may provide to its investment advisor representatives and to financial institutions, such as banks and credit unions, whose premises certain investment advisor representatives may be located, revenue sharing payments that LPL receives from sponsors of mutual funds that are available in the program, and the typical handling of trade errors in accounts.

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ITEM 4 SERVICES, FEES AND COMPENSATION

Services
LPL offers various types of advisory services and programs, including wrap fee programs, mutual fund asset allocation programs, advisory programs offered by third party investment advisor firms, financial planning services, and retirement plan consulting



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services. This Brochure provides a description of the advisory services offered under LPL's Personal Wealth Portfolios ("PWP") program. For more information about LPL's advisory services and programs other than PWP, please contact your LPL investment advisor representative ("IAR") for a copy of a similar brochure that describes such service or program or go to [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

LPL is also a broker-dealer registered with the Financial Industry Regulatory Authority ("FINRA"), and an IAR also may be registered with LPL as a broker-dealer registered representative. Therefore, an IAR may be able to offer a client both investment advisory and brokerage services. Before engaging with an IAR, clients should take time to consider the differences between an advisory relationship and a brokerage relationship to determine which type of service best serves the client's investment needs and goals. Clients should speak to the IAR to understand the different types of services available through LPL. Clients also should refer to the informational brochure on [www.lpl.com](http://www.lpl.com) titled "Working with an LPL Financial Advisor: The Choice between Advisory Services and Brokerage Services."

The PWP program is a unified managed account program in which LPL and its investment advisor representatives or IARs provide ongoing investment advice and management. In PWP, clients invest in asset allocation portfolios ("Portfolios") designed by LPL's Research Department, which include a combination of mutual funds, exchange-traded funds ("ETFs") and investment models ("Models") provided to LPL by third party money managers ("PWP Advisors"). The Models typically consist of equity and fixed income securities, but may include investment company securities. LPL's Research Department selects the mutual funds, ETFs and Models to be made available in a Portfolio.

The IAR obtains the necessary financial data from the client, assists the client in determining the suitability of the program and assists the client in setting an appropriate investment objective. The IAR selects a Portfolio based on client's investment objective and then selects among the mutual funds, ETFs and/ or Models available in the Portfolio. The PWP program also permits clients to select a third party investment advisor firm associated with an LPL registered representative, in lieu of an IAR, to provide the advisory services described in this brochure.

LPL has discretionary authority to purchase and sell securities in the account. The client authorizes LPL and IAR to take discretion by executing the Account Agreement and Application. LPL acts as the overlay portfolio manager ("OPM") in coordinating the trades among the various securities and sleeves of a PWP account. After a PWP account is opened, and upon deposit of funds by the client, LPL will invest the client's funds based on the Portfolio selected. It generally will take up to 5 business days from the date the account is fully funded for all assets to be fully allocated across the Portfolio. In certain cases, it may take longer to allocate assets to fixed income securities because of market conditions or the illiquid nature of certain issues. In the case of municipal security Models ("Muni Models"), it typically can take between 30 to 90 days for the Model to be fully invested. Subsequent deposits accumulate and will not be invested in the Portfolio until certain conditions are met, including conditions related to trade size and position deviation from the target allocation.

During the normal course of business, LPL reviews accounts on a daily basis and executes trades as needed. In addition, each year based on the anniversary date of the initial account asset allocation, LPL will examine if any particular asset class in an account has drifted beyond a tolerance limit and determine if the account should be rebalanced to be within acceptable asset allocation tolerances.

Except as described below for Muni Models, the role of the PWP Advisors is limited to submitting Models to LPL, who has discretion as OPM for trade execution. However, if a Portfolio is selected that includes a Muni Model, the PWP Advisor for that Model will have discretionary trading authority with respect to the purchase and sale of fixed income securities for the portion of the account invested according to the Muni Model ("Muni Sleeve"). Although the PWP Advisor has discretion over the Muni Sleeve, LPL has ultimate discretion over the entire account and may exercise discretion over securities in the Muni Sleeve (e.g., to rebalance the Account or to liquidate securities for withdrawal requests). LPL may appoint from time to time other PWP Advisors to take discretion over a portion of the account managed according to that PWP Advisor's Model.

In connection with the program, LPL also acts as custodian to accounts, provides brokerage services as the broker-dealer on transactions, and performs administrative services, such as quarterly performance reporting to clients.



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## Fee Schedule

In the PWP program, clients pay LPL and its IARs a single wrap fee ("Account Fee") for advisory services and execution of transactions. The Account Fee is negotiable between the client and the IAR and is set out in the Account Application. The Account Fee is a straight percentage based on the value of all assets in the account, including cash holdings. The maximum Account Fee is 2.50%. The Account Fee is paid to LPL, and LPL retains 0.10% for its OPM services, and up to 0.58% for its administrative, custody and clearing services and the Portfolio design services of LPL Research. LPL pays a portion of the Account Fee to the PWP Advisors. LPL shares between 90% to 100% of the remaining portion of the Account Fee with the IAR based on the agreement between LPL and the IAR. The portion of the Account Fee paid to the PWP Advisors varies by asset class and investment strategy, and ranges from 0.15% to 0.35%. To the extent that fee rates charged by PWP Advisors within the same asset class vary, an IAR may have a financial incentive to select one PWP Advisor over another. If a Portfolio is selected that does not include a PWP Advisor Model, this will result in each of LPL and the IAR retaining a greater portion of the Account Fee than if a Portfolio was selected that included a PWP Advisor Model, because no portion of the Account Fee will be paid to a PWP Advisor.

The fees paid by LPL to PWP Advisors in the program are generally less than a PWP Advisor would charge a client seeking to establish a direct relationship outside of the program. LPL is absorbing many of the billing, administrative, and marketing expenses that would otherwise be borne by the PWP Advisor and the role of the PWP Advisor is generally limited to providing Models to LPL. PWP Advisors generally have higher minimum account size requirements when managing direct accounts and higher fees when the PWP Advisor bears those expenses. In providing ongoing advice and management for the account, IAR may recommend or select a Portfolio that would result in the IAR's retaining more or less of the Account Fee than it would if another Portfolio were recommended or selected.

## How the Account Fee is Charged

LPL deducts the Account Fee and other fees and charges associated with a PWP account from the account. LPL calculates and deducts the Account Fee in the method described in the Account Agreement, unless other arrangements are made in writing. If a client wishes to be billed for the Account Fee, rather than a deduction directly from the account, the client needs to make a request to LPL through the IAR. LPL and IAR do not accept performance-based fees under the PWP program.

## Payment in Advance and Refund of Pre-Paid Fees

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

## Other Types of Fees and Expenses of LPL

In addition to the Account Fee, clients also pay LPL other miscellaneous administrative or custodial-related fees and charges that may apply to a PWP account. LPL notifies clients of these charges at account opening and makes available a list of these charges on its website at [www.lpl.com](http://www.lpl.com). Clients do not pay LPL or IARs brokerage commissions, markups or transaction charges for execution of transactions in addition to the Account Fee. For more information, see below under "Additional Information – Brokerage Practices."

## Fees Charged by Third Parties

There are other fees and charges that are imposed by third parties other than LPL that apply to investments in PWP accounts. Some of these fees and charges are described below. In PWP, assets may be invested in mutual funds or ETFs and, therefore,



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there are two layers of advisory fees and expenses for those assets. Client will pay an advisory fee to the fund manager and other expenses as a shareholder of the fund. In the case of mutual funds that are fund of funds, there could be an additional layer of fees, including performance fees that may vary depending on the performance of the fund. Client will also pay LPL and IAR the Account Fee with respect to those assets. The mutual funds and ETFs available in the program may be purchased directly. Therefore, clients could generally avoid the second layer of fees by not using the advisory services of LPL and IAR and by making their own decisions regarding the investment.

If client transfers into a PWP account a previously purchased mutual fund, and there is an applicable contingent deferred sales charge on the fund, client will pay that charge when the mutual fund is sold. If the account is invested in a mutual fund that charges a fee if a redemption is made within a specific time period after the investment, client will be charged a redemption fee. If a mutual fund has a frequent trading policy, the policy can limit a client's transactions in shares of the fund (e.g., for rebalancing, liquidations, deposits or tax harvesting). Decisions regarding the sale of mutual funds in an account may be made by LPL without regard to whether a client will be assessed a redemption fee.

When transferring securities into a PWP account, client should be aware that certain securities may not be eligible for the account. In such case, the securities may be rejected, sold after the transfer, or moved to a brokerage account. Note that when an ineligible security is transferred into an account and subsequently sold or moved to a brokerage account, the advisory fee will be charged on such asset for the period of time the security was held in the account. Client should be aware that securities transferred into an account may have been subject to a commission or sales load when the security was originally purchased. After transfer into a PWP account, client should understand that an advisory fee will be charged based on the total assets in the account, including the transferred security. When transferring securities into an account, client should consider and speak to IAR about whether:

- a commission was previously paid on the security;
- client wishes for the security to be managed as part of the account and be subject to an advisory fee; or
- client wishes to hold the security in a brokerage account that is not managed and not subject to an advisory fee.

In some cases, a mutual fund in PWP will charge shareholders an asset based sales charge or service fee (e.g., 12b-1 fee) that is paid to LPL. For retirement accounts, 12b-1 fees paid to LPL by mutual funds are credited to the account. A retirement account for purposes of this Brochure is an account held by a plan subject to the Employee Retirement Income Security Act of 1974 ("ERISA") or an account otherwise subject to Section 4975 of the Internal Revenue Code (e.g., an individual retirement account or IRA). The receipt of 12b-1 fees presents a potential conflict of interest because it gives LPL an incentive to recommend mutual funds for non-retirement accounts based on the compensation received rather than on a client's needs. LPL addresses this potential conflict by disclosure to clients. LPL selects only no-load and load-waived mutual funds for PWP accounts. Some mutual funds make available share classes that do not pay 12b-1 fees (e.g., institutional share classes) only if a client's holding meets a certain asset minimum. LPL does not share this fee with its IARs.

As described below under "Additional Information – Brokerage Practices," if a PWP Advisor for a Muni Model chooses to execute a transaction through a broker-dealer other than LPL, the execution price to the client may include a commission, mark-up/mark-down, or other fee imposed by the executing broker-dealer in addition to the Account Fee. If client holds an American Depositary Receipt ("ADR") in an account, there may be custodial fees or taxes related to the ADR.

### Important Things to Consider About Wrap Fees on a PWP Account

- The Account Fee is a single wrap fee for investment advisory services, the execution of transactions and other administrative and custodial services. The Account Fee may cost the client more than purchasing the program services separately, for example, paying a separate advisory fee for each of the services of LPL, IAR and the PWP Advisor, plus commissions or transaction charges to a broker-dealer for each transaction in the account. Factors that bear upon the cost of the account in relation to the cost of the same services purchased separately include the:
  - type and size of the account
  - type and number of securities in the Portfolio (whether equities, fixed income securities, mutual funds or ETFs)



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- historical and or expected size or number of trades for the account, and
- number and range of supplementary advisory and client-related services provided to the client.
- The Account Fee may be higher than the fees charged by other investment advisors for similar services. This is the case in particular if the Account Fee is at or near the maximum Account Fee set out above. The IAR is responsible for determining the Account Fee to charge each client based on factors such as total amount of assets involved in the relationship, type of securities to be held in the account (e.g., mutual funds vs. individual securities), the complexity and mix of the portfolio, and the number and range of supplementary advisory and client-related services to be provided to the account. Clients should consider the level and complexity of the advisory services to be provided when negotiating the Account Fee with IAR.
- The IAR recommending the program to the client receives compensation as a result of the client's participation in the program. This compensation includes a portion of the Account Fee, and also may include other types of compensation, such as bonuses, awards or other things of value offered by LPL to the IAR. LPL pays IARs this compensation based on the IAR's overall business production and/or on the amount of assets serviced in LPL advisory programs. Therefore, the amount of this compensation may be more than what the IAR would receive if the client participated in other LPL programs, programs of other investment advisors or paid separately for investment advice, brokerage and other client services. Therefore, the IAR may have a financial incentive to recommend a program account over other programs and services.
- Some of the investment products available to be purchased in the program can be purchased by clients outside of a PWP account, through broker-dealers or other investment firms not affiliated with LPL.

### ITEM 5 ACCOUNT REQUIREMENTS AND TYPES OF CLIENTS

LPL generally requires a minimum account value of \$250,000. In certain instances, LPL will permit a lower minimum account size. An account will not be invested according to the Portfolio until the minimum account size and the targeted funding value of the account has been reached. The program is available for individuals, IRAs, banks and thrift institutions, pension and profit sharing plans, including plans subject to ERISA, trusts, estates, charitable organizations, state and municipal government entities, corporations and other business entities.

### ITEM 6 PORTFOLIO MANAGER SELECTION AND EVALUATION

In PWP, LPL and IAR are responsible for the overall investment advice and management services offered to clients, and the client selects the IAR who manages the account. LPL generally requires that individuals involved in determining or giving investment advice have at least 2 years financial planning, advisory or brokerage-related experience. Each IAR is also generally required to possess a FINRA Series 6, 7, 65, or 66 license (to the extent required). For more information about the IAR managing the account, client should refer to the Brochure Supplement for the IAR, client should have received along with this Brochure at the time client opened the account.

LPL makes available Models designed by PWP Advisors. LPL selects and reviews on an ongoing basis the PWP Advisors available on PWP based on quantitative, qualitative and infrastructure criteria, which may include:

#### Quantitative Criteria

LPL evaluates quantitative criteria both in terms of the PWP Advisor's absolute performance and performance relative to the PWP Advisor's investment style group, including but not limited to:

- Rate of return
- Consistency of returns and risk
- Number of employees and accounts
- Years in the business
- Assets under management



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## Qualitative Criteria

LPL evaluates qualitative criteria, including but not limited to:

- Sound Investment philosophy and process that drives performance
- Assessment of the investment manager and team
- Risk controls
- Legal and compliance issues

## Infrastructure Criteria

LPL reviews infrastructure criteria to assess whether a PWP Advisor can handle operational requirements including but not limited to:

- Composite calculation methodology
- Trade rotation policy, if applicable
- Back office review
- Client servicing resources
- Firm-wide program commitment

LPL reviews PWP Advisors currently participating in the program and reviews new PWP Advisors prior to the addition of their Models to the program. LPL may elect to remove a PWP Advisor should it determine that the PWP Advisor has failed to meet one or more of the above selection criteria or other pertinent criteria (e.g., significant change in management staff). In making a decision to remove a PWP Advisor, LPL's Research Department takes into consideration all criteria; no one criteria is necessarily determinant in the replacement decision. Additionally, in its review process, LPL places emphasis on long term overall PWP Advisor performance from a qualitative and/or quantitative viewpoint. Short-term developments are monitored but are not necessarily sufficient for a decision to remove a PWP Advisor.

## PWP Advisor Performance

LPL's Research Department uses information provided by the PWP Advisor and also may use independent, third party databases when evaluating a PWP Advisor. In order for a PWP Advisor to be selected for the program, LPL generally requires a third party verification letter related to compliance of the PWP Advisor's performance information with Global Investment Performance Standards (GIPS) or a similar letter indicating that the performance information has been audited by an independent auditor. PWP Advisor performance information is not calculated on a uniform and consistent basis.

LPL does not calculate PWP Advisor performance. However, LPL provides clients with individual quarterly performance reports. Performance reports distributed by LPL are compiled using third party portfolio accounting and reporting software. Client performance information is calculated by LPL on a uniform and consistent basis using a time weighted basis. Performance reports are intended to inform clients as to how their investments have performed for a period, both on an absolute basis and compared to leading investment indices.

It is important to note that PWP Advisors provide Models to LPL, and, except in the case of Muni Models, LPL is the party with discretion for trade implementation and execution in PWP accounts. Therefore, Models submitted to LPL by PWP Advisors may represent activity that has already been implemented on behalf of other clients of the PWP Advisor. Because of this fact and because LPL (and not the PWP Advisor) has discretionary authority to implement trades, performance of a PWP account will differ from the performance of PWP Advisor's discretionary accounts.

## LPL Portfolio Design Services

In PWP, clients invest in Portfolios designed by LPL's Research Department. LPL's Research Department provides various types of advisory services. LPL Research provides research recommendations on asset allocation and mutual funds and ETFs. LPL Research provides investment advice on mutual fund selection and allocation through other LPL advisory programs, such as





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Optimum Market Portfolios and Model Wealth Portfolios. LPL Research also reviews and recommends outside portfolio management firms for LPL's separately managed account wrap program, Manager Select.

LPL Research designs different types of Portfolios for PWP to meet the varying needs of clients. The IAR selects the Portfolio and provides advice based on the client's individual needs. LPL's Research Department uses various investment strategies in designing Portfolios, including those described below. All Portfolios seek to generate capital appreciation while assuming a reasonable amount of risk. The Portfolios are intended to take advantage of market opportunities that will occur or persist over a three-to-five-year time frame. It is important to note that no methodology or investment strategy is guaranteed to be successful or profitable.

- **Standard.** This investment strategy invests in more traditional asset classes (e.g., large cap growth, large cap value, small cap growth, small cap value, foreign and fixed income). LPL Research designs different versions of Standard Portfolios, for example, for investors who wish to allocate to mid caps or who do not want exposure to foreign. LPL Research also designs a version for investors who wish to have an allocation that is more tactically managed and allocated to alternative strategy funds, ETFs or ETNs. The tactical allocation is intended to be more flexible and to help take advantage of short-, mid-, and long-term opportunities the markets present.
- **Core.** This investment strategy also invests in more traditional asset classes, however the traditional equity asset classes are combined between blends of growth and value.
- **Diversified.** This investment strategy invests in traditional asset classes but may also invest in less traditional asset classes (e.g., emerging markets, high yield bonds). This investment strategy is subject to minimal constraints. LPL Research designs different versions of these Portfolios, for example, for investors who want allocation to tax-free bonds. LPL Research also designs a version for investors who wish to have an allocation that is more tactically managed and allocated to more opportunistic asset classes in the form of mutual funds, ETFs or ETNs. This may include alternative strategies, but is not limited to them. The tactical allocation is intended to be more flexible and to help take advantage of short-, mid-, and long-term opportunities the markets present.

When LPL's Research Department determines that a Model, ETF or mutual fund is no longer acceptable for a Portfolio, LPL will notify the IAR of the change in status and provide alternatives for the account from which the IAR will select, which may include selection of 1) an ETF until a replacement Model, ETF or mutual fund has been selected by the Research Department, 2) the replacement Model, ETF or mutual fund, or 3) one of the remaining choices within the asset class.

### Types of Investments and Risks

The Portfolios may include different types of securities, such as mutual funds, closed end funds, ETFs and ETNs. Investing in securities involves the risk of loss that clients should be prepared to bear. Described below are some particular risks associated with investing and with some types of investments available in the program.

- **Market Risk.** This is the risk that the value of securities owned by an investor may go up or down, sometimes rapidly or unpredictably, due to factors affecting securities markets generally or particular industries.
- **Interest Rate Risk.** This is the risk that fixed income securities will decline in value because of an increase in interest rates; a bond or a fixed income fund with a longer duration will be more sensitive to changes in interest rates than a bond or bond fund with a shorter duration.
- **Credit Risk.** This is the risk that an investor could lose money if the issuer or guarantor of a fixed income security is unable or unwilling to meet its financial obligations.
- **Alternative Strategy Mutual Funds.** Certain mutual funds available in the program invest primarily in alternative investments and/or strategies. Investing in alternative investments and/or strategies may not be suitable for all investors and involves special risks, such as risks associated with commodities, real estate, leverage, selling securities short, the use of derivatives, potential adverse market forces, regulatory changes and potential illiquidity. There are special risks associated with mutual funds that invest principally in real estate securities, such as sensitivity to changes in real estate values and interest rates and price volatility because of the fund's concentration in the real estate industry. These types of funds tend to have higher



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expense ratios than more traditional mutual funds. They also tend to be newer and have less of a track record or performance history.

- *Exchange-Traded Funds (ETFs)*. ETFs are typically investment companies that are legally classified as open end mutual funds or unit investment trusts. However, they differ from traditional mutual funds, in particular, in that ETF shares are listed on a securities exchange. Shares can be bought and sold throughout the trading day like shares of other publicly-traded companies. ETF shares may trade at a discount or premium to their net asset value. This difference between the bid price and the ask price is often referred to as the "spread." The spread varies over time based on the ETF's trading volume and market liquidity, and is generally lower if the ETF has a lot of trading volume and market liquidity and higher if the ETF has little trading volume and market liquidity. Although many ETFs are registered as an investment company under the Investment Company Act of 1940 like traditional mutual funds, some ETFs, in particular those that invest in commodities, are not registered as an investment company. ETFs may be closed and liquidated at the discretion of the issuing company.
- *Closed-End Funds*. Client should be aware that closed-end funds available within the program may not be readily marketable. In an effort to provide investor liquidity, the funds may offer to repurchase a certain percentage of shares at net asset value on a periodic basis. Thus, clients may be unable to liquidate all or a portion of their shares in these types of funds.
- *Exchange-Traded Notes (ETNs)*. An ETN is a senior unsecured debt obligation designed to track the total return of an underlying market index or other benchmark. ETNs may be linked to a variety of assets, for example, commodity futures, foreign currency and equities. ETNs are similar to ETFs in that they are listed on an exchange and can typically be bought or sold throughout the trading day. However, an ETN is not a mutual fund and does not have a net asset value; the ETN trades at the prevailing market price. Some of the more common risks of an ETN are as follows. The repayment of the principal, interest (if any), and the payment of any returns at maturity or upon redemption are dependent upon the ETN issuer's ability to pay. In addition, the trading price of the ETN in the secondary market may be adversely impacted if the issuer's credit rating is downgraded. The index or asset class for performance replication in an ETN may or may not be concentrated in a specific sector, asset class or country and may therefore carry specific risks. ETNs may be closed and liquidated at the discretion of the issuing company.

### LPL's Overlay Portfolio Management Services

As OPM, LPL provides advisory services tailored to the individual needs of the clients. LPL reviews accounts on a daily basis for rebalancing. LPL accommodates reasonable requests to restrict holdings of specific securities, specific industries, specific sectors, and certain pre-defined categories (e.g., "sin" stocks). In the event that client restrictions prevent the investment in certain securities otherwise recommended by a PWP Advisor, assets will be invested pro-rata across the remaining securities in the Model. Such restrictions do not apply to any mutual funds, ETFs or fixed-income securities that may be held in the account. Restrictions placed on an account may affect the performance of the account. The OPM may choose not to accept an account with restrictions that are inconsistent with the investments chosen by the OPM or as recommended by the PWP Advisor.

LPL accommodates requests to perform tax harvesting, which may include using the proceeds of tax-related transactions to purchase appropriate securities (such as ETFs) for an account. These securities will be held in the account until appropriate wash sale periods have expired. Once the wash sale period has expired, the related proceeds will be invested according to the Portfolio selected. During a period specified by LPL, the IAR may also direct LPL to purchase an ETF in lieu of a mutual fund selected for the account in order to avoid capital gain distributions. If an ETF is purchased for this purpose, the account will be reallocated into the selected mutual fund after the distribution, at a time determined by LPL. The sale of the ETF will be a taxable event. In certain circumstances, LPL also accommodates requests for all or a portion of the account to remain unallocated for a period of time. Such customized requests, liquidation requests in connection with withdrawals, and changes to the Portfolios or investment objective selected may take up to 5 business days to process, and, in certain circumstances, may take longer.

As LPL generally has discretion to implement a Model, an account's holdings may differ from the Model submitted. For example, LPL may limit small trades (defined by minimum dollar amounts, share amounts, percentage of account, or percentage of individual asset class). In addition, due to market conditions or the illiquid nature of certain issues, there may be times when





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LPL will not be able to invest in specific taxable fixed income securities that appear in a Model. In those circumstances LPL will attempt to invest in fixed income securities with similar characteristics as those in the Models. For clients in California and New York, if tax-free fixed income securities are selected for a Muni Model, the PWP Advisor will attempt to limit the fixed income securities purchased to state-specific, tax free fixed income securities; however, the PWP Advisor may also include non-state-specific securities.

### Voting Client Securities

Unless a client instructs otherwise, LPL will vote proxies on the client's behalf. LPL has adopted policies and procedures in order for LPL to vote securities in the best interest of clients. LPL has contracted with a third party vendor to make proxy voting recommendations and handle the administrative functions of voting proxies. Although LPL retains authority to vote client proxies, it is LPL's general policy to vote according to the recommendations of the third party vendor. Any exceptions to this general policy are referred to LPL's Research Department, which makes the determination as to how to vote the proxy in accordance with the best interest of the client. A copy of LPL's proxy voting policies is available upon request to your IAR. A client may obtain information about how LPL voted with respect to securities held in the client's account by contacting the IAR.

In the case of voluntary corporate actions, LPL intends to follow the instructions provided by the PWP Advisors unless, in the determination of the OPM, such instructions are overtly contrary to a client's best interest or instructions. Prior to making such determination, however, LPL will first determine if it has a conflict of interest with any of the companies involved in the corporate action. If LPL does have a conflict of interest, LPL will follow the instructions provided by the PWP Advisors without reviewing individual client interests.

LPL, IAR and the PWP Advisors are not obligated to render any advice or take any action on behalf of a client with respect to any legal proceedings, including bankruptcies, involving securities or other investments held in the account, or the issuers thereof. The client retains the right and obligation to take action with respect to legal proceedings relating to securities held in the account.

### ITEM 7 CLIENT INFORMATION PROVIDED TO PORTFOLIO MANAGERS

The IAR obtains the necessary financial data from the client and assists the client in setting an appropriate investment objective for the account. The IAR obtains this information by having the client complete an Account Application which is a part of the Account Agreement. In quarterly communications, LPL asks clients to contact the IAR if there have been any changes in the client's financial situation or investment objectives or if they wish to impose any reasonable restrictions on the management of the account or reasonably modify existing restrictions. Because the PWP Advisor's role generally is limited to providing Models to LPL, and the PWP Advisor does not provide individualized discretionary advisory services to PWP clients, LPL generally does not communicate specific client information to PWP Advisors. However, in the case of PWP Advisors for the Muni Models, the PWP Advisor does provide individualized discretionary advisory services with respect to the Muni Sleeve. If a Muni Model is selected, LPL forwards client information from the Account Application to the PWP Advisor. If client communicates to the IAR regarding material changes in the client's financial circumstances, investment objectives or investment restrictions, such information is forwarded to the PWP Advisor for the Muni Model. Clients may communicate such information to the IAR or otherwise communicate directly with the PWP Advisor, although clients are encouraged to direct communication through their IARs.

Clients should understand that the investment objective selected for the program in the Account Application is an overall objective for the entire account and may be inconsistent with a particular holding and the account's performance at any time. Client also should be aware that achievement of the stated investment objective is a long-term goal for the account.

### ITEM 8 CLIENT CONTACT WITH PORTFOLIO MANAGERS

LPL does not place any restrictions on a clients' ability to contact and consult with IARs. Because the PWP Advisor's role generally is limited to providing Models to LPL, and the PWP Advisor does not provide individualized discretionary advisory services to PWP clients, PWP Advisors generally are not available to be contacted or consulted by PWP clients. However, in the case of PWP Advisors for the Muni Models, the PWP Advisor does provide individualized discretionary advisory services with



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respect to the Muni Sleeve. If a Muni Model is selected, clients may consult directly with the PWP Advisor, although clients are encouraged to direct contact with the PWP Advisor through OPM or their IAR.

### ITEM 9 ADDITIONAL INFORMATION

#### Disciplinary Information

As an investment advisor and broker-dealer regulated by the SEC, LPL was found by the SEC to have willfully violated Rule 30(a) of Regulation S-P, which requires broker-dealers and registered investment advisors to have written policies and procedures that are reasonably designed to safeguard customer records and information. The SEC ordered LPL to cease and desist from committing future violations of Rule 30(a), censured it for its conduct, and ordered it to pay the \$275,000 penalty (2008).

LPL, as a broker-dealer, is a member of the Financial Industry Regulatory Authority ("FINRA") and has found to be in violation of FINRA's rules related to its brokerage activities. In March of 2014, a Letter of Acceptance, Waiver and Consent was accepted by FINRA in connection with aspects of LPL's processing and supervision of the sale of alternative investments, including non-traded real estate investment trusts. LPL agreed to a censure and fine of \$950,000. In addition, LPL consented to sanctions related to the following matters:

- LPL, without admitting or denying the findings, agreed to a settlement in connection with FINRA's findings that, among other things, LPL had failed to establish and maintain adequate systems and procedures that were reasonably designed to comply with its obligation to review and retain email. LPL agreed to a censure, fine of \$7.5 million, and establishment of a fund of \$1.5 million to cover payments to eligible former brokerage customer claimants who may not have received all emails in connection with their claim (2013).
- LPL's supervisory systems to monitor and ensure the timely delivery of mutual fund prospectuses, resulting in a censure and fine of \$400,000 (2012).
- LPL's procedures regarding its review of e-mail communications, resulting in a censure and fine of \$100,000 (2011).
- LPL's procedures on transmittals of cash and securities from customer accounts to third party accounts, resulting in a censure and fine of \$100,000 (2011).
- LPL's procedures on supervision of variable annuity exchanges, resulting in a censure and fine of \$175,000 (2010).
- Allegations that LPL failed to reasonably supervise a registered representative regarding his use of strategies and recommendations involving UITs, resulting in a censure and fine of \$125,000 (2008).
- LPL's procedures on supervision of variable annuity exchanges, resulting in a censure and fine of \$300,000 (2006).
- LPL's procedures regarding mutual fund Class B and Class C shares, resulting in a censure and fine of \$2,400,000 (2005).
- LPL's procedures on supervision activities of its registered representative in connection with wire transfers, resulting in a censure and fine of \$75,000 (2005).
- Allegations that LPL maintained revenue sharing programs in which mutual fund complexes paid a fee for preferential treatment, resulting in a censure and fine of \$3,602,398 (2005).
- Allegations regarding late filings to FINRA reporting obligations, resulting in a censure and fine of \$450,000 (2004).

LPL, as a broker-dealer, is regulated by each of the 50 states and has been the subject to orders related to the violation of state laws and regulations in connection with its brokerage activities. In October 2014, LPL, without admitting or denying the findings, submitted to a consent order with the Illinois Securities Department in connection with findings that LPL failed to detect improper and fraudulent conduct by one of its IARs. LPL agreed to a censure, fine of \$500,000, and restitution to impacted customers. In June 2014, LPL submitted to a consent order with the Illinois Securities Department in connection with certain variable annuity exchange transactions, in particular, relating to its failure to adequately enforce supervisory procedures and maintain certain books and records required under Illinois law. LPL agreed to a censure, fine of \$2,000,000, and restitution to impacted customers. In 2013, LPL submitted to a consent order with the Massachusetts Securities Division in connection with the sale of non-traded real estate investment trusts to Massachusetts residents in excess of Massachusetts concentration limits. LPL agreed to a censure, fine of \$500,000, and restitution to impacted customers. For more information about those state events and other disciplinary and legal events involving LPL and its IARs, client should refer to Investment Advisor Public Disclosure at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) or FINRA BrokerCheck at [www.finra.org](http://www.finra.org).



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### Other Financial Industry Activities and Affiliations

LPL is a broker-dealer registered with FINRA and the SEC. As a broker-dealer, LPL transacts business in various types of securities, including mutual funds, stocks, bonds, commodities, options, private and public partnerships, variable annuities, REITs and other investment products. LPL is registered to operate in all 50 states and has primarily an independent-contractor sales force of registered representatives and IARs dispersed throughout the United States. LPL has a small number of employee IARS whose services are limited to servicing certain small IRA accounts. IARs are registered representatives of LPL. If required for their positions with a registered broker-dealer, LPL's principal executive officers are securities licensed as registered representatives of LPL. LPL is also registered as a transfer agent with the SEC and as an introducing broker with the Commodity Futures Trading Commission. In addition, LPL is qualified to sell insurance products in all 50 states.

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

LPL has an arrangement with Fortigent, LLC ("Fortigent"), a registered investment advisor and related person of LPL. LPL has retained Fortigent to provide model portfolios as a portfolio strategist on LPL's Model Wealth Portfolios program. In addition, LPL and Fortigent have entered into an agreement for LPL to provide overlay portfolio management services to Fortigent clients in Fortigent's Access Overlay II Program.

### Code of Ethics and Personal Trading

LPL has adopted a code of ethics that includes guidelines regarding personal securities transactions of its employees and IARs. The code of ethics permits LPL employees and IARs to invest for their own personal accounts in the same securities that LPL and IARs purchase for clients in program accounts. This presents a conflict of interest because trading by an employee or IAR in a personal securities account in the same security on or about the same time as trading by a client can disadvantage the client. LPL addresses this conflict of interest by requiring in its code of ethics that LPL employees and IARs report certain personal securities transactions and holdings to LPL. LPL has procedures to review personal trading accounts for front-running. In addition, employees in LPL's Research Department are required to obtain pre-clearance prior to purchasing certain securities for a personal account. Employees and IARs are also required to obtain pre-approval for investments in private placements and initial public offerings. A copy of the code of ethics is available to clients or prospective clients upon request and is available on LPL's website [www.lpl.com](http://www.lpl.com).

### Participation or Interest in Client Transactions

From time to time, a purchase of mutual fund shares may be processed through LPL's proprietary account resulting in its being characterized as a principal transaction for certain reporting purposes. In such case, the shares will be purchased at the fund's net asset value, and no additional charges will be applied to such transactions as a result of LPL's use of a proprietary account. LPL does not otherwise engage in principal transactions with its clients in the program. LPL's parent company, LPL Financial Holdings Inc., is a publicly traded company. LPL Financial Holdings Inc. stock may not be purchased in PWP accounts. However, a PWP account may include a mutual fund or ETF that holds LPL Financial Holdings Inc. stock as an underlying investment, for example, an ETF that seeks to replicate the performance of an investment services index that includes LPL Financial Holdings Inc.

LPL performs recordkeeping and administrative services on behalf of mutual funds and receives compensation for the services based on positions held by PWP clients. These services include establishing and maintaining sub-account records reflecting the issuance, exchange or redemption of shares by each program account. The compensation LPL receives for these services may be paid based on PWP client assets in the fund (up to 0.25%) or number of positions held by PWP clients in the fund (up to \$20 per position). In addition, LPL may charge mutual fund product sponsors a one-time set up fee of up to \$5000 per mutual fund to add the fund to its recordkeeping platform. This compensation presents a potential conflict of interest to LPL, and LPL addresses this potential conflict by disclosure to clients. The recordkeeping compensation is retained by LPL and is not shared



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with its IARs. Therefore, there is no financial incentive related to this compensation for an IAR to select one fund over another in a Portfolio or recommend a PWP account.

LPL has fee arrangements with investment advisors or distributors ("sponsors") of mutual funds and ETFs that are available for purchase through the Program, called revenue sharing. Under these arrangements, the sponsor pays LPL a fee based on the amount of client sales or assets invested in the sponsor's funds or a fixed fee, and LPL provides marketing support to the sponsor and allows the sponsor to access LPL IARs so that the sponsor can promote such mutual funds and/or ETFs. The maximum fee received by LPL under these arrangements is 0.15%. LPL does not accept these fee payments for assets held in retirement accounts. For a complete list of the participating sponsors, please visit [www.lpl.com](http://www.lpl.com), click on Disclosure and then Legal Disclosures.

This type of fee arrangement gives LPL a financial incentive to have LPL clients invest in participating mutual funds instead of funds whose sponsors do not make such payments to LPL. This conflict of interest affects the ability of LPL to provide clients with unbiased, objective investment advice concerning the selection of mutual funds for a Portfolio. This could mean that other mutual funds, whose sponsors do not make revenue sharing payments, may be more appropriate for an account than the mutual funds whose sponsors make revenue sharing payments to LPL. However, LPL does not require that a mutual fund participate in these fee arrangements in order for a fund to be selected for a Portfolio. LPL intends to make mutual fund selections independent of revenue sharing arrangements. LPL does not share revenue sharing payments with IARs or PWP Advisors, and therefore, there is no financial incentive for an IAR or a PWP Advisor to select a participating mutual fund over another fund because of this fee arrangement.

LPL makes available programs for cash in an account to be automatically swept to a money market fund or an interest-bearing Federal Deposit Insurance Corporation ("FDIC")-insured deposit account. For more information about which types of accounts are eligible to use the different sweep options, please speak to your IAR.

For PWP accounts that are set up for cash to sweep to a money market fund -- the available sweep money market funds typically pay higher 12b-1 fees than other money market funds. In addition, LPL receives compensation of up to 0.35% of the LPL client assets invested in the sweep money market funds for recordkeeping services it provides for the funds. LPL also receives up to 0.15% of the LPL client assets invested in the sweep money market funds in connection with marketing support services LPL provides to the money market fund sponsors.

For PWP accounts that sweep to the multi-bank insured cash account program offered by LPL (the "ICA") -- LPL receives a fee equal to a percentage of the average daily deposit balance in the ICA. The fee paid to LPL may be at an annual rate of up to an average of 200 basis points as applied across all ICA deposit accounts taken in the aggregate; therefore, on some accounts, fees to LPL may be higher or lower than this amount. The compensation LPL receives with respect to the ICA may be higher than if a client invests in other sweep investment options.

LPL also makes available single-bank insured cash account programs. The banks sponsoring such programs may have an agreement with LPL for LPL IARs to offer advisory services on their premises. In the case of these single-bank programs, LPL may receive a fee from the bank of up to 0.50% of the LPL client assets deposited at the bank under the program for its sweep processing services. For additional information on the insured cash account program for your account, please see the applicable disclosure booklet available from IAR.

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

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



## PERSONAL WEALTH PORTFOLIOS - PROGRAM FORM BROCHURE

### Review of Accounts

LPL provides clients with regular written reports regarding their accounts. LPL provides detailed quarterly performance reports describing account performance and positions. In addition, LPL sends to clients account statements showing transactions, positions, and deposits and withdrawals of principal and income. Portfolio values and returns shown in performance reports for the year-end time period may include mutual fund dividends paid out prior to December 31 but that were posted to the account within the first 2 business days of the subsequent year. The inclusion of such dividends in the year-end performance report may cause discrepancies between the report and the account statement client receives from LPL for the same period. IARs review monthly or quarterly accounts statements as well as quarterly performance reports.

### Other Compensation

PWP Advisors reimburse LPL for costs associated with the use of technology necessary for a PWP Advisor to perform its services under the program. The IAR, LPL and LPL employees may receive additional compensation from product sponsors. However, such compensation may not be tied to the sales of any products. Compensation may include such items as gifts valued at less than \$100 annually, an occasional dinner or ticket to a sporting event, or reimbursement in connection with educational meetings, client events, or marketing or advertising initiatives, including services for identifying prospective clients. Product sponsors may also pay for, or reimburse LPL for the costs associated with, education or training events that may be attended by LPL employees and IARs and for LPL-sponsored conferences and events. LPL also receives reimbursement from product sponsors for technology-related costs associated with investment proposal tools it makes available to its IARs for use with clients. LPL makes available a list of product sponsors that provide these types of compensation on its website at [www.lpl.com](http://www.lpl.com).

LPL and BlackRock Advisors, LLC ("BlackRock") entered into an agreement pursuant to which BlackRock agreed to contribute up to a fixed amount for technology costs incurred by LPL related to ETFs in the program. BlackRock is affiliated with mutual funds, ETFs and PWP Advisors that may be included in a Portfolio. Because LPL benefited from BlackRock's financial contribution to technology development, and because this financial contribution was significant to LPL, there may be a conflict between LPL's financial interest and its ability to use strictly objective factors in considering whether or not to make a BlackRock-affiliated mutual fund, ETF or PWP Advisor available in a Portfolio. Notwithstanding the above, LPL has sole discretion for selecting any mutual fund, ETF or PWP Advisor for a Portfolio, and is not required to include any BlackRock-affiliated mutual fund, ETF or PWP Advisor in a Portfolio or in any client account. LPL applies the same diligence criteria for selecting any mutual fund, ETF or PWP Advisor it selects for a Portfolio.

LPL as broker-dealer may receive compensation for directing orders in securities to particular broker-dealers or market centers for execution. The source and nature of compensation received in connection with trades for client accounts is available at [www.lpl.com](http://www.lpl.com) and can also be furnished upon written request. LPL does not share this compensation with your IAR.

LPL may receive compensation in the form of earnings on its short-term investment of cash in program accounts prior to the time the cash is invested for the account (typically, not more than a business day). These earnings are generally known as "float." Cash in the account would typically result from contributions to the account or sales of securities in the account. LPL does not share this compensation with your IAR.

In the event a trade error occurs in the Account, and such error is determined to be caused by LPL, LPL typically will cancel the trade and remove the resulting monetary loss to Client from the Account. If a trade correction is required as a result of Client (e.g., if Client does not make full payment for purchases or fails to deliver negotiable securities for liquidations before trade settlement), LPL typically will cancel the trade and any resulting monetary loss will be borne by Client. In the case of a trade that requires a correction as described above and that resulted in a monetary gain to Client, such gain will be removed from the Account and may result in a financial benefit to LPL.

### LPL Compensation to IAR

The IAR recommending an advisory service receives compensation from LPL. LPL compensates IARs pursuant to an independent contractor agreement, and not as an employee. This compensation includes a portion of the advisory fee and, such portion received by IAR may be more than what IAR would receive at another investment advisor firm. Such compensation





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may include other types of compensation, such as bonuses, awards or other things of value offered by LPL to the IAR. In particular, LPL pays its IARs in different ways, for example:

- payments based on production
- equity awards from LPL's parent company, LPL Financial Holdings Inc., consisting of awards of either restricted stock units (a promise to deliver stock in the future) or stock options to purchase stock, in each case subject to satisfaction of vesting and other conditions
- reimbursement or credits of fees that IARs pay to LPL for items such as administrative services, or technology fees
- free or reduced-cost marketing materials
- payments in connection with the transition of association from another broker-dealer or investment advisor firm to LPL
- advances of advisory fees
- payments in the form of repayable or forgivable loans
- attendance at LPL conferences and events.

LPL pays IARs this compensation based on the IAR's overall business production and/or on the amount of assets serviced in LPL advisory relationships. The amount of this compensation may be more or less than what the IAR would receive if the client participated in other LPL programs, programs of other investment advisors or paid separately for investment advice, brokerage and other client services. Therefore, the IAR may have a financial incentive to recommend advisory services over other programs and services. However, an IAR may only recommend a program or service that he or she believes is suitable for you.

If an IAR has recently become associated with LPL, he or she may have received payments from LPL in connection with the transition from another broker-dealer or investment advisor firm. These payments, which may be significant, are intended to assist an IAR with the costs associated with the transition, such as moving expenses, leasing space, furniture, staff and termination fees associated with moving accounts; however, LPL does not confirm the use of these payments for such transition costs. These payments may be in the form of loans to the IAR, which may be repayable to LPL or may be forgiven by LPL based on years of service with LPL (e.g., if the IAR remains with LPL for 5 years) and/or the scope of business engaged in with LPL, including the amount of advisory account assets with LPL. This presents a potential conflict of interest in that an IAR has a financial incentive to recommend that a client engage with the IAR and LPL for advisory services in order for the loan to be forgiven. However, an IAR may only recommend a program or service that he or she believes is suitable for you.

### Client Referrals

LPL compensates other persons for client referrals for program accounts. LPL enters into an agreement with such referral agents and pays them a portion of the ongoing Account Fee. The referral agent discloses to the client at the time of the solicitation the arrangement and the compensation to be received by the referral agent.

LPL and its IARs offer advisory services on the premises of unaffiliated financial institutions, like banks or credit unions. In such case, the advisory services are offered by LPL and not the financial institution, and any securities recommended as part of the investment advice are not guaranteed by the financial institution, or insured by the Federal Deposit Insurance Corporation or any other federal or state deposit guarantee fund relating to financial institutions.

LPL has entered into agreements with the financial institutions pursuant to which LPL shares compensation, including a portion of the Account Fee, with the financial institution for the use of the financial institution's facilities and for client referrals. In such case, instead of paying the IAR the portion of the Account Fee as described above, LPL may share such portion with the financial institution pursuant to the agreement between LPL and the financial institution, and the financial institution will pay part of that amount to IAR. In addition, LPL may provide other forms of compensation to financial institutions, such as bonuses, awards or other things of value offered by LPL to the institution. In particular, LPL may pay a financial institution in different ways, for example, payments based on production, payments in the form of repayable or forgivable loans, reimbursement of fees that LPL charges for items such as administrative services, and other things of value such as free or reduced-cost marketing materials, payments in connection with the transition of association from another broker-dealer or investment advisor firm to LPL, advances of advisory fees, or attendance at LPL's national conference or top producer forums and events. LPL may pay this compensation based on overall business production and/or on the amount of assets serviced in LPL advisory programs.





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Therefore, the amount of this compensation may be more than what the financial institution would receive if the client participated in other LPL programs, programs of other investment advisors or paid separately for investment advice, brokerage and other client services. Therefore, the financial institution may have a financial incentive if an IAR recommends a program account over other programs and services.

### Financial Information and Custody

LPL is a qualified custodian as defined in Rule 206(4)-2 under the Investment Advisers Act of 1940 and maintains custody of PWP client funds and securities in a separate account for each client under the client's name. LPL as a qualified custodian sends account statements showing all transactions, positions, and all deposits and withdrawals of principal and income. LPL sends account statements monthly when the account has had activity or quarterly if there has been no activity. Clients should carefully review those account statements.

### Brokerage Practices

In PWP, LPL requires that clients direct LPL as broker-dealer to execute transactions in the account. Clients should understand that not all advisors or program sponsors require their clients to direct brokerage. The fact that LPL is both the investment advisor and broker-dealer on the account presents a conflict of interest. By directing brokerage to LPL, clients may be unable to achieve the most favorable execution of client transactions. Therefore, directed brokerage may cost clients more money. However, clients should understand that LPL is not paid a commission for executing transactions in PWP accounts. In addition, in the case of mutual funds, execution is made at the net asset value of the fund.

If a Portfolio is selected that includes a Muni Model, the PWP Advisor will have discretion to purchase and sell securities in the Muni Sleeve of the account. In connection with its duty to seek to achieve best execution, the PWP Adviser may choose to execute transactions through a broker-dealer other than LPL. In such case, the execution price may include a commission, markup or markdown, or other charges in addition to the Account Fee. Clients should read and understand the brokerage practices and other disclosures in the Firm Brochure of the PWP Advisor for the Muni Model.

LPL will aggregate transactions for a client with other clients to improve the quality of execution. When transactions are so aggregated, the actual prices applicable to the aggregated transactions will be averaged, and the account will be deemed to have purchased or sold its proportionate share of the securities involved at the average price obtained. LPL also will aggregate rebalancing transactions for an account with other program accounts. Due to the large number of accounts that may be involved in rebalancing transactions on a single day, LPL may affect transactions for some accounts on one day and for other accounts on the following day or days. In such case, LPL will have discretion to sequence the accounts involved in rebalancing transactions with the goal of treating all accounts equitably over time.

### Brochure Supplements

Accompanying this Brochure are Brochure Supplements for individual employees or officers of LPL. Note that although these individuals are responsible for investment advice provided by LPL and may meet with clients from time to time, they are not the IARs responsible for the ongoing individualized investment advice provided to a particular client. For more information about the IAR managing the account, client should refer to the Brochure Supplement for the IAR, which should have been provided by the IAR along with this Brochure at the time client opened the account. If client did not receive a Brochure Supplement for the IAR, the client should contact the IAR or LPL at [lplfinancial.adv@lpl.com](mailto:lplfinancial.adv@lpl.com).



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Brochure Supplements for Certain LPL Financial Employees:

|                      |   |
|----------------------|---|
| George Burton White  | LPL Financial LLC   |
| John J. Canally, Jr. | 75 State Street, 24th Floor, Boston, MA 02109             |
| Kirby Horan-Adams    | (617) 423-3644  |
| Joseph Edwin Rackley | <a href="http://www.lpl.com">www.lpl.com</a>              |
| Anthony Valeri       | LPL Financial LLC   |
| Marcus Ehlers        | 4707 Executive Drive, San Diego, CA 92121                 |
|                      | (800) 558-7567  |
| Joy Goble            | LPL Financial LLC   |
|                      | 4828 Parkway Plaza, Charlotte, NC 28217                   |
| Adam I. Cohen        | Fortigent, LLC  |
| Steven James Snyder  | 2600 Tower Oaks Boulevard, Suite 300, Rockville, MD 20852 |

August 8, 2014

This Brochure Supplement provides information about certain LPL employees or officers that supplements the LPL Financial Brochure that is attached to this Brochure Supplement. Please contact LPL Financial at the number above if you did not receive the LPL Financial Brochure or if you have any questions about the contents of this Brochure Supplement. You may also contact your LPL investment advisor representative with questions.

Additional information about these LPL employees or officers is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Note that although these LPL employees or officers included in this Brochure Supplement are responsible for investment advice provided by LPL and may meet with clients from time to time, they are not the IARs responsible for the ongoing individualized investment advice provided to a particular client. For more information about the IAR managing the account, client should refer to the Brochure Supplement for the IAR, which should have been provided by the IAR along with the LPL Financial Brochure and this Brochure Supplement at the time client opened the account. If client did not receive a Brochure Supplement for the IAR, the client should contact the IAR or LPL at [lplfinancial.adv@lpl.com](mailto:lplfinancial.adv@lpl.com).

### Educational Background and Business Experience

George Burton White was born in 1969. He has a BBA from the College of William and Mary. He is a Managing Director and Chief Investment Officer of LPL, and has served in that position since 2009. He joined LPL in 2007 as a Managing Director and Director of Research. Prior to joining LPL, he was Managing Director and Director of Research at Wachovia Securities from 2000 to 2007.

John J. Canally, Jr., was born in 1964. He has a BA from Villanova University. He is Senior Vice President and Economist at LPL and joined the LPL Research Department in 2007. Prior to joining LPL, he was a Senior Investment Strategist at PNC Wealth Management.

Kirby Lepak Horan-Adams was born in 1976. She has a BA in Math and Economics from Trinity College, an MBA and MSF from Boston College, and a JD from Boston College Law School. She is Senior Vice President and Director of Research at LPL and joined the LPL Research Department in 2006. Prior to joining LPL, she was an analyst at Cerulli Associates.

Joseph Edwin Rackley was born in 1981. He has an AB in History from Brown University. He is a Vice President for LPL Financial Research and has been with the firm since 2008. Prior to joining LPL, he served as a Vice President in the Advisory Services Group at Wachovia Securities, LLC.

Anthony Gino Valeri was born in 1970. He has a BA from the University of California at San Diego. He is Senior Vice President, Market Strategist, at LPL and joined the LPL Research Department in 2002. He has been employed by LPL since 1993.



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Marcus Ehlers was born in 1960. He has a BA from the University of Iowa. He is Senior Vice President of Trading and Commissions at LPL and joined LPL in 2010. Prior to joining LPL, Mr. Ehlers was an internal business consultant at Fidelity Investments from 2009 to 2010, and a Vice President at Schwab Institutional prior to 2009.

Joy Goble was born in 1956. She has a BA in Psychology from Erskine College and an MA in Organizational Communication from Queens University. She has been with LPL Financial since 2007 and is currently serving as the Head of Preservation Strategy. Prior to joining LPL Ms. Goble was SVP and Head of Product Management at First Charter Bank.

Adam I. Cohen was born in 1967. He has a BA in History from the College of Wooster and an MBA from Loyola University of Chicago's Quinlan School of Business. Mr. Cohen oversees Wealth Solutions for LPL and has been with Fortigent since 2012. Prior to joining Fortigent, Mr. Cohen oversaw institutional and private client portfolios at Cardinal Trust and Investments.

Steven James Snyder was born in 1973. He has a BA in Economics and a BS in Cognitive Science from the University of California at San Diego. He is the Research Operating Officer of LPL, and has served in that position since 2014. Prior to joining LPL, Mr. Snyder was Head of Due Diligence at Fortigent. Prior to Fortigent, he was a Due Diligence analyst at Dunham & Associates.

### Disciplinary Information

There are no legal or disciplinary events to disclose in response to this item.

### Other Business Activities

Each of Mr. White, Mr. Canally, Ms. Horan-Adams, Mr. Rackley, Mr. Valeri, Mr. Ehlers and Ms. Goble is a registered representative of LPL. Each of Mr. Cohen and Mr. Snyder has an application pending to register as a registered representative of LPL and is an investment adviser representative of Fortigent, LLC ("Fortigent"), a registered investment adviser and related person of LPL. LPL is a registered broker-dealer and member of FINRA. Although these individuals are, or will be, registered representatives of LPL, they do not engage in the sale of securities or receive commissions or other compensation based on the sale of securities or other investment products.

### Additional Compensation

Each of these individuals receives a regular salary and bonus.

### Supervision

Each of the individuals in this Brochure Supplement in the Research Department reports up to Mr. White, the Chief Investment Officer of LPL. As Chief Investment Officer, Mr. White is responsible for the advice provided by the LPL Research Department through LPL's advisory programs. The LPL Advisory Business Oversight Committee is responsible for making determinations with respect to the firm's policies for its business as an investment advisor, including review of certain services and products offered through the programs. The advice provided by each of the individuals in this Brochure Supplement also is subject to LPL's policies and procedures and to any guidelines established for the applicable advisory program. The Chief Compliance Officer – Advisory Compliance is responsible for administering LPL's policies and procedures for investment advisory activities. The telephone number for the Advisory Compliance Department is 1-800-877-7210.

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