

MODEL WEALTH PORTFOLIOS (MWP)
PROGRAM FORM BROCHURE

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January 15, 2015

This 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 4 under "Fee Schedule" was updated to state that, for model portfolios designed by LPL, LPL retains between 0.15% to 0.25% of the Account Fee for portfolio design services, and for model portfolios designed by Portfolio Strategists other than LPL, LPL pays the Portfolio Strategist a fee that ranges from 0.15% to 0.25%. Item 4 under "Fee Schedule" was updated also to disclose that if a Portfolio designed by a Portfolio Strategist other than LPL is selected, LPL will retain a smaller portion of the Account Fee than if no Portfolio designed by a Portfolio Strategist other than LPL was selected. 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 services. This Brochure provides a description of the advisory services offered under LPL's Model Wealth Portfolios ("MWP") program. For more information about LPL's advisory services and programs other than MWP, 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 MWP program is a professionally managed mutual fund and exchange-traded fund ("ETF") asset allocation program in which LPL and its investment advisor representatives ("IARs") provide ongoing investment advice and management. 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 model portfolio of funds ("Portfolio") designed by LPL's Research Department or a third-party investment strategist ("Portfolio Strategist") consistent with the client's stated investment objective. The IAR provides ongoing advice on the selection or replacement of a Portfolio based on the client's individual needs. The IAR may choose more than one Portfolio to be managed within a single MWP account. The MWP 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.

The Portfolio Strategist is responsible for selecting the mutual funds and/or ETFs within a Portfolio and for making changes to the funds selected. LPL has discretion to buy and sell securities in the account according to the Portfolio selected and liquidate previously purchased securities that are transferred into the account. Exchange-traded notes ("ETN") and closed-end funds may also be purchased in an account. The client authorizes LPL and the IAR to have discretion by executing the Account Agreement and Application.

Except for LPL and Fortigent, LLC ("Fortigent"), the Portfolio Strategists are independent investment advisor firms. Portfolio Strategists provide LPL on an ongoing basis with a Portfolio that includes recommended asset allocations and funds. LPL enters into an agreement with the Portfolio Strategist for these Portfolio services. Except for LPL, Portfolio Strategist does not have discretion from the client to implement the Portfolio and does not provide individualized investment advice to specific program clients. In certain cases, a Portfolio may consist only of mutual funds and/or ETFs within the same fund family or within affiliated fund families. In such a Portfolio, the Portfolio Strategist will select only those funds within the fund family or affiliated fund families.

LPL acts as the overlay portfolio manager ("OPM") in coordinating the trades in the account and performing tax harvesting services. LPL as the OPM is responsible for rebalancing accounts in accordance with the allocations in the Portfolio. LPL will review an account to determine if rebalancing is appropriate based on the frequency selected by the client at account opening or as altered by the client or the IAR from time to time. The choices for frequency of rebalancing review are quarterly (four times per year), semiannually (two times per year) or annually (once per year). At each rebalancing review date, LPL will rebalance the account only if at least one fund position is outside a pre-determined range, subject to a minimum transaction amount established by LPL in its discretion. In addition, LPL will review an account for rebalancing in the event that the Portfolio Strategist changes the allocation targets.



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LPL, at the request of the client or IAR, performs tax harvesting. In such case, proceeds of tax-related transactions may be held in cash until appropriate wash sale periods have expired. Once the wash sale period has expired, the related proceeds will be invested according to the current targeted allocation for the Portfolio. In addition, LPL may delay placing rebalancing transactions for non-retirement accounts by a number of days, to be determined by LPL, in an attempt to limit short-term tax treatment for any position being sold. Under certain conditions, LPL also will accommodate requests for all or a portion of an account to remain allocated to cash for a period of time. Such customized requests, liquidation requests in connection with withdrawals, and changes to the Portfolio(s) or investment objective selected may take up to 5 business days to process, and, in certain circumstances, may take longer.

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

### Fee Schedule

In the MWP program, clients pay LPL and its IARs an ongoing advisory fee ("Account Fee"). The Account Fee is negotiable between the client and the IAR and is set out in the Account Application. The Account Fee is a straight percentage based on the value of all assets in the account, including cash holdings. The maximum Account Fee is 2.50%. The Account Fee is paid to LPL, and LPL retains up to 0.58% for its administrative services and OPM services. For Portfolios designed by LPL, LPL retains an additional amount of between 0.15% and 0.25% as a strategist fee for such Portfolio design services. For Portfolios designed by Portfolio Strategists other than LPL, LPL pays a portion of the Account Fee to the Portfolio Strategist. 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. If a Portfolio designed by a Portfolio Strategist other than LPL is selected, the Portfolio Strategist will receive a portion of the Account Fee, which will result in each of LPL retaining a smaller portion of the Account Fee than if no Portfolio designed by a Portfolio Strategist other than LPL were selected. The portion of the Account Fee paid to the Portfolio Strategist is negotiated between LPL and the Portfolio Strategist and ranges from 0.15% to 0.25%. The fee rates charged by Portfolio Strategists vary based on the Portfolio selected. The IAR when determining the Account Fee may factor in any Portfolio Strategist fee, and the Portfolio Strategist fee may result in a higher Account Fee to the client. In providing ongoing advice and management for the account, the 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 an MWP 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.

### 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 pro-rated refund of any pre-paid quarterly Account Fee based on the number of days remaining in the quarter after the termination date. However, if the account is closed within the first six months by the client or as a result of withdrawals that bring the account value below the required minimum, LPL 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.



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## 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 an MWP 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).

## 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 MWP accounts. Some of these fees and charges are described below. In MWP, assets are invested in mutual funds or ETFs and, therefore, 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 an additional 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 an MWP 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. Clients can find more information regarding the fees and expenses of a mutual fund or ETF in the fund's prospectus, which is available upon request from the IAR or directly from the fund.

When transferring securities into an MWP 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 an MWP 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.

For those Portfolios consisting of mutual funds, LPL selects only no-load and load-waived mutual funds. In some cases, a mutual fund in MWP 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 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 an incentive to LPL or an affiliated Portfolio Strategist to recommend mutual funds for non-retirement accounts based on the compensation received rather than on a client's needs. LPL does not share 12b-1 fees with IARs in the MWP program. Portfolio Strategists (other than LPL and its affiliates) do not share in this compensation.

## Important Things to Consider About Fees on a MWP Account

- The Account Fee is a single wrap fee for investment advisory services, the execution of transactions and other administrative and custodial services. Clients do not pay a commission or transaction charge to LPL for the execution of transactions in the



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account. The Account Fee may cost the client more than purchasing the program services separately, for example, paying an advisory fee plus commissions or transaction charges to a broker-dealer for each transaction in the account. Factors that bear upon the cost of the account in relation to the cost of the same services purchased separately include the:

- type and size of the account
  - type of securities in the Portfolio (whether mutual funds or ETFs)
  - 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, the number, complexity and mix of the Portfolios, the Portfolio Strategist fee applicable to the Portfolios, 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. Because the portion of the Account Fee retained by the IAR may vary depending on the Portfolio Strategist fee associated with a Portfolio, the IAR may have an incentive to select one Portfolio instead of another Portfolio.
  - 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.
  - The investment products available to be purchased in the program can be purchased by clients outside of an MWP account, through broker-dealers or other investment firms not affiliated with LPL.

### ITEM 5 ACCOUNT REQUIREMENTS AND TYPES OF CLIENTS

LPL requires a minimum asset value for a program account to be managed. The minimums vary depending on the Portfolio(s) selected and the account's allocation amongst Portfolios. The lowest minimum for a Portfolio is \$25,000. In certain instances, LPL will permit a lower minimum for a Portfolio. Note that an account will not be invested according to a Portfolio or Portfolios until the applicable minimum for the Portfolio(s) and allocation has been reached. Clients should consult with IAR to obtain more information about the applicable investment minimum based on the Portfolio(s) selected and the allocation amongst Portfolios. 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 MWP, 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 two 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, which client should have received along with this Brochure at the time client opened the account.

LPL makes available Portfolios designed by LPL, Fortigent and unaffiliated Portfolio Strategists. LPL selects and reviews on an ongoing basis the Portfolio Strategists available on MWP. LPL may use information provided by the Portfolio Strategist and also may use independent, third party data sources when evaluating a Portfolio Strategist. Portfolio Strategist performance information is not calculated on a uniform and consistent basis. LPL does not review performance information to determine or



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verify its accuracy and does not calculate third party Portfolio Strategist performance. However, LPL provides clients with individual quarterly performance reports. Performance reports distributed are compiled by LPL using third party portfolio accounting and reporting software. Client performance information is calculated 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 investment indices.

It is important to note that Portfolio Strategists provide the Portfolios to LPL, and it is LPL that has discretion for trade implementation and execution in MWP accounts. Therefore, Portfolios submitted to LPL by Portfolio Strategists may represent activity that has already been implemented on behalf of other clients of the Portfolio Strategist. Because of this fact and because LPL (and not the Portfolio Strategist) has discretionary authority to implement trades, performance of an MWP account will differ from the performance of an Portfolio Strategist's discretionary accounts.

### Affiliated Portfolio Strategist

Fortigent is a Portfolio Strategist that is an affiliate of LPL. LPL does not apply the same selection and review criteria to Fortigent as it does to unaffiliated Portfolio Strategists. Because Fortigent is under common ownership with LPL, LPL will have an indirect financial benefit if IARs recommend and select a Fortigent Portfolio, instead of a Portfolio designed by an unaffiliated Portfolio Strategist, because LPL's parent will benefit financially from the fees paid to Fortigent. Although this conflict is mitigated by the fact that the IAR does not share in the fee paid to Fortigent, clients should be aware of the potentially conflicting interests in evaluating the advice and services client receives.

### LPL as a Portfolio Strategist

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

Because LPL retains more of the Account Fee if an LPL Portfolio is selected instead of a Portfolio of an unaffiliated Portfolio Strategist, LPL and its affiliated companies may have a financial benefit if IARs recommend and select an LPL Portfolio, instead of a Portfolio designed by an unaffiliated Portfolio Strategist. Although this conflict is mitigated by the fact that the IAR does not share in the fee paid to LPL for strategist services, clients should be aware of the potentially conflicting interests in evaluating the advice and services client receives.

LPL Research designs many types of Portfolios for MWP to meet the varying needs of clients. LPL Research uses the following investment strategies in designing mutual fund and ETF Portfolios. It is important to note that no methodology or investment strategy is guaranteed to be successful or profitable. Although these descriptions are written in terms of individual equities and/or bonds, they include mutual funds or ETFs whose portfolios consist of the type of equities or bonds referenced.

- **Diversified.** The Diversified investment strategy seeks to promote capital appreciation while taking a reasonable amount of risk to achieve that goal. The strategy is subject to minimal constraints, which allows for a relatively pure implementation of LPL Research's investment advice. In general, Diversified Portfolios should be considered by investors seeking investments in primarily stocks and bonds, along with the occasional non-traditional asset class to take advantage of potential market opportunities. These Portfolios will hold primarily traditional asset classes. Secondly, if a non-traditional asset class represents the investment that provides what LPL Research believes is the most appropriate means of taking advantage of a market opportunity, LPL Research will include those asset classes in the Portfolio. Diversified Portfolios tend to be steady in their number of positions and are intended to remain consistently diversified.
- **Diversified Plus.** The Diversified Plus investment strategy seeks to promote capital appreciation by seeking an appropriate balance of return potential and risk control. Diversified Plus Portfolios are more suited to those investors who seek investment opportunities, regardless of asset class, and are comfortable holding esoteric investments. These Portfolios include any asset class — including alternative strategy asset classes that may incorporate strategies such as Absolute





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Return or Managed Futures. These Portfolios look both at traditional and non-traditional asset classes and may hold more esoteric investments, if LPL Research considers those asset classes the most appropriate opportunity. If many opportunities exist in the market, these Portfolios can be constructed using a wider array of asset classes and may include a larger number of targeted investments to gain desired exposures. Alternatively, if there are fewer opportunities, Diversified Plus Portfolios will be more concentrated in fewer holdings.

LPL Research designs different versions of the Portfolios. For example, clients can choose either a strategic or tactical version for the Portfolios. The allocations in the strategic Portfolios are intended to help take advantage of market opportunities LPL Research believes will occur or persist throughout a 3 to 5 year time frame. Strategic Portfolios are intended for investors who take a longer term view or who are more tax sensitive. Tactical Portfolios are more flexible and are designed to help take advantage of short, mid, and long-term opportunities the markets present. LPL Research invests these Portfolios based on opportunities for as short as one week and as long as 5 years. Tactically managed Portfolios should be considered by clients who wish to take advantage of shorter-term market opportunities and are not opposed to the prospect of more frequent trading.

In addition, LPL Research designs alpha-focused Portfolios that are structured for more aggressive investors. There are downside risk aware Portfolios that are intended to be structured more conservatively to help provide more protection in the event of a down market. LPL Research designs Portfolios intended for investors who place a priority on income generation and Portfolios for investors seeking to minimize tax impacts. Such income generation versions may be available in investment objectives that are not typically focused on income. Because the Portfolios invest in mutual funds and ETFs and not directly in individual stocks and bonds, clients generally cannot restrict individual securities in a program account, for example, to invest in socially responsible companies. However, LPL Research designs Portfolios that invest in mutual funds that have socially responsible objectives.

### 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 risks associated with investing and with some types of investments that are 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 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 expense ratios than more traditional mutual funds. They also tend to be newer and have less of a track record or performance history.
- **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 Funds (ETFs).** ETFs are typically investment companies that are legally classified as open end mutual funds or UITs. 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,



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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.

- *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.
- *Leveraged and Inverse ETFs, ETNs and Mutual Funds.* Leveraged ETFs, ETNs and mutual funds, sometimes labeled "ultra" or "2x" for example, are designed to provide a multiple of the underlying index's return, typically on a daily basis. Inverse products are designed to provide the opposite of the return of the underlying index, typically on a daily basis. These products are different from and can be riskier than traditional ETFs, ETNs and mutual funds. Although these products are designed to provide returns that generally correspond to the underlying index, they may not be able to exactly replicate the performance of the index because of fund expenses and other factors. This is referred to as tracking error. Continual re-setting of returns within the product may add to the underlying costs and increase the tracking error. As a result, this may prevent these products from achieving their investment objective. In addition, compounding of the returns can produce a divergence from the underlying index over time, in particular for leveraged products. In highly volatile markets with large positive and negative swings, return distortions are magnified over time. Because of these distortions, these products should be actively monitored, as frequently as daily, and may not be appropriate as an intermediate or long-term holding. To accomplish their objectives, these products use a range of strategies, including swaps, futures contracts and other derivatives. These products may not be diversified and can be based on commodities or currencies. These products may have higher expense ratios and be less tax-efficient than more traditional ETFs, ETNs and mutual funds.

### Voting Client Securities

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

### ITEM 7 CLIENT INFORMATION PROVIDED TO PORTFOLIO MANAGERS

The IAR obtains the necessary financial data from the client and assists the client in setting appropriate investment objectives 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 objective or if they wish to impose any reasonable restrictions on the management of the account or reasonably modify existing restrictions. Because the Portfolio Strategist's role is limited to providing Portfolios to LPL, and does not provide individualized discretionary advisory services to MWP clients, LPL generally does not communicate specific client information to Portfolio Strategists.

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.





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### ITEM 8 CLIENT CONTACT WITH PORTFOLIO MANAGERS

LPL does not place any restrictions on a client's ability to contact and consult with IARs. Because the Portfolio Strategist's role is solely to provide Portfolios to LPL, and not to provide individualized discretionary advisory services to MWP clients, Portfolio Strategists generally are not available to be contacted or consulted by MWP clients.

### 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.



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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).

### 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 has an arrangement with Fortigent, LLC ("Fortigent"), a registered investment advisor and related person of LPL. LPL has retained Fortigent to provide Portfolios as a Portfolio Strategist on the MWP 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.

LPL has an arrangement with Independent Advisers Group ("IAG"), a registered investment advisor and related person of LPL. LPL has been retained by IAG to provide research and model portfolio management services for certain accounts offered through IAG.

LPL and The Private Trust Company, N.A. ("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 individual retirement accounts and receives an annual maintenance fee for this service. PTC also provides personal trustee services to clients for a variety of administrative fiduciary service, which services may relate to a program account. PTC's IRA custodian and trustee services and fees are established under a separate engagement between the client and PTC.

### 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 MWP. LPL's parent company, LPL Financial Holdings Inc., is a publicly traded company. LPL Financial Holdings Inc. stock may not be purchased in MWP accounts. However, a model 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.



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LPL performs recordkeeping and administrative services on behalf of mutual funds and receives compensation for the services based on positions held by MWP 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 MWP client assets in the fund (up to 0.25%) or number of positions held by MWP 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 the potential conflict by disclosing the compensation to clients. Unaffiliated Portfolio Strategists do not share in this compensation and therefore an unaffiliated Portfolio Strategist does not have a financial incentive to select one mutual fund over another because of this compensation. LPL does not share this compensation with IARs.

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 or its affiliate, Fortigent, to provide clients with unbiased, objective investment advice concerning the selection of mutual funds for a Portfolio in the case of mutual fund Portfolios designed by LPL or Fortigent. 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 and Fortigent intend to make mutual fund selections independent of revenue sharing arrangements. LPL does not share revenue sharing payments with IARs or unaffiliated Portfolio Strategists, and therefore, there is no financial incentive for an IAR or an unaffiliated Portfolio Strategist to select a participating mutual fund over another fund because of this fee arrangement.

LPL makes available programs for cash in an MWP 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 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 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



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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, unaffiliated Portfolio Strategists do not share in this compensation and therefore an unaffiliated Portfolio Strategist does not have a financial incentive to allocate a Portfolio to cash instead of other holdings. In addition, LPL and Fortigent do not take into account this compensation when it makes decisions on a Portfolio's allocation to cash. LPL does not share this compensation with IARs.

### 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 transmits to clients account statements showing transactions, positions, and deposits and withdrawals of principal and income. IARs have access to review monthly or quarterly accounts statements as well as quarterly performance reports. 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 dividend in the year-end performance report may cause discrepancies between the report and the account statement client receives from LPL for the same period.

### Other Compensation

Unaffiliated Portfolio Strategists may reimburse LPL for costs associated with the use of technology necessary for the Portfolio Strategist to perform its services under the program. Portfolio Strategists also may reimburse LPL up to \$50,000 for the upfront technology development costs to make the Portfolio Strategist's Portfolios available on the program.

The IAR, LPL and LPL employees may receive additional compensation from product sponsors, such as a Portfolio Strategist. 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 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 IARs.

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.

If a Portfolio is selected that only consists of mutual funds and/or ETFs within the same fund family or within affiliated fund families, the Portfolio Strategist will select only those funds within the affiliated fund families. Because mutual funds or ETFs in a Portfolio may be affiliated with the Portfolio Strategist that designs the Portfolio, an investment in the affiliated fund generates compensation to the Portfolio Strategist or its affiliates, including, among other types of compensation, fund-level management fees, in addition to any portion of the Account Fee it receives.



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LPL and BlackRock Advisors, LLC ("BlackRock") entered into an agreement pursuant to which BlackRock agreed to contribute up to a fixed amount for upfront and ongoing technology costs incurred by LPL for the development involved in launching and operating ETF Portfolios on the program. BlackRock Investment Management, LLC, an affiliate of BlackRock, is one of the Portfolio Strategists with Portfolios that are available on the program. BlackRock is also affiliated with mutual funds and ETFs that may be included in the Portfolios it designs and those model portfolios designed by LPL or the other Portfolio Strategists.

Because LPL benefited from BlackRock's financial contribution to the technology development, the amount of which was significant to LPL, LPL's financial interests conflicted with its ability to use strictly objective factors in making the selection of a BlackRock affiliate as a Portfolio Strategist. Because of the agreement with BlackRock, LPL's financial interests also conflicted with its ability to use strictly objective factors in selecting Portfolio Strategists (other than BlackRock) that have proprietary ETFs. However, LPL did not agree to guarantee that BlackRock's affiliated Portfolios will be used for any MWP client account. In addition, neither LPL nor the other Portfolio Strategists are required to include BlackRock-affiliated funds or ETFs in their Portfolios. The BlackRock affiliate is required to satisfy the same review as all other unaffiliated Portfolio Strategists. Although BlackRock had the right to consult with LPL about the identity of the other Portfolio Strategists, LPL has sole discretion to select Portfolio Strategists that are made available on MWP.

### 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 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 and 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. LPL has systems in place to review IAR-managed accounts for suitability over the course of the advisory relationship.

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



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forgiven. However, an IAR may only recommend a program or service that he or she believes is suitable for you. LPL has systems in place to review IAR-managed accounts for suitability over the course of the advisory relationship.

### 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 notes, 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. 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 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 and maintains custody of MWP 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 MWP, LPL requires that clients direct LPL as the sole and exclusive 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 sole 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 or transaction charge for executing transactions in MWP accounts. In addition, in the case of mutual funds, execution is made at the net asset value of the fund.

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 effect transactions for some accounts on one day and for other accounts on the following day or days. In such case, LPL will have discretion to sequence the accounts involved in rebalancing transactions with the goal of treating all accounts equitably over time





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### 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, they are not 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 [lpfinancial.adv@lpl.com](mailto:lpfinancial.adv@lpl.com).

### 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 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 [lpfinancial.adv@lpl.com](mailto:lpfinancial.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.



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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.

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.

75 State Street, 24th Floor, Boston, Massachusetts 02109  
4707 Executive Drive, San Diego, California 92121

