



A Registered Investment Advisor

**FORM ADV PART 2A  
RETIREMENT PLAN PROGRAM BROCHURE**

**300 Parkland Plaza, Ann Arbor, MI 48103**

**(734) 663-1611**

**spcinfo@bdops.com  
www.spc4clients.com  
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This brochure provides information about the qualifications and business practices of SPC with regard to qualified retirement plans covered by ERISA and other retirement plans. If you have any questions about the contents of this brochure, please contact us at 734-663-1611. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about SPC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable IARD/CRD number for SPC is 110692.

SPC is a registered investment adviser. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

# Material Changes

## Annual Update

This section highlights material changes made to this brochure since its last update in March 2014.

SPC is required to provide you with an annual notice containing a summary of any updates made to this brochure and instructions on how to obtain an updated copy of this brochure in its entirety. In addition, SPC may offer you additional updates throughout the year as important material changes occur.

The items below are material changes made to this brochure since the last update:

- The name of one of SPC's broker-dealer affiliates was updated from "Sammons Securities Company, LLC" to "Parkland Securities, LLC" to reflect a legal name change. This change appears throughout the brochure.
- New language was added in various sections of the brochure to clarify that this brochure is intended solely for employer-sponsored retirement plans, including those plans covered by the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). The sponsors or trustees of such plans should consult this brochure for information regarding the services SPC offers to retirement plans.
- The "Advisory Business" section was significantly revised with regard to client services. First, any language not pertaining to retirement plans was deleted, including descriptions of the managed account services, financial planning and consulting services, and third-party investment adviser recommendations and seminars that SPC offers to individuals, as well as the fees and other account arrangements associated therewith. These revisions were made in an effort to streamline this brochure into a document specifically tailored to retirement plans. Secondly, the description of the retirement plan services offered by SPC was significantly expanded to describe in greater detail the types of services that a plan sponsor (or trustee) may engage SPC to perform, including ERISA § 3(38) investment fiduciary services, ERISA § 3(21) nondiscretionary fiduciary services, and ERISA non-fiduciary retirement plan consulting services.
- The "Advisory Business" section was revised to clarify that the additional retirement services offered by SPC to plan participants may include assistance with Individual Retirement Account rollovers ("IRA Rollovers"). However, SPC's representatives will not solicit plan participants or beneficiaries when providing services to a retirement plan. If a plan participant or beneficiary desires to complete an IRA Rollover, any decision regarding whether to complete the rollover or what to do with the rollover assets remains that of the participant or beneficiary alone.
- The "Advisory Business" section was revised to disclose that SPC does not currently offer any wrap fee programs. If this were to change, SPC would prepare a separate wrap fee brochure for use with retirement plans. Among other things, this brochure would describe the nature of the wrap program(s), describe the wrap fees SPC would receive for its services, and include a discussion of whether wrap fee accounts are managed differently from other accounts.
- The "Advisory Business" section was revised to clarify in greater detail that affiliates of SPC may provide other non-fiduciary retirement services to plans, such as record-keeping and third-party administrator services, and receive variable compensation therefrom. A conflict of interest may arise where SPC recommends the non-fiduciary retirement services of those affiliates because SPC or its associated persons may directly or indirectly receive a portion of the fees and other compensation paid by clients who receive such non-fiduciary retirement services from SPC's affiliates.
- The risk disclosures contained in the "Advisory Business" section were moved to the "Methods of Analysis, Investment Strategies and Risk of Loss" section, as was the description of the types of investments offered by SPC.
- The "Advisory Business" section was updated to disclose that SPC managed \$2,357,461,258.52 in client assets on a discretionary basis as of December 31, 2014.
- The "Fees and Compensation" section was updated to better clarify that the maximum fee charged by SPC will be a negotiable level fee decided on a case-by-case basis and calculated based on the value of plan assets under management. Additionally, greater detail was provided regarding the method by which flat, asset-based, and termination fees are calculated, the frequency of such fees, and the process for invoicing such fees.

- The “Fees and Compensation” section was updated to better clarify that it is SPC’s policy to not accept additional compensation (monetary or non-monetary) from an investment manager recommended to an ERISA-covered plan when SPC provides ERISA fiduciary services to such plan and when such compensation is tied to or calculated based upon amounts invested by such plan. Any non-monetary compensation received in connection with the delivery of services to an ERISA-covered plan (e.g., from a plan record-keeper, custodian, etc.) will be separately disclosed to such plan when applicable.
- The “Performance-Based Fees and Side-By-Side Management” section was updated to clarify that SPC does not charge performance-based fees or recommend to ERISA-covered plans any third-party investment advisers that charge performance-based fees.
- The “Types of Client” section was revised to omit the requirement that each retirement plan client obtain an ERISA § 412 bond that covers SPC and its associated persons. This section was also revised to omit SPC’s acknowledgement of fiduciary status because SPC may be retained to provide ERISA non-fiduciary retirement plan consulting services.
- The “Methods of Analysis, Investment Strategies and Risk of Loss” section was revised to delete language that does not pertain to retirement plans, including descriptions of investment strategies involving the use of margin or options and the tax implications of short-term trading.
- The “Methods of Analysis, Investment Strategies and Risk of Loss” section was revised to better clarify that plan sponsors (1) are not required to accept SPC’s assistance or follow any recommendations that SPC provides, (2) are free to change investment allocations or managers from those that SPC selects or recommends, and (3) shall be responsible for the overall administration of the plan and shall be solely liable for any ERISA violations committed in connection therewith.
- The “Disciplinary Information” section was updated by deleting a disciplinary event from 2003 involving one of SPC’s management persons because the event is no longer material.
- The “Other Financial Industry Activities and Affiliations” section was revised to delete language that does not pertain to retirement plans, including descriptions of the services offered by SPC’s broker-dealer affiliates and the compensation received therefrom.
- The “Code of Ethics, Participation or Interest in Client Transactions and Personal Trading” section was updated to better clarify that SPC does not perform agency cross transactions in connection with retirement plan accounts or retirement plan assets.
- The “Brokerage Practices” section was updated to disclose that retirement plans shall be entitled to keep any profits resulting from a trade error.
- The “Review of Accounts” section was revised to update the internal portfolio review frequency from quarterly to annually.
- The “Review of Accounts” section was revised to disclose that quarterly portfolio reports prepared by SPC using third-party software will now exclusively be made electronically available to clients. SPC does not custody client assets and therefore relies on third-party custodians and vendors to provide pricing and valuation data. SPC makes reasonable efforts to obtain data which it believes is accurate, though SPC does not verify the values and prices provided by these third parties. As SPC is not the custodian, SPC is not liable for any damages due to inaccurate data.
- The “Client Referrals and Other Compensation Section” was updated to disclose more clearly that SPC acts as a solicitor for certain third-party investment advisers and may receive compensation in the event a retirement plan decides to utilize the services of one of these third-party investment advisers. Such compensation arrangements present a conflict of interest because SPC has a financial incentive to recommend the services of such third-party investment advisers to retirement plans. However, retirement plans are not obligated, contractually or otherwise, to utilize the services of any third-party investment adviser that SPC may recommend. This section was also updated to disclose that SPC does not utilize or compensate solicitors in connection with referrals involving clients that are retirement plans.

The most recent copy of this brochure can be requested at any time by calling the SPC Department at (888) 744-6264 or via download at [www.spc4clients.com](http://www.spc4clients.com).

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# Advisory Business

## The Nature of SPC's Business

Sigma Planning Corporation ("SPC") is registered with the United States Securities and Exchange Commission as an investment adviser. SPC is a corporation formed under Michigan law in 1983. SPC is under common ownership with Sigma Financial Corporation ("SFC") and Parkland Securities, LLC ("Parkland"), two independent broker-dealer firms that are each members of the Financial Industry Regulatory Authority, Inc. as well as the Securities Investor Protection Corporation. Jerome Rydell is the principal owner of SPC, SFC, and Parkland.

As used in this brochure, SPC's "Associated Persons" are SPC's officers, employees, and all individuals providing investment advice on behalf of SPC. Additionally, Associated Persons who provide investment advice are referred to as "Investment Adviser Representatives" ("IARs") throughout this brochure. Finally, as used in this brochure, the words "we", "our", "our firm", and "us" refer to SPC and/or its IAR who is assisting the retirement plan, as the context requires, and the words "you", "your", and "client" refer to the retirement plan, the sponsor of such plan and/or the named fiduciary of such plan, as the context requires, as either a client or prospective client of SPC.

Most but not all of our IARs are registered representatives of SFC or Parkland, which are our affiliated broker-dealers. All of our IARs provide investment advisory services in their capacities as IARs of SPC, and those IARs who are also registered representatives provide brokerage services in their capacities as registered representatives of SFC or Parkland.

The following pages describe our services and fees with regard to employer-sponsored retirement plans, particularly those covered by the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). However, depending on the circumstances, we may also offer our services to retirement plans that are not covered by ERISA due to one or more federal exemptions.

Please refer to the description of each investment advisory service listed below for information on how we tailor our advisory services to the individual needs of such plans. In certain cases we may provide clients with a complimentary general consultation to discuss available services, to give a potential client time to review desired services, and to determine the possibility of a client-adviser relationship.

## Types of Retirement Plan Services Offered

We offer a variety of services to employer-sponsored retirement plans and their participants, including discretionary investment management services, nondiscretionary fiduciary services, and retirement plan consulting services. Depending on the type of retirement plan and the specific arrangement with the plan's sponsor (the "Sponsor"), we may provide one or more of these services. Upon being engaged by the Sponsor, we will provide the Sponsor with a copy of this brochure, our Privacy Policy, and a 3(21) Investment Fiduciary – Qualified Plan Account Application & Service Agreement (the "3(21) Agreement") or 3(38) Investment Fiduciary – Qualified Plan Account Application & Service Agreement (the "3(38) Agreement"), as applicable.

The Sponsor may engage our IARs to perform retirement plan services by completing either a 3(21) Agreement or a 3(38) Agreement, depending on the services to be provided. Both agreements outline the terms and the nature of our relationship with the plan and the Sponsor, including a description of the services to be provided and the fees to be charged. Moreover, both agreements enable us to obtain important information about the plan, including the plan's design, the plan's objectives, investment risk tolerance, plan participant demographics, and third-party service providers. The Sponsor must sign and submit the appropriate agreement to SPC before any services are provided.

Our retirement plan services are described below in greater detail.

## **ERISA § 3(38) Investment Fiduciary Services**

These services are designed to allow the Sponsor (or plan fiduciary) to delegate responsibility for managing, acquiring, and disposing of plan assets that meet the requirements of ERISA. We will perform these investment management services through our IARs and may charge a fee for the investment management services, as described in this brochure and the 3(38) Agreement. We will perform these services for the plan as an investment manager under ERISA § 3(38) and will act with the degree of diligence, care, and skill that a prudent person rendering similar services would exercise under similar circumstances.

Specifically, the Sponsor may engage us to perform any of the following services by selecting the appropriate boxes on the 3(38) Agreement:

### *1. Selection, Monitoring, and Replacement of the Plan's Designated Investment Alternatives ("DIAs")*

We will review the investment objectives, risk tolerance, and goals of the plan with the Sponsor (or plan fiduciary). We will also provide the Sponsor (or plan fiduciary) with an investment policy statement ("IPS")—if it does not already have one—that contains criteria from which we will select, monitor, and replace the plan's DIAs. We will review the investment options available to the plan and will select the plan's DIAs in accordance with the criteria set forth in the IPS. On a periodic basis, we will monitor and evaluate the DIAs and replace any DIAs that no longer satisfy the IPS criteria.

### *2. Creation and Maintenance of Model Asset Allocation Portfolios ("Model Portfolios")*

We will review the investment objectives, risk tolerance, and goals of the plan with the Sponsor (or plan fiduciary). We will also provide the Sponsor (or plan fiduciary) with an IPS (or other documentation)—if it does not already have one—that contains criteria from which we will select, monitor, and replace the plan's Model Portfolios. We will create a series of risk-based Model Portfolios comprised solely of the plan's DIAs and, on a periodic basis or upon reasonable request, we will reallocate and rebalance the Model Portfolios in accordance with the IPS or other guidelines approved by the Sponsor (or plan fiduciary).

### *3. Selection, Monitoring, and Replacement of Qualified Default Investment Alternatives ("QDIAs")*

We will review the investment objectives, risk tolerance, and goals of the plan with the Sponsor (or plan fiduciary). We will also provide the Sponsor (or plan fiduciary) with an IPS (or other guidelines)—if it does not already have one—which contains criteria from which we will select, monitor, and replace the plan's QDIAs. Once the Sponsor (or plan fiduciary) confirms the plan's desired type of QDIA, we will select, monitor, and replace the plan's QDIAs in accordance with the IPS or other guidelines approved by the Sponsor (or plan fiduciary).

### *4. Participant Investment Management*

We will meet with plan participants, periodically and upon reasonable request, to collect information necessary to complete an investor profile to identify the participant's individual investment objectives, risk tolerance, time horizon, etc. Based upon each participant's profile, we will invest the participant's individual plan account among one or more of the plan's DIAs or Model Portfolios, if applicable. We will have sole discretion over the investment of the participant's account.

## **ERISA § 3(21)(A) Nondiscretionary Fiduciary Services**

These services are designed to allow the Sponsor (or plan fiduciary) to retain full discretionary authority or control over the plan's assets. We will solely make recommendations to the Sponsor (or plan fiduciary). We will perform these nondiscretionary investment advisory services through our IARs and may charge a fee for these fiduciary services, as described in this brochure and the 3(21) Agreement. We will perform these investment advisory services for the plan as a fiduciary under ERISA § 3(21)(A) and will act with the degree of diligence, care, and skill that a prudent person rendering similar services would exercise under similar circumstances.

The Sponsor may engage us to perform one or more of the following nondiscretionary investment advisory services:

### *1. Recommendations to Establish or Revise the Plan's Investment Policy Statement*

We will review the investment objectives, risk tolerance, and goals of the plan with the Sponsor (or plan fiduciary). If the plan does not have an IPS, we will recommend investment policies to assist the Sponsor (or plan fiduciary) in establishing an appropriate IPS. If the plan has an existing IPS, we will review it for consistency with the plan's objectives. If the IPS does not represent the objectives of the plan, we will recommend revisions to the Sponsor (or plan fiduciary) that will establish investment policies which are congruent with the plan's objectives.

## *2. Recommendations to Select and Monitor the Designated Investment Alternatives*

Based on the plan's IPS or other guidelines established by the plan, we will review the investment options available to the plan and will make recommendations to assist the Sponsor (or plan fiduciary) in selecting the DIAs to be offered to plan participants. Once the Sponsor (or plan fiduciary) selects the DIAs, we will, on a periodic basis or upon reasonable request, provide reports, information, and recommendations to assist the Sponsor (or plan fiduciary) with monitoring the investments. If the IPS criteria require an investment to be removed, we will provide information, analysis, and recommendations to assist the Sponsor (or plan fiduciary) with evaluating replacement investment alternatives.

## *3. Recommendations to Select and Monitor Qualified Default Investment Alternatives*

Based on the plan's IPS or other guidelines established by the plan, we will review the investment options available to the plan and will make recommendations to assist the Sponsor (or plan fiduciary) in selecting the plan's QDIAs for plan participants that fail to direct the investment of their accounts. Once the Sponsor (or plan fiduciary) selects the QDIAs, we will provide reports, information, and recommendations, on a periodic basis or upon reasonable request, to assist the Sponsor (or plan fiduciary) with monitoring the investments. If the IPS criteria require an investment to be removed, we will provide information and analysis to assist the Sponsor (or plan fiduciary) with evaluating replacement investment alternatives.

## *4. Recommendations to Allocate and Rebalance Model Asset Allocation Portfolios*

Based on the plan's IPS or other investment guidelines established by the plan, we will review the investment options available to the plan and will make recommendations to assist the Sponsor (or plan fiduciary) in creating and maintaining Model Portfolios. Once the Sponsor (or plan fiduciary) approves the Model Portfolios, we will provide reports, information, and recommendations, on a periodic basis, designed to assist the Sponsor (or plan fiduciary) with monitoring the plan's investments. If the IPS criteria require an investment to be removed, we will provide information and analysis to assist the Sponsor (or plan fiduciary) with evaluating replacement investment alternatives to be included in the Model Portfolios. Upon reasonable request, we will make recommendations to the Sponsor (or plan fiduciary) to rebalance the Model Portfolios to maintain their desired allocations.

## *5. Recommendations to Select and Monitor Investment Managers*

Based on the plan's IPS or other guidelines established by the plan, we will review the potential investment managers available to the plan and will make recommendations to assist the Sponsor (or plan fiduciary) in selecting one or more investment managers. Once the Sponsor (or plan fiduciary) approves the investment manager, we will provide, on a periodic basis, reports, information, and recommendations to assist the Sponsor (or plan fiduciary) with monitoring the plan's investment managers. If the IPS criteria require an investment manager to be removed, we will provide information and analysis to assist the Sponsor (or plan fiduciary) with evaluating replacement investment managers.

## **Third-Party Investment Advisers ("TPIAs")**

As a non-fiduciary service, and based on the plan's IPS or other guidelines established by the plan, we may recommend that the Sponsor (or plan fiduciary) utilize the services of a TPIA to manage the plan's investment assets. In this circumstance, the TPIA would serve as the plan's ERISA § 3(38) investment manager. Our role, as the TPIA's solicitor, would be limited to introducing the Sponsor (or plan fiduciary) to the TPIA, providing basic assistance with establishing an account, and answering questions about the TPIA on an ongoing basis.

## **ERISA Non-fiduciary Retirement Plan Consulting Services**

Retirement plan consulting services are designed to allow us to assist the Sponsor (or plan fiduciary) in satisfying its fiduciary duties to administer the plan in the best interests of plan participants and their beneficiaries. Retirement plan consulting services may only be performed in a manner such that they would not be considered fiduciary services under ERISA.

The plan's custodian, not SPC, will be responsible for arranging for the execution of securities transactions through a broker-dealer it believes can provide best execution. We will not have any discretionary authority or discretionary responsibility over the administration of the plan or for the interpretation of plan documents, the determination of participant eligibility, benefits, vesting, or the approval of the distributions to be made by the plan. We will not perform record-keeping or brokerage services on behalf of the plan, nor will we assume the duties of a trustee or plan administrator (as defined in ERISA § 3(16)).



The Sponsor (or plan fiduciary) may elect for us to assist with any of the following services:

1. Administrative Support

- This may include assisting the Sponsor (or plan fiduciary) with:
- Reviewing plan objectives and options available through the plan
- Reviewing retirement plan committee structure and administrative policies and procedures
- Recommending participant education and communication policies under ERISA § 404(c)
- Coordinating and reconciling participant disclosures under 29 C.F.R. § 2550.404a-5
- Developing requirements for responding to participant requests
- Assisting with the development and maintenance of a fiduciary audit file and document retention policies
- Delivering fiduciary training and/or education periodically or upon reasonable request

2. Oversight of Relationship with Service Provider

- This may include assisting the Sponsor (or plan fiduciary) with:
- Developing a process to select, monitor, and replace service providers
- Reviewing covered service provider (“CSP”) disclosures under ERISA § 408(b)(2) and fee benchmarking
- Providing reports and/or information designed to assist with monitoring CSPs
- Reviewing ERISA spending accounts or plan expense recapture accounts (“PERAs”)
- Preparing and reviewing requests for proposals (“RFPs”) and/or requests for information (“RFIs”)
- Coordinating CSP replacements and conversions

3. Investments

This may include assisting the Sponsor (or plan fiduciary) with:

- Periodically reviewing the IPS in the context of plan objectives
- Monitoring investment performance
- Analyzing investment managers and Model Portfolios
- Reviewing and recommending designated investment managers (“DIMs” and/or third-party advice providers, as necessary)

4. Participant Services

This may include assisting the Sponsor (or plan fiduciary) with:

- Facilitating group enrollment meetings
- Coordinating employee education regarding plan investments and fees
- Helping participants with understanding plan benefits, retirement readiness, and the impact of increasing deferrals

## **Non-ERISA Retirement Plans**

Depending on the circumstances, we may provide any of the services described above to retirement plans that are not covered by ERISA. In providing services to such plans, we would act as a fiduciary under the Investment Advisers Act of 1940, as amended (the “Act”), but not as a fiduciary under ERISA § 3(21)(A).

## **Potential Additional Retirement Services Provided Outside of the Agreement**

In providing services to retirement plans, SPC and its IARs may establish client relationships with one or more plan participants or beneficiaries. Such client relationships develop in various ways, including, without limitation: (1) as a result of a decision by the participant or beneficiary to purchase services from SPC not involving the use of plan assets; (2) as part of an individual or family financial plan for which any specific recommendations concerning the allocation of assets or investment recommendations relate exclusively to assets held outside of the plan; or (3) through an Individual Retirement Account rollover (“IRA Rollover”). IARs will not, however, solicit plan participants or beneficiaries when providing services to the retirement plan.

If SPC is providing services to a retirement plan, the IAR working with the plan may, when requested by a plan participant or beneficiary, arrange to provide services to that participant or beneficiary through a separate agreement that excludes any investment advice on plan assets (but may consider the participant’s or beneficiary’s interest in the plan in providing that service). If a plan participant or beneficiary desires to complete an IRA Rollover, any decision regarding whether to complete the rollover or what to do with the rollover assets remains that of the participant or beneficiary alone.

In providing these optional services, we may offer employers and employees information on other financial and retirement products or services offered by SPC and our IARs.



**Wrap Fee Program**

In providing portfolio management services to retirement plans, we do not currently offer any wrap fee programs. If this were to change, we would prepare a separate wrap fee brochure for use with retirement plans. Among other things, this brochure would describe the nature of the wrap program(s), the wrap fees we would receive for our services, and a discussion of whether wrap fee accounts are managed differently from other accounts.

**Potential Conflicts and Related Policies**

Affiliates of SPC may provide other non-fiduciary retirement services to plans, such as record-keeping and third-party administrator services, and receive variable compensation therefrom. A conflict of interest may arise where an IAR recommends the non-fiduciary retirement services of those affiliates.

SPC, our employees, and our IARs benefit from the compensation paid to us, and we may directly or indirectly receive a portion of the fees and other compensation paid by clients who receive such non-fiduciary retirement services from our affiliates.

**Assets Under Management**

As of December 31, 2014, we manage \$2,357,461,258.52 in client assets on a discretionary basis. In addition, we also have placed significant assets with various TPIAs.

# Fees and Compensation

## Fees

The fees we charge for providing retirement plan services are flexible and negotiable. Depending on the arrangement, the Sponsor (or plan fiduciary) may be charged a percentage fee based upon the value of plan assets under our management, an hourly rate, or a flat dollar amount.

For accounts not held at Fidelity Institutional Wealth Services or other approved custodial platforms, please refer to the TPIA's Form ADV for a description of its fees and billing practices.

The following fees may apply and are negotiable.

Fee Type	Fee
Percentage Fee	A level fee decided on a case-by-case basis and calculated based on the value of plan assets under our management
Percentage Fee	Maximum of \$300 per hour
Flat Fee or Project-Based Fee	No minimum fee; maximum fee to be decided on a case-by-case basis depending on the time, effort, and complexity of the services provided as disclosed in the 3(21) Agreement or 3(38) Agreement, as applicable
<b>How Retirement Plan Service Fees May Be Paid</b>	
The Sponsor (or plan fiduciary) may request to be invoiced directly or may authorize the plan's record-keeper or custodian to be invoiced so that our fees may be deducted from the plan's assets. Flat fees and recurring asset-based fees calculated based on assets under management may be charged monthly or quarterly, whereas project-based fees will be charged at our hourly rate in connection with one-time services.	
<b>How Flat Fees are Calculated</b>	
Flat fees are annual fees which may be payable either monthly or quarterly and either in advance of the period for which services are to be rendered or in arrears. Annual fees are increased each year with a cost of living adjustment of three percent (3%). The annual fee will be recalculated after one year and billed either monthly or quarterly.	
<b>How Asset-Based Fees are Calculated</b>	
<ul style="list-style-type: none"> <li>Asset-based fees are determined by reference to the value of assets held in custody by the plan's custodian. The fees for accounts custodied at Fidelity Institutional Wealth Services or other approved custodial platforms will be billed either monthly or quarterly and either in advance or in arrears, depending on the selection of the Sponsor (or plan fiduciary).</li> </ul>	
<ul style="list-style-type: none"> <li>Asset-based fees are determined by reference to the value of assets held in custody by the plan's custodian. The fees for accounts custodied at Fidelity Institutional Wealth Services or other approved custodial platforms will be billed either monthly or quarterly and either in advance or in arrears, depending on the selection of the Sponsor (or plan fiduciary).</li> </ul>	
<ul style="list-style-type: none"> <li>The initial fee will be prorated based upon the number of days remaining in the initial billing period (i.e., the month or quarter) from the date of execution of the 3(21) Agreement or 3(38) Agreement, as applicable. The initial fee will be based upon the market value of the plan's assets as of the last business day of the preceding billing period.</li> </ul>	
<ul style="list-style-type: none"> <li>Thereafter, ongoing asset-based fees will be based upon the market value of the plan's assets as of the last business day of the preceding billing period (without adjustment for anticipated withdrawals by plan participants or beneficiaries or other anticipated or scheduled transfers or distributions of assets).</li> </ul>	
<b>Calculation of Fee Upon Termination</b>	
<ul style="list-style-type: none"> <li>If the 3(21) Agreement or 3(38) Agreement, as applicable, is terminated prior to the end of the billing period (either a month or quarter), SPC will be entitled to its customary fee, prorated for the number of days in the billing period prior to the effective date of termination, and for asset-based fees, based upon the market value of the plan's assets at the close of business on the effective date of termination. SPC will provide a pro-rata refund of any prepaid fees based upon the number of days remaining in the billing period of termination.</li> </ul>	

Sponsors receiving retirement plan services may pay more or less than a client might otherwise pay if obtaining the retirement plan services separately or through another service provider. There are several factors that determine whether the costs would be more or less, including, but not limited to, the size of the plan, the specific investments made by the plan, the number of different locations of participants, the retirement plan services offered by another service provider, and the actual costs of retirement plan services obtained elsewhere. In light of the specific retirement plan services we offer, the fees charged may be more or less than those of other similar service providers.

All fees paid to SPC for retirement plan services are separate and distinct from the fees and expenses charged by mutual funds and exchange-traded funds to their shareholders. The fees and expenses of a mutual fund or exchange-traded fund are described in the investment's prospectus. These fees will generally include a management fee, other expenses, and possible distribution fees. If the investment also imposes sales charges, a client may pay an initial or deferred sales charge. In order to fully understand the total amount of fees to be paid by the plan and to evaluate the retirement plan services being provided, Sponsors and/or other responsible plan fiduciaries should review the fees charged in connection with the mutual funds and other investment options available to participants of the plan, the fees charged by any third-party managers responsible for plan assets, the fees charged by the plan's other service providers, and the fees charged by SPC.

No increase in the fees we charge will be effective without prior written notice. While not related to the retirement plan services described above, various vendors, product providers, distributors, and other third parties may provide non-monetary compensation to us by paying some expenses related to training and education, including the expenses of travel and acquiring professional designations. SPC might also receive payments from such entities to subsidize its own training programs. Additionally, certain vendors may invite SPC to participate in conferences or online training and may also provide SPC with publications that may further IARs' and employees' skills and knowledge. Finally, such entities may occasionally provide SPC with gifts, meals, and entertainment of reasonable value consistent with industry rules and regulations. It is SPC's policy, however, to not accept additional compensation (monetary or non-monetary) from an investment manager that an IAR recommends to an ERISA-covered plan when such IAR provides ERISA fiduciary services to such plan and when such compensation is tied to or calculated based upon amounts invested by such plan. Any non-monetary compensation received in connection with the delivery of services to an ERISA-covered plan (e.g., from a plan record-keeper, custodian, etc.) will be separately disclosed to such plan when applicable.

### **Additional Fees and Expenses**

We utilize unaffiliated money market funds as temporary investment vehicles for the cash balances in all investment accounts. In such cases, the overall fees charged on managed account values will include these money market balances. Where permitted by law, in order to provide concise reporting and administration of such money market balances for clients, we or the custodian (or its affiliate) may have arrangements with the money market funds to provide advisory, administrative, distribution and/or other services, subject to applicable restrictions. Where permitted by law, we or the clearing agent (or its affiliate) may receive a fee for these specialized services from the money market fund (or its service providers) that is in addition to the fees paid by clients under the described programs. For clients that are subject to ERISA or the prohibited transaction provisions of the Internal Revenue Code, applicable law may limit the extent to which such fees may be retained, and may require a fee offset.

As part of our investment advisory services to you, we may invest, or recommend that you invest, in mutual funds and exchange-traded funds. The fees that you pay to us for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds or exchange-traded funds (described in each fund's prospectus) to their shareholders. These fees will generally include a management fee and other fund expenses. The fees noted herein represent fees for advisory services only. You will also incur transaction charges and/or brokerage fees when purchasing or selling securities as well as any fees associated with particular accounts (e.g., account opening, maintenance, transfer, termination, wire transfer, retirement plan, trust fees, and all such applicable third-party fees, deferred sales charges, oddlot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage). These charges and fees are typically imposed by the broker-dealer or custodian through whom your account transactions are executed. A list of transaction-related fees is available for review by contacting us at 888- 744-6264. To fully understand the total cost you will incur, you should review all the fees charged by mutual funds, exchange-traded funds, our firm, and others. For information on our brokerage practices, please refer to the Brokerage Practices section of this brochure.

## **Compensation for the Sale of Securities or Other Investment Products**

### *Securities*

IARs providing investment advice on our behalf generally are registered representatives with one of our affiliated broker-dealers, either SFC or Parkland. In their capacity as registered representatives, these persons receive commission-based compensation in connection with the purchase and sale of securities, including 12b-1 fees for the sale of investment company products (i.e., mutual funds). When suitable, we generally recommend no-load mutual funds for advisory accounts. You are under no obligation, contractually or otherwise, to buy or sell securities products through any person affiliated with our firm.

### *Insurance*

In addition, our affiliates, SFC and Parkland, are licensed insurance agencies and some IARs of our firm are also licensed as independent insurance agents who sell insurance policies and products (e.g., life insurance, health insurance, long-term care insurance, and fixed annuities). Such insurance agents will earn sales commissions in connection with selling insurance policies and products to our clients. In addition, SFC or Parkland may also receive compensation in connection with such sale of insurance policies and products, depending on the nature of the sales.

Any insurance commissions earned in this manner are separate from, and in addition to, our advisory fees. The sale of insurance presents a conflict of interest because persons providing investment advice on behalf of our firm who are insurance agents have an incentive to recommend insurance products to you. However, you are under no obligation, contractually or otherwise, to purchase insurance policies or products through SFC, Parkland, or any person affiliated with our firm.

## **Performance-Based Fees and Side-By-Side Management**

We do not charge performance-based fees or recommend to ERISA-covered plans any TPIAs that charge performance-based fees.

## **Types of Clients**

We offer investment advisory services to individuals, banks and thrift institutions, pension and profit-sharing plans, trusts, estates, charitable organizations, corporations, and other business entities.

SPC's retirement plan services are available to clients who are as sponsors or other fiduciaries to retirement plans, including 401(k), 457(b), 403(b), and 401(a) plans. "Plans" include participant-directed defined contribution plans and defined benefit plans. Plans may or may not be subject to ERISA. SPC does not require a minimum asset amount for retirement plan consulting services.

For portfolio management services, we require a minimum account size of \$25,000 for accounts maintained at Fidelity Institutional Wealth Services or other approved custodial platforms. In SPC's discretion, we may waive these minimums. In addition, TPIAs may impose their own account minimums.

## **Methods of Analysis, Investment Strategies and Risk of Loss**

### **Methods of Analysis and Investment Strategies**

IARs work directly with Sponsors (or plan fiduciaries) to evaluate the plan's stated needs and objectives. IARs attempt to measure risk tolerance, time horizon, goals, and objectives through an interview and data-gathering process in an effort to determine investment plans or portfolios that are suitable.

The investment strategies that IARs employ may vary depending upon the client's circumstances. Investment strategies are generally dictated by or determined based upon the type of plan or plan participants. IARs each provide individualized advisory services to their clients. The investment advisory strategies utilized by our IARs may range from speculative to conservative, but each is designed to meet the varying needs of our clients. IARs determine which portfolios are suitable after working with clients to define their objectives, risk tolerance, and time horizons. In managing plan assets, IARs shall invest as a prudent investor would, taking into account the purposes, terms, and other requirements expressed in applicable governing instruments, while exercising reasonable care, skill, and caution.

IARs typically follow a portfolio construction and review process and generally take a long-term perspective when developing advice and recommendations based upon information provided by clients. There are two components to our portfolio management process: (1) individual security selection and (2) the asset allocation process.

IARs generally start with a review of all investments that may be suitable and then review each individual asset class to identify potentially favorable investments using the following criteria: peer group relative performance, manager tenure, investment process, investment style, and other performance measures. Using these same criteria, IARs review investments on a periodic basis to detect changes in investment management personnel, poor performance on a relative basis, and changes in investment style.

Following a specific security selection, IARs may create allocations for specific asset classes which they believe carry acceptable risk and return characteristics. IARs will then seek to optimize the allocation among each asset class in an effort to maximize the level of return assuming a certain level of risk for each portfolio.

IARs may utilize portfolio models which are designed to target specific degrees of investment risk, ranging from conservative to aggressive. IARs may also utilize asset allocation software and historical performance modeling software.

IARs have access to the SPC home office as well as that of SFC and Parkland. IARs may consult with the due diligence staff of our affiliate broker-dealers regarding various investments.

IARs may use one or more of the following methods of analysis or investment strategies when providing investment advice:

- **Charting and Technical Analysis** – Charting analysis involves the gathering and processing of price and volume information for a particular security. This price and volume information is analyzed using mathematical equations. The resulting data is then applied to graphing charts, which are used to predict future price movements based on price patterns and trends. Technical analysis involves studying past price patterns and trends in the financial markets to predict the direction of both the overall market and specific stocks. The risk of market timing based on technical analysis is that charts may not accurately predict future price movements. Current prices of securities may reflect all information known about the security and day-to-day changes in market prices of securities may follow random patterns and may not be predictable with any reliable degree of accuracy.
- **Fundamental Analysis** – Fundamental analysis involves analyzing individual companies and their industry groups, usually through reviewing a company's financial statements, details regarding the company's product line, the experience and expertise of the company's management, and the outlook for the company's industry. The resulting data is then used to estimate the true value of the company's stock compared to the current market value. The risk of fundamental analysis is that information obtained may be incorrect and the analysis may not provide an accurate estimate of earnings, which may be the basis for a stock's value. If securities prices adjust rapidly to new information, utilizing fundamental analysis may not result in favorable performance.
- **Cyclical Analysis** – Cyclical analysis is a type of technical analysis that involves evaluating recurring price patterns and trends based upon business cycles. Economic/business cycles may not be predictable and may have many fluctuations between long-term expansions and contractions. The lengths of economic cycles may also be difficult to predict with accuracy. The risk of cyclical analysis is the difficulty in predicting economic trends and consequently the changing value of securities that would be affected by these changing trends.
- **Long-Term Purchases** – Securities purchased with the expectation that the value of those securities will grow over a relatively long period of time, generally greater than one year.
- **Short-Term Purchases** – Securities purchased with the expectation that they will be sold within a relatively short period of time, generally less than one year, to take advantage of the securities' short-term price fluctuations.

TPIAs will have their own methods of analysis, investment strategies, and unique investment risks that you should review and consider before investing.

Our investment strategies and advice may vary depending upon each client's specific needs and financial situation. As such, we determine investments and allocations based upon a client's predefined objectives, risk tolerance, time horizon, financial horizon, financial information, liquidity needs, and other various suitability factors. Any restrictions, guidelines, or constraints imposed by a client may affect the composition of the client's portfolio.

We may use short-term trading (in general, selling a security within 30 days of purchasing the same security) as an investment strategy when managing accounts. Short-term trading is not a fundamental part of our overall investment strategy, but we may occasionally use this strategy when we determine that it is suitable given a client's stated investment objectives and tolerance for risk.

We may use investment strategies that involve the frequent buying and selling of securities in an effort to capture significant gains and avoid significant losses during volatile market conditions. However, generally speaking, frequent trading can negatively affect investment performance, particularly through increased brokerage and other transactional costs and taxes.

Retirement plans may make available to plan participants a number of different types of securities, including mutual funds, collective investment funds, guaranteed investment contracts, exchange-traded funds, annuity subaccounts, or other securities. Each different type of security comes with inherent risks that are unique to that specific type of security. Mutual funds, collective investment funds, exchange-traded funds, and subaccounts may also invest in various types of securities which carry these risks.

All investments involve risk and investment performance can never be predicted or guaranteed. Account values may fluctuate (perhaps significantly) due to market conditions, manager performance, and other factors. The use of any benchmark or index in connection with investment management services is no guarantee that the performance of the plan's particular investments will experience the same results as the index or benchmark, including the results shown on the various reports that are delivered in connection with the retirement plan services.

Moreover, as a result of revised IRS regulations, custodians and broker-dealers will begin reporting the cost basis of equities acquired in client accounts on or after January 1, 2011. Custodians will default to the FIFO accounting method for calculating the cost basis of investments. Sponsors (or plan fiduciaries) are responsible for contacting their tax advisor to determine if this accounting method is the correct or most advantageous choice. In the event it is not, the Sponsor (or plan fiduciary) should provide prompt written notice to the IAR and we will alert the account custodian of the individually selected accounting method. Please note that all decisions regarding cost basis accounting methods must be made before trades settle, as the cost basis method cannot be changed after settlement.

SPC and its IARs may use or provide to the Sponsor (or plan fiduciary) data or other information we receive from third parties in connection with providing investment management services. While we reasonably believe that such information or data is generally reliable, we do not promise that such information or data is accurate, current, or will be consistently available.

The Sponsor (or plan fiduciary) is not required to accept our assistance or follow any recommendations that we provide in connection with our retirement plan services. If the Sponsor (or plan fiduciary) selects us to allocate or rebalance the plan's assets among Model Portfolios or to recommend investment managers, the Sponsor (or plan fiduciary) or plan participant, as the case may be, can freely change allocations or managers.

The Sponsor (or plan fiduciary) is responsible for all of the tax liabilities or applicable penalties, fees, or restitution arising from or as a result of any transactions, including any liabilities arising from the failure to maintain the qualified status of a retirement plan receiving our services. The Sponsor (or plan fiduciary), not SPC or its IARs, shall be responsible for the overall administration of the plan and shall be solely liable for any ERISA violations committed in connection therewith. We advise all Sponsors (or plan fiduciaries) to seek and follow the advice of ERISA legal counsel when administering the plan.

## **Risk of Loss**

Investing in securities involves risk of loss that you should be prepared to bear. We do not represent or guarantee that our services or methods of analysis can or will successfully predict future investment results, identify market tops or bottoms, or insulate clients from losses due to market corrections or declines. We cannot offer any guarantees or promises that your financial goals and objectives will be met. Past performance is in no way indicative of future performance or success.

## **Material Risks of Recommendations to Select and Monitor Investment Managers, QDIAs, and DIAs**

As part of our services to provide recommendations to select and monitor investment managers, QDIAs, or DIAs, we may provide the Sponsor (or plan fiduciary) with a list of investments, including mutual funds, to consider as options for the plan, and we may also provide a list of investment managers to manage the assets of the plan. Any such lists are for informational purposes only; the Sponsor (or plan fiduciary) retains full authority to select all plan investments in such circumstances. Such lists should not be considered a primary basis for the Sponsor's (or plan fiduciary's) decision.

## **Material Risks of Recommendations to Establish or Revise the Plan's IPS**

We will consider information provided by the Sponsor (or plan fiduciary) regarding the plan when assisting with the preparation of, or recommending changes to, the plan's IPS. It is important that the Sponsor (or plan fiduciary) provide accurate information and that such information remains current, as changes in the information will impact the assistance we provide and/or the recommendations we make.



## **Material Risks of Recommendations to Allocate and Rebalance Model Portfolios**

Any report containing a proposed asset allocation model is based upon a number of factors which may include the demographics of plan participants, current asset allocations, and the value of the plan's assets. We may change asset allocations and investment options within the Model Portfolios in the regular course of managing such portfolios. We may inform the Sponsor (or plan fiduciary) of changes in our assumptions or the Model Portfolios that we believe are significant or material in nature.

The analyses and suggested asset allocations contained in the reports may be based on historical financial data, assumptions about future financial trends (including market appreciation or decline, rates of return, and risks for various asset classes), assumptions about applicable laws and regulations, and appropriate financial planning strategies.

Any projections, analyses, or other information contained in or provided with the reports regarding various investment outcomes are hypothetical in nature, do not reflect actual investment results, and are not guarantees of future performance or success.

The reports do not provide advice regarding the plan's specific securities investments. Therefore, it is important for the Sponsor (or plan fiduciary) to monitor current events, such as changes in tax laws or in the financial markets, which may affect the Sponsor's (or plan fiduciary's) decisions regarding the plan.

The return rates and dollar figures contained in the report may not include all investment expenses, and any results shown may be reduced by such costs. Also, where applicable (and only as indicated) assumptions as to federal income tax rates, state income tax rates, and estate taxes reflected in the report would only be general estimates.

## **Recommendation of Particular Types of Securities**

We do not primarily recommend one specific type of investment over another as each client has their own investment objectives, risk tolerance, needs, and goals. When recommending or selecting investments, we will act in accordance with and follow the mandates of the plan documents and IPS.

Additionally, we may advise clients with respect to any type of investment that we deem appropriate based on their stated goals and objectives. We may also provide advice with respect to any type of investment held in a client's portfolio at the inception of our advisory relationship.

## **Disciplinary Information**

As a fiduciary, we are committed to providing our clients with full disclosure regarding any disciplinary information relating to our firm or our IARs. At present, we have no material legal or disciplinary events to report regarding SPC or any of its management persons. However, SPC's IARs may have reportable disciplinary information. Please obtain and read a copy of

your IAR's Brochure Supplement for more information.

## **Other Financial Industry Activities and Affiliations**

Affiliates of SPC may provide other non-fiduciary retirement services to plans, such as record-keeping and third-party administrator services, and receive variable compensation therefrom. A conflict of interest may arise where an IAR recommends the non-fiduciary retirement services of those affiliates.

SPC, our employees, and our IARs benefit from the compensation paid to us, and we may directly or indirectly receive a portion of the fees and other compensation paid by clients who receive such non-fiduciary retirement services from our affiliates.

It is important to note that clients are under no obligation to grant SPC and its IARs investment discretion. Clients should understand that the investment products, securities, and services that an IAR may select or offer in connection with providing retirement plan services are generally available through broker-dealers, investment advisers, or other investment firms not affiliated with SPC.

Clients should understand that SPC and its IARs may perform advisory and/or brokerage services for various other clients, and that SPC and its IARs may give advice or take actions for some clients that differ from the advice given or actions taken for other clients. The timing or nature of any action taken for a client may also be different from that of other clients.

SFC and Parkland are also licensed as insurance agencies. Some IARs of our firm are also licensed insurance agents. IARs acting in their capacity as insurance agents will earn commission-based compensation from selling insurance products and

policies. Depending on the circumstances, SFC and Parkland may also receive compensation from such sales. Insurance commissions are separate from our advisory fees. Please see the Fees and Compensation section in this brochure for more information on the compensation received by insurance agents who are affiliated with our firm.

Some IARs may also own their own accounting firm, law firm and/or independent registered investment adviser. For clients in need of accounting, legal, or other advisory services, such IARs may recommend that clients retain these entities for such services. The fees for such services are separate and apart from the advisory fees charged by SPC. You are under no obligation to use any IAR's affiliated entity and may use the service provider of your choice.

## **Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

### **Description of Our Code of Ethics**

We strive to comply with applicable laws and regulations governing our practices. Therefore, our Code of Ethics includes guidelines for professional standards of conduct for our Associated Persons. Our goal is to protect your interests at all times and to demonstrate our commitment to our fiduciary duties of honesty, good faith, and fair dealing with you. All of our Associated Persons are expected to adhere strictly to these guidelines. Our Code of Ethics also requires that certain persons associated with our firm submit reports of their personal account holdings and transactions to a qualified representative of our firm who will review these reports on a periodic basis. Persons associated with our firm are also required to report any violations of our Code of Ethics. Additionally, we maintain and enforce written policies reasonably designed to prevent the misuse or dissemination of material, non-public information about you or your account holdings by persons associated with our firm.

Our Code of Ethics is available to you up on request. You may obtain a copy of our Code of Ethics by contacting the SPC Advisory Services Department at (888) 744-6264 or [spcinfo@bdops.com](mailto:spcinfo@bdops.com).

### **Agency Cross Transactions**

We do not perform agency cross transactions in connection with retirement plan accounts or retirement plan assets.

### **Personal Trading Practices**

IARs and other Associated Persons may buy or sell the same securities for you at the same time we or persons associated with our firm buy or sell such securities for our own accounts. We may also combine our orders to purchase securities with your orders to purchase securities ("block trading"). Please refer to the Brokerage Practices section in this brochure for information on our block trading practices.

A conflict of interest exists in such cases because we have the ability to trade ahead of you and potentially receive more favorable prices than you will receive. To mitigate this conflict of interest, it is our policy that we shall not have priority over your account in the purchase or sale of securities.

## Brokerage Practices

As discussed herein, certain IARs in their respective individual capacities may also be registered representatives of SFC or Parkland (“dually registered IARs”). All dually registered IARs are subject to NASD Rule 3040, which restricts registered representatives from conducting securities transactions away from their broker-dealer unless the broker-dealer provides written consent. Therefore, clients are advised that dually registered IARs may be restricted to conducting securities transactions through SFC or Parkland unless they first secure written consent to execute securities transactions through a different broker-dealer. Absent such written consent or separation from their broker-dealer, these IARs are prohibited from executing securities transactions through any broker-dealer other than SFC or Parkland under each entity’s internal supervisory policies. The information contained in this paragraph is not applicable to IARs who are not dually registered.

### Brokerage Firm and Custodial Choices

With regard to brokerage transactions, financial planning and consulting clients can use any brokerage firm of their choice to implement any advice we provide. However, because our firm is related to, and many of our IARs are registered representatives with, SFC or Parkland, if you freely choose to implement our advice through our IARs, we will use SFC or Parkland for securities transactions.

In recommending broker-dealers for custodial services, we consider the following:

- Quality of overall execution services provided
- Promptness of execution
- Creditworthiness, financial condition, and business reputation
- Research (if any) provided
- Promptness and accuracy of reports on execution
- Ability and willingness to correct errors
- Promptness and accuracy of confirmation statements
- The broker-dealer’s facilities and technology
- The securities trading markets and market centers to which the broker-dealer has access
- Any expertise in executing trades for particular types of securities
- Commissions charged
- Reliability of the broker-dealer
- Ability to use electronic communication networks to gain liquidity, price improvement, lower commission rates, and anonymity
- Execution and operational capabilities of the broker-dealer

Clients may pay commissions that are higher than what other qualified broker-dealers might charge to effect the same transactions in the circumstances where we determine, in good faith, that such commissions are reasonable in relation to the value of the brokerage and research services provided. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer’s services, including, among others, the value of research provided, execution capability, commission rates, and responsiveness. Consistent with the foregoing, while we will seek competitive rates, we may not necessarily obtain the lowest possible commission rates for client transactions.

You should evaluate these custodians before opening an account. While it is possible that you may pay higher commissions or transaction fees through our recommended custodians, we believe they currently offer the best overall value for the commissions charged.

SPC has an arrangement with National Financial Services LLC and Fidelity Brokerage Services, LLC (collectively, and together with all affiliates, “Fidelity”) through which Fidelity provides SPC and its IARs with services and other benefits to help them conduct their business and serve all types of clients. SPC is independently owned and operated and is not affiliated with Fidelity. National Financial Services LLC is also the clearing firm utilized by SFC and Parkland. SPC is required to disclose products, services, and other assistance it receives that may not directly benefit your account or may cause conflicts of interest for your IAR.

Fidelity may pay for or provide SPC with technology platforms or other software to access Fidelity’s brokerage system and streamline our operations. These systems aid SPC in providing service to client accounts and include software that makes available client account data, facilitates trade execution, allocates aggregated trade orders, facilitates payment of fees from client accounts, and assists with back office functions such as record-keeping and client reporting.

Fidelity also offers other services intended to help SPC manage and further develop its advisory practice. Such services include, but are not limited to, performance reporting, financial planning, contact management systems, third-party research,

publications, access to educational conferences, roundtable discussions, webinars, practice management resources, access to consultants, and other third-party service providers who offer a wide array of business-related services and technology with whom SPC may contract directly. Fidelity provides investment research to help IARs make well-informed investment decisions for client accounts.

Fidelity may assist SPC in marketing activities, which could include providing marketing materials, co-sponsoring events, or engaging in joint marketing programs. Fidelity may also assist IARs in joining the Fidelity platform and in some cases may pay or waive account transfer fees or other charges you or other clients may incur when changing custodians or service providers.

On occasion, Fidelity may make direct payments to SPC for items such as reimbursing SPC or an IAR for reasonable travel expenses incurred when assessing Fidelity's business practices and operations. Fidelity also may pay SPC for performing certain back office, administrative, custodial support, and clerical services for Fidelity in connection with client accounts custodied with Fidelity. These payments may create an incentive for IARs to favor certain types of investments over others.

The services described above, as well as other services Fidelity may provide to SPC, are often provided to SPC for free or at a discount. The terms of these agreements between Fidelity and SPC may be better or worse than the terms offered to other investment advisers and may depend on the type or amount of business SPC conducts with Fidelity. Other factors may be considered as well, including the amount of assets in accounts with Fidelity within a certain timeframe. IARs may be motivated by these factors when recommending Fidelity accounts to clients. It is possible that some or all of the products and services Fidelity offers to SPC may not directly benefit you.

SPC and Fidelity have established pricing on commissions, account transactions, and other service fees for accounts SPC custodies at Fidelity. This pricing was agreed upon based on the current and expected type and amount of business SPC conducts with Fidelity. Fidelity generally does not charge its investment adviser clients separately for custody services but is compensated by account holders through commissions and other transaction-related or asset-based fees for securities trades that are executed through Fidelity or that settle into Fidelity accounts (i.e., transactions fees are charged for certain no-load mutual funds, whereas commissions are charged for individual equity and debt securities transactions). Fidelity provides access to many no-load mutual funds without transaction charges and other no-load mutual funds at nominal transaction charges.

### **Additional Compensation**

We have written or verbal arrangements whereby we receive soft dollars. We may receive certain added benefits when clients utilize the custodians we recommend. Such benefits may include research, the ability to deduct advisory fees from clients' custodial accounts, discounts on periodicals or materials, complimentary business and compliance newsletters, and various other non-cash services. Any general research received is used for the benefit of all SPC clients. Other soft dollar benefits are available to all IARs and can be used with any or all SPC clients at their discretion. The value of products, research, and services provided by a custodian, if any, is negligible and not a material factor; however, the use of client commissions benefits us because we do not have to create or pay for any such research, products, or services.

We may also receive from Fidelity, without cost to us, computer software and related systems support which allow us to better monitor client accounts maintained at Fidelity. We may receive the software and related support without cost because we render portfolio management services to clients that maintain assets at Fidelity. The software and related systems support may benefit us but not directly benefit our clients. We endeavor at all times to put the interests of our clients first. Clients should be aware, however, that our receipt of economic benefits from broker-dealers creates a conflict of interest since these benefits may influence us to select a broker-dealer that offers such benefits over other broker-dealers that do not furnish similar software, systems support, or services and may cause clients to pay higher commissions than those charged by other broker-dealers. Additionally, we may receive the following benefits from Fidelity: receipt of duplicate client confirmations and bundled duplicate statements; access to a trading desk that exclusively services its investment adviser participants; access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts; and access to an electronic communication network for client order entry and account information.

## **Block Trading**

Transactions for each client generally will be effected independently, unless we decide to purchase or sell the same securities for several clients at approximately the same time (“block trade” or “aggregate”). We may (but are not obligated to) aggregate such orders to obtain best execution, to obtain more favorable commission rates, or to allocate equitably among clients any differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. If orders are aggregated under this procedure, we will distribute a portion of the shares to participating accounts in a fair and equitable manner. The distribution of the shares purchased is typically proportionate to the size of the account, but it is not based on account performance or the amount or structure of management fees. Subject to our discretion regarding factual and market conditions, when we combine orders, each participating account pays an average price per share for all transactions and pays a proportionate share of all transaction costs. Accounts owned by our firm or persons associated with our firm may participate in block trading with your accounts; however, they will not be given preferential treatment.

In the event we determine that a prorated allocation is not appropriate under the particular circumstances, the allocation will be made based upon other relevant factors, such as the following: (i) when only a small percentage of the order is executed, shares may be allocated to the account with the smallest order or the smallest position or to an account that is out of line with respect to security or sector weightings relative to other portfolios with similar mandates; (ii) allocations may be given to one account when one account has limitations in its investment guidelines which prohibit it from purchasing other securities which are expected to produce similar investment results and can be purchased by other accounts; (iii) if an account reaches an investment guideline limit and cannot participate in an allocation, shares may be reallocated to other accounts (this may be due to unforeseen changes in an account’s assets after an order is placed); (iv) with respect to sale allocations, allocations may be given to accounts low in cash; (v) in cases when a pro rata allocation of a potential execution would result in a de minimis allocation in one or more accounts, we may exclude the accounts from the allocation and the transactions may be executed on a pro rata basis among the remaining accounts; and (vi) in cases where a small proportion of an order is executed in all accounts, shares may be allocated to one or more accounts on a random basis.

## **Trade Errors**

In the event a trading error occurs in your account, our policy is to restore your account to the position it should have been in had the trading error not occurred. Depending on the circumstances, corrective actions may include canceling the trade, adjusting an allocation and/or reimbursing the account. If a trade error results in a profit, you will be entitled to keep the profit.

# **Review of Accounts**

## **Portfolio Management**

IARs conduct internal portfolio reviews no less than annually or more frequently as needed based upon individual circumstances and the nature and/or complexity of the portfolio. Internal reviews may also occur as a result of market conditions, significant new account deposits or withdrawals, upon request, or as otherwise determined by the IAR. We request that clients meet with their IAR at least annually to ensure the investment plan/strategies continue to be aligned with the client’s stated individual needs, goals, objectives, time horizon, and risk tolerance. However, clients are obligated to promptly inform us of any change in their financial condition or circumstances.

Clients engaging us for portfolio management services must play an active role. We require you to participate in the formation of the investment plan and investment advice and recommendations. During the course of the engagement, you may call your IAR to discuss your portfolio or ask questions, but we recommend that you meet with your IAR no less than annually.

You will receive monthly or quarterly statements from your account custodian(s). Additionally, we create quarterly portfolio reports using third-party software which detail the performance of your account and other pertinent information. We make such reports available to clients exclusively on an electronic basis. SPC does not custody plan assets and therefore relies on third-party custodians and vendors to provide pricing and valuation data. SPC makes reasonable efforts to obtain data which it believes is accurate, though SPC does not verify the values and prices provided by these third parties. As SPC is not the custodian, we are not liable for any damages due to inaccurate data.

## **Financial Planning and Consulting Services**

Financial planning and consulting services are generally not ongoing in nature and therefore we do not provide reviews or follow-up services unless specifically outlined in the 3(21) Agreement or 3(38) Agreement, as appropriate. Consultation and financial planning services terminate upon the delivery of services or as otherwise stated in the agreement. While the advice may include the recommendation for a review or follow-up services, it is your responsibility to secure additional or follow-up services.

# Client Referrals and Other Compensation

## Referral Program

Based on the plan's IPS or other guidelines established by the plan, we may recommend that the plan utilize the services of a TPIA to manage plan assets. Consistent with Rule 206(4)-3 of the Act, we may receive compensation from the TPIA in our role as a solicitor in the event you decide to utilize the recommended TPIA's services. Such compensation arrangements present a conflict of interest because we have a financial incentive to recommend the services of such TPIAs to you. You are not obligated, contractually or otherwise, to utilize the services of any TPIA that we may recommend.

We do not utilize or compensate solicitors in connection with referrals involving clients that are retirement plans.

## Other Compensation

As disclosed under the Fees and Compensation section of this brochure, our affiliates, SFC and Parkland, are licensed insurance agencies and registered broker-dealers. Also, persons providing investment advice on behalf of our firm may be licensed insurance agents as well as registered representatives with SFC or Parkland. For information on the conflicts of interest this presents, and how we address these conflicts, please refer to the Fees and Compensation and Other Financial Industry Activities and Affiliations sections of this brochure.

## Custody

We directly debit your account(s) for the payment of our advisory fees for accounts custodied at Fidelity Institutional Wealth Services or other approved custodial platforms. This ability to deduct our advisory fees from your accounts causes our firm to exercise limited custody over your funds or securities. We do not have physical custody of any of your funds and/or securities. Your funds and securities will be held with a bank, broker-dealer, or other independent qualified custodian. You will receive account statements from the independent qualified custodian(s) holding your funds and securities at least quarterly. The account statements from your custodian(s) will indicate the amount of our advisory fees deducted from your account(s) each billing period. You should carefully review those statements and you should compare the account statement received from the custodian with any statements/reports you receive from us.

If your account is custodied by a TPIA, please refer to the TPIA's Form ADV Part 2A Brochure for disclosures regarding their custody information.

If you have a question regarding your account statement or if you did not receive a statement from your custodian, please contact the SPC Department at (888) 744-6264 or [spcinfo@bdops.com](mailto:spcinfo@bdops.com).

## Investment Discretion

Before we can buy or sell securities on your behalf, you must first sign our 3(38) Agreement. By signing our agreement, you grant our firm discretion over the selection and amount of securities to be purchased or sold for your account(s) without obtaining your consent or approval prior to each transaction. Please refer to the Advisory Business section in this brochure for more information on our discretionary management services.

Our investment authority may be subject to specified conditions you impose. For example, you may specify that the investment in any particular industry should not exceed specified percentages of the value of the portfolio. Such restrictions/guidelines may affect the composition and performance of your portfolio and/or our ability to meet your investment objectives.



# Voting Client Securities

## Proxy Voting

We will not vote proxies on behalf of your advisory accounts. At your request, we may offer you advice regarding corporate actions and the exercise of your proxy voting rights. If you own shares of common stock or mutual funds, you are responsible for exercising your right to vote as a shareholder.

In most cases, you will receive proxy materials directly from the account custodian. However, in the event we were to receive any written or electronic proxy materials, we may forward them directly to you by mail, unless you have authorized our firm to contact you by electronic mail, in which case we would forward any electronic solicitation to vote proxies.

## Class Action Lawsuits

We do not determine if securities held by you are the subject of a class action lawsuit or whether you are eligible to participate in class action settlements or litigation, nor do we initiate or participate in litigation to recover damages on your behalf for injuries as a result of actions, misconduct, or negligence by issuers of securities held by you.

# Financial Information

Our firm does not have any financial conditions or impairments that would prevent us from meeting our contractual commitments to you. We do not take physical custody of client funds or securities, nor do we serve as trustee or signatory for client accounts. Additionally, we do not require or solicit the prepayment of more than \$1,200 in fees six or more months in advance. Therefore, we are not required to include a financial statement with this brochure.