

# Eagle Strategies LLC

## Wrap Fee Brochure

51 Madison Avenue, Room 251  
New York, NY 10010  
(888) 695-3245  
<http://www.eaglestrategies.com>

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This wrap fee program brochure provides information about the qualifications and business practices of Eagle Strategies LLC. If you have any questions about the contents of this brochure, please contact us at [eagleoperations@newyorklife.com](mailto:eagleoperations@newyorklife.com) or (888) 695-3245. The information in this brochure has not been approved or verified by any governmental authority, including the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Eagle Strategies LLC also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## ITEM 2 MATERIAL CHANGES

Eagle Strategies LLC made the following material changes to our Form ADV Part 2A from March 31, 2014 through March 31, 2015:

- A disclosure was added regarding retirement accounts and the items that clients should consider when rolling over retirement account proceeds from an employer-sponsored retirement plan to an individual retirement account.
- A disclosure was added regarding short term redemption fees and the items that clients should consider before liquidating, rebalancing or reallocating a mutual fund within an Eagle Strategies account.

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## ITEM 4 SERVICES, FEES AND COMPENSATION

### ABOUT EAGLE

Eagle Strategies LLC ("Eagle") is an investment adviser registered with the Securities and Exchange Commission ("SEC") and is notice filed with appropriate state securities authorities. Registration does not imply a certain level of skill or training. Eagle is an indirect wholly owned subsidiary of New York Life Insurance Company ("New York Life").

Eagle Investment Adviser Representatives ("Eagle IARs" or "IARs") are licensed (if and as required by State securities law) to provide investment advisory services and to sell investment products. The primary investment advisory business and the principal business activity of Eagle are to provide financial planning and investment management services. All advisory activity is based upon each client's ("Client," "you" or "your") individual financial outlook and personal objectives.

### SERVICES, FEES AND COMPENSATION<sup>1</sup>

#### A. Lifetime Wealth Portfolios Programs

##### a) INTRODUCTION

Eagle sponsors the following four investment advisory programs, which are collectively referred to as "Lifetime Wealth Portfolios Programs" or "LWP Programs:" 1) Fund Advisory; 2) Separately Managed Account; 3) Representative Directed; and 4) Unified Managed Account. Eagle has entered into a relationship with Envestnet Asset Management Inc. ("Envestnet") to provide platform services for all LWP Programs, and in some cases to act as a sub-manager. In some of the LWP Programs, Sub-Managers (defined below) are retained to provide investment advisory services to clients. These Sub-Managers are registered investment advisers that provide discretionary management on the assets in the portfolio, and, in return, receive a portion of the advisory fee paid by the client. National Financial Services ("NFS") is the custodian for all LWP accounts.

Clients opening LWP accounts enter into a client agreement with Eagle. Pursuant to this agreement, Eagle assists and advises the client in establishing investment or portfolio objectives, developing an asset allocation and/or rebalancing the client's account as necessary. Eagle also assists clients in completing the Statement of Investment Selection ("SIS"), which details the investment products for the particular LWP program selected.

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<sup>1</sup> Note that not every IAR is licensed or qualified to sell every product or program.

**Insurance.** As part of the LWP Programs, a client may receive an “insurance analysis,” which may include but would not be limited to protecting the client’s “human capital,” a present value projection of a client’s future earning potential. Eagle IARs, acting as insurance agents, may provide a life insurance recommendation to protect all or a portion of a client’s human capital, or for other generally recognized insurance needs, such as estate planning, cash needs at death, or business succession planning. Clients who are retired or near retirement may also receive a recommendation to purchase an immediate annuity for income. In providing advisory services, Eagle and Eagle IARs will consider the cash surrender value of the life insurance purchased and the value computed for the immediate annuity (“annuity value”) as a fixed income component of their portfolio (this is referred to as “associating” a product and is discussed in more detail below).

The IAR acts solely in his or her capacity as an insurance agent of New York Life when discussing, recommending or selling insurance, or as an insurance agent of New York Life Insurance and Annuity Corporation (“NYLIAC”), another New York Life affiliate, when discussing, recommending or selling annuity products and will receive compensation from New York Life, or NYLIAC, as applicable, for the sale of such products. A client is not required to purchase a New York Life insurance policy to protect a client’s human capital or a New York Life annuity for income, but only clients who purchase a New York Life product will receive the benefits of having those products “associated” with an LWP account, as further described below. Receiving a recommendation for life insurance does not guarantee the client will be underwritten for, or issued, a policy. Not all insurance or annuity products or LWP accounts are eligible for associating.

**Associating an insurance policy or annuity contract.** If a client purchases a New York Life insurance policy or NYLIAC annuity contract and associates it with an LWP account, then the IAR, in consultation with the client, can adjust the portfolio while considering the cash or annuity value of the associated product, and any changes in that value. Any adjustments should be made within the client’s recommended Portfolio Objective rating. The investment management services are not provided directly to the insurance or annuity, rather the insurance value or annuity value is taken into account when advising on the associated LWP account.

In connection with certain managers within Eagle’s LWP Fund Advisory Program, clients may purchase the NYLIAC Retirement Income Annuity, which will be associated with, and taken into consideration in managing a client’s overall Eagle investment portfolio. While clients should only purchase a Retirement Income Annuity if they are interested in receiving income payments, Eagle can also take it into account when providing investment advice. The Retirement Income Annuity is assigned a Current Annuity Value (CAV), which is determined by discounting to present value the future stream of payments. Eagle IARs will not receive any insurance commissions on this product. However, clients will be charged an advisory fee based on the CAV of the Retirement Income Annuity for as long as it remains associated with your Eagle account. The total advisory payment associated with the Retirement Income Annuity decreases over time because the CAV goes down as payments are made under the Retirement Income Annuity.

Eagle allows the value of a Retirement Income Annuity to represent up to 30% of the new investment account allocation. Please note that if Eagle recommends an amount that would represent more than 30% of your investment account due to your income needs, you may purchase a NYLIAC Guaranteed Lifetime Income Annuity that will not be considered as part of the advised assets.

The Lifetime Income Annuity is similar to the Retirement Income Annuity, but there are some differences. Both products are offered by your IAR in his capacity as an insurance agent for NYLIAC, but the Lifetime Income Annuity cannot be associated with an Eagle account, and clients will not receive investment advice relating to the Lifetime Income Annuity if they decide to purchase that product. Therefore, clients would not be charged an advisory fee if the Lifetime Income Annuity is purchased. Instead, the agent will receive a commission and other compensation from NYLIAC. Because NYLIAC pays the commission on the Lifetime Income Annuity and clients pay an advisory fee on the Retirement Income Annuity, the periodic payments that a client would receive under the Retirement Income Annuity tend to be higher than the payments under a similar Lifetime Income Annuity for a given amount of premium. However, if clients purchase the Retirement Income Annuity, an investment advisory fee will be deducted from the investment account based upon the CAV in the Retirement Income Annuity and this is not the case if a Lifetime Income Annuity is purchased.

The periodic payout amounts that clients receive and the amount of compensation their IAR receives could be more or less depending on the product and product features selected, a client's life span, the negotiated advisory fee and the length of time that a client receives advisory services. However, assuming that clients live to life expectancy, the periodic payout of the Retirement Income Annuity net of the advisory fee paid is designed to be roughly equivalent to the amount they would have received under the Lifetime Income Annuity where NYLIAC pays the commission. Similarly, the amount of compensation your IAR would receive would be roughly equivalent for both products assuming you live to your life expectancy and continue to receive advisory services until life expectancy. The Retirement Income Annuity offers some terms and features that differ from terms of the Lifetime Income Annuity. You should consider the differences between both versions of this product and consult with your IAR before deciding which is best for you.

As part of your Fixed Income allocation, we include the CAV of the Retirement Income Annuity. Therefore we may suggest that the remainder of your money be invested in a manner that is more aggressive than we would otherwise suggest if these values were not included as part of your Fixed Income allocation. Please note that although we indicate a value for the Retirement Income Annuity, it does not have a cash value or surrender value. As a Retirement Income Annuity limits the circumstances under which you may withdraw your investment, you should purchase this product only if you do not need the funds used to purchase the Retirement Income Annuity for other needs and if you want guaranteed lifetime income.

No advisory fees are assessed on the cash value of any associated life insurance policies; however, advisory fees may be assessed on associated annuity policies as described in this brochure. The client pays a separate premium (non-advisory fee) to cover the cost of any insurance product they may

purchase. Commissions and other compensation paid to insurance agents of New York Life and NYLIAC are within the limits set by New York State Insurance Law Section 4228.

## **b) PROGRAM SERVICES, FEES & COMPENSATION**

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### **FUND ADVISORY PROGRAM**

#### **SERVICES:**

Eagle's Fund Advisory ("FA") Program is a mutual fund and/or ETF asset allocation program, through which clients receive discretionary investment services from a Sub-Manager. In the FA Program, Eagle acts as the adviser and the Sub-Manager is a sub-adviser. Each of the Sub-Managers available in the FA Program is unaffiliated with Eagle. Sub-Managers can offer one or more strategies. All Sub-Managers available through Eagle's FA Program use Envestnet's trading platform, whereby the Sub-Manager provides a model portfolio to Envestnet, and Envestnet executes trades in accordance with the model portfolio. As such, Envestnet is also a sub-adviser for all FA accounts.

***Eagle's Role.*** Eagle acts as an investment advisor in this Program, and is responsible for initial and ongoing contact with the client. Generally, the Eagle IAR helps the client complete an Investor Profile Questionnaire ("IPQ") in order to determine a client's investment objective and risk tolerance. Eagle then provides the client with a personalized investment proposal. The proposal includes Eagle's recommended portfolio objective based upon the client's risk tolerance, as well as a Sub-Manager's asset allocation model. If a client chooses to participate in the Program, the client selects the Sub-Manager and grants Envestnet investment discretion to manage the client's account. Eagle also performs initial and periodic due diligence reviews on all Sub-Managers. Please see Item 6 below for more information regarding the due diligence review process.

***Sub-Manager's Role.*** The Sub-Manager will create and update a portfolio of mutual funds, exchange-traded funds ("ETFs"), and, in some cases, exchange-traded notes ("ETNs") consistent with the client's portfolio objective. Sub-Managers in the FA program may use affiliated funds of Eagle in accounts. All securities in a FA account are selected by the Sub-Manager.

Once the account is opened, the Sub-Manager is responsible for updating the model portfolio and providing the model changes to Envestnet. The Sub-Manager is also responsible for performing periodic due-diligence reviews of the funds included in the Model. For more information on this review process, please reference the applicable Sub-Manager's Form ADV Part 2A.

***Envestnet's Role.*** Envestnet is the platform manager ("Platform Manager") which provides certain investment advisory, trade execution and other account services. In the FA Program, Envestnet will implement and trade the model portfolio that is provided by the Sub-Manager and is responsible for the overall management of the account, including rebalancing and reallocation. All trade confirms and proxies will be directed to Envestnet on behalf of the client, unless a client requests otherwise. Please reference Envestnet's Form ADV Part 2 for additional information.

**FEES:**

The total annual fee ranges from 0.25% to 2.45% of the client's account size. In certain instances, based on the account's value, select Sub-Managers may offer lower effective rates when breakpoints are met. Please contact your Eagle IAR for more details regarding an individual Sub-Manager's fee schedule.

The total fee assessed to the client includes the Advisor Fee and Sponsor Fee. The Advisor fee (0%-2.0%) is the fee charged by your IAR(s). The total Advisor Fee is negotiable, and is agreed to by the client prior to opening the FA Program account. The Sponsor Fee covers the Sub-Manager and Platform Manager fees, transaction fees, custodial fees and the admin fee (which includes both platform costs and Eagle internal costs).

The fee is payable monthly, in advance. The entire fee is paid to Eagle, which distributes a portion to the Eagle IAR, to Envestnet (which in turn pays a portion to the Sub-Manager) and to NFS.

Clients should also be aware that the underlying mutual fund and ETF costs associated in a FA account may be more expensive than if purchased directly from the mutual fund company. If such products were purchased directly, however, the client would not receive the benefit of Eagle's advisory services.

The maximum fee that can be charged for a Retirement Income Annuity associated with an LWP FA account is 0.40% of the Current Annuity Value.

As part of the Sponsor Fee, accounts may be charged a minimum fee of up to \$135 for mutual fund ("MF") only strategies and up to \$185 for ETF and ETF/MF strategies. This minimum account fee covers the clearing and execution costs provided by NFS, as well as Envestnet's fees, and applies only if the account value falls below \$111,111. Eagle may, from time to time, update these account minimums at their discretion.

**COMPENSATION:**

Eagle pays Envestnet between 0.20% and 0.32% of the total client fee for portfolio management services. Of this, Envestnet pays a portion to the Sub-Manager. For Ibbotson Momentum strategies, Eagle receives an administrative fee of 0.10% to 0.20% to cover additional trading costs for these strategies. Assets invested in the PMC Strategic ETF and SIGMA Mutual Fund portfolios are subject to a clearing and execution fee of 0.08% to 0.10%, which is paid to NFS.

The amount of compensation Eagle and/or the Eagle IAR receives varies between programs and/or between Sub-Managers selected within a program. This leads to a conflict of interest, as Eagle and/or the Eagle IAR have an incentive to recommend certain options over others. Eagle addresses this conflict by disclosing it to you.

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**SEPARATELY MANAGED ACCOUNT PROGRAM**



### **SERVICES:**

Eagle's LWP Separately Managed Account ("SMA") Program is an equity or fixed income asset allocation program, through which clients receive discretionary investment management services from a Sub-Manager.

Eagle selects the Sub-Managers to participate in the program. Sub-Managers in the SMA program will offer one or more strategies. The client chooses the Sub-Manager they wish to invest with. For many of the SMA Sub-Managers ("Model Delivery Sub-Managers"), Envestnet also acts as a sub-adviser, and trades the portfolio in accordance with a model portfolio that is delivered by the SMA Sub-Manager. For other Sub-Managers that trade the portfolio themselves ("Executing Sub-Managers"), Envestnet is not a sub-adviser. Please reference your Client Agreement and/or SIS for additional information.

***Eagle's Role.*** Eagle acts as an investment advisor in the SMA Program and is responsible for initial and ongoing contact with the client. The Eagle IAR assists the client with completing the IPQ. Eagle will then provide the client with a personalized investment proposal recommending a particular strategy utilizing either a Model Delivery Sub-Manager or an Executing Sub-Manager. The Eagle IAR also meets with the client periodically to help ensure that the client's investment objective or financial situation has not changed. Eagle and its IARs are responsible for on-going account reviews, as well as communicating any changes in a client's investment objectives, financial profile information or desired account restrictions to Envestnet who would either provide the information to the Executing Sub-Manager or take it into consideration in trading the portfolio itself. This review with the client will generally be conducted at least annually. Eagle also provides quarterly performance reports and other related account documents to clients. Eagle also performs initial and periodic due diligence reviews on these Sub-Managers. Please see Item 6 below for more information regarding the due diligence review process.

***Sub-Manager's Role.*** The Sub-Manager acts as a sub-adviser in the SMA Program. Once the client chooses the investment strategy and the Sub-Manager agrees to manage the client's account, the Sub-Manager will create a portfolio of individual securities such as equities, ETFs, mutual funds and bonds that are consistent with the investment strategy. The Executing Sub-Manager will trade the portfolio with NFS or another B/D selected by the Executing Sub-Manager. Model Delivery Sub-Managers will create and provide a model portfolio to Envestnet, which is then responsible for implementing the trades, generally traded through NFS. For these accounts, the Sub-Manager is responsible for updating the model portfolio and providing the model changes to Envestnet. The Sub-Manager is also responsible for ongoing due-diligence reviews of the securities selected for the portfolio. All securities in a SMA account are selected by the Sub-Manager.

For Sub-Managers that are responsible for trading of the SMA account, the Sub-Manager provides on-going discretionary management of the account in a manner consistent with the chosen investment strategy. Once the account is opened, the Sub-Manager is responsible for ongoing maintenance on the account, including rebalancing, reallocation, selection and monitoring of positions, trading, and client reporting. All prospectuses, trade confirms and proxies will be directed to the Sub-Manager on behalf of the client, unless a client requests otherwise.

Please reference the respective Sub-Manager's Form ADV Part 2 for additional information.

**Envestnet's Role.** Envestnet is the Platform Manager which provides certain investment advisory, trade execution and other account services. For accounts where the Sub-Manager provides a model portfolio to Envestnet, Envestnet will implement and trade the model portfolio and is responsible for the overall management of the account, including rebalancing and reallocation. For Executing Sub-Managers, who are responsible for ongoing trading of the account, Envestnet provides Eagle with access to the Sub-Manager on their platform. Please reference Envestnet's Form ADV Part 2 for additional information.

**FEES:**

The total annual fee for the SMA Program ranges from 0.69% to 3.00% of the client's account size for equity and balanced strategies, and 0.42% to 2.62% of the client's account size for fixed income strategies. In certain instances, based on the account's value, select Sub-Managers may offer lower effective rates when breakpoints are met. Please contact your Eagle IAR for more details regarding an individual Sub-Manager's fee schedule.

The total fee assessed to the client includes the Advisor Fee and Sponsor Fee. The Advisor fee (0%-2.0%) is the fee charged by your IAR(s). The total Advisor Fee is negotiable, and is agreed to by the client prior to opening the SMA Program account. The Sponsor Fee covers the Sub-Manager and Platform Manager fees, transaction fees, custodial fees and the admin fee (which includes both platform costs and Eagle internal costs).

The fee is payable monthly, in advance. The entire fee is paid to Eagle, which distributes a portion to the Eagle IAR, to Envestnet (which in turn pays a portion to the Sub-Manager) and to NFS.

As part of the Sponsor Fee, accounts may be charged a minimum fee of up to \$400 for equity/balanced strategies and up to \$300 for fixed income strategies. This minimum account fee covers the clearing and execution costs provided by NFS, as well as Envestnet's fees, and applies only if the account falls below the following account values:

- \$200,000 for equity and balanced strategies
- \$285,714 for fixed income strategies

Eagle may, from time to time, update these account minimums at their discretion.

**COMPENSATION:**

For portfolio management services, Eagle pays Envestnet between 0.44% and 0.75% of the total client fee for equity strategies, and 0.27% to 0.47% of the total client fee for fixed income strategies. Of this, Envestnet pays a portion to the Sub-Manager.

The amount of compensation Eagle and/or the Eagle IAR receives varies between programs and/or between Sub-Managers selected within a program. This leads to a conflict of interest, as Eagle and/or the Eagle IAR have an incentive to recommend certain options over others. Eagle addresses this conflict by disclosing it to you.

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## REPRESENTATIVE DIRECTED PROGRAMS

### **SERVICES:**

The Representative Directed Program is segmented into three program classifications that are accessible to Eagle IARs who meet the necessary qualifications. These three programs are: Guided Portfolios (“GP”), Representative as Adviser (“RaA”) and Representative as Portfolio Manager (“RaPM”). The GP and RaA programs are non-discretionary programs in which generally all trades are agreed to by the client in advance. In the RaPM program, the Eagle IAR holds discretionary authority and selects the securities for the account’s portfolio without consulting the client. For the RaA program, the client selects the securities with the IAR. For the GP program, the client selects the securities with the IAR based on a specific asset allocation model.

The Representative Directed Program allows Eagle IARs to work with their clients in recommending and selecting mutual funds, exchange-traded funds, equities and/or bonds (collectively, “Securities”) appropriate for the client’s account based upon the client’s investment risk objective for the portfolio (“Portfolio Objective”). Certain Securities may not be utilized unless the IAR has the appropriate licensing and other Eagle requirements.

Generally, Eagle offers one share class for each fund available on the Representative Directed Program. Eagle will at their discretion determine and make available the share class of a fund best suited for the program.

Eagle IARs who participate in the RaA and RaPM programs may place conditional orders, such as stop or limit orders, on behalf of clients. A buy limit order can only be executed at the limit price or lower, and a sell limit order can only be executed at the limit price or higher. A limit order is not guaranteed to execute. A limit order can only be filled if the security’s market price reaches the limit price. While limit orders do not guarantee execution, they help ensure that an investor does not pay more or receive less, than a pre-determined price for a security. A stop order is an order to buy (or sell) that becomes a market order to buy (or sell) when a transaction occurs at or above (below) the stop price. Similarly to a limit order, a stop order is not guaranteed to execute. Clients should consult with their Eagle IAR in determining if stop and limit orders are appropriate.

**Transaction Costs.** In the Representative Directed program, clients have the option to pay an asset based fee to cover transaction costs, or pay the individual transaction costs as they occur. When paying an asset based fee, the Advisor Fee (the fee charged by your IAR) will remain constant at the agreed upon rate and the client's total asset based fee will fluctuate based on the percentage of assets held in the account that are subject to transaction fees (“TF securities”).

Please reference the Eagle Strategies Firm Disclosure Brochure for information about the Representative Directed program where clients pay the transaction costs separately and in addition to the advisory fee. For certain non-retirement accounts that were opened prior to July 1, 2014, your IAR may cover trading expenses by paying per-trade transaction fees of either \$7.50 or \$17.50, instead of an asset based fee. The transaction fees for all listed equities and exchange traded funds are \$7.50, except for Fidelity ETFs which have no transaction fees. For most mutual funds, the transaction fees are also \$7.50; however, for those funds families not participating in the Fidelity Partners Program<sup>2</sup>, the charge is \$17.50. With this option, since your IAR is paying per trade transaction fees only on TF securities, your IAR has a financial interest to recommend NTF securities or not to trade to avoid paying the transaction fees.

**Rebalancing Process.** Clients select a rebalancing frequency of either quarterly, semi-annually or annually. The rebalancing date will be based on the anniversary date of the last rebalancing action or rebalancing review. For new accounts, the rebalancing date will be based on the anniversary of the account opening date. Envestnet assesses each account on its designated rebalancing date to determine if a rebalance is required.

Accounts in the GP program are required to be assessed for rebalancing on at least an annual basis. If a rebalance is required, Envestnet will rebalance the account to bring all of the individual asset allocations back to within the defined parameters, based on the account's portfolio objective.

In the RaA and the RaPM programs, the rebalancing assessment will consider the account's risk parity, program parameters (diversification and concentration) and security drift. If the portfolio falls outside of the defined portfolio objective risk score range, rebalancing the account will bring the portfolio back to within the defined range. IARs are responsible for rebalancing accounts in the RaA and RaPM Programs. By signing the client agreement, authority to conduct a rebalance is granted to the Eagle IAR and prior consent from the client is not needed when an account is being rebalanced.

In addition to the designated rebalancing date, Envestnet assesses accounts on a daily basis to determine if a rebalance is required based on the following parameters:

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<sup>2</sup> Below is a list of Fund Families not participating in the Fidelity Partner Program. This list is subject to change without notice:

- Alliance Bernstein Offshore Funds
- CMG
- Dimensional Fund Advisors (DFA)
- Dodge and Cox
- Longleaf Partners
- Meridian
- Sequoia
- Vanguard

- 1) There are positions in the account that are not part of the model or Available List of securities
- 2) A client deposits or withdraws cash, or there is insufficient cash
- 3) A trade occurs in the account

**Eagle's Role.** Eagle acts as an investment advisor in the Program and through the IAR is responsible for initial and ongoing contact with the client. To identify the Portfolio Objective, the client provides information to the Eagle IAR so that an IPQ can be completed on the Envestnet system. Eagle will then provide the client with a personalized investment proposal recommending particular securities. The IAR will be responsible for rebalancing the client's account depending on the rebalancing criteria that the client has selected. The Eagle IAR meets with the client periodically to help ensure that the client's investment objective or financial situation has not changed, and to review any account restrictions, where applicable. Eagle and its IARs are responsible for on-going account reviews with the client, which are generally conducted at least annually. Eagle provides quarterly performance reports and other related account documents to clients. Eagle, or a vendor selected by Eagle, also performs ongoing research and due diligence reviews on the available securities within the Representative Directed Program. Please see Item 6 below for more information regarding the research process.

**Envestnet's Role.** Envestnet provides the platform that Eagle and its IARs use to provide advisory services to clients. Envestnet does not act as a sub-advisor to the client in the Representative Directed Program. The trading and execution process in the GP program is different than those of the RaA and RaPM programs. In the GP program, changes to a Client's model are made as a result of the IAR and Client completing a Goal Modification service request. These changes are then executed by Envestnet. Clients should be aware that trades in GP accounts may not be executed by Envestnet until the following business day. In addition, in the GP and RaA programs, Envestnet will be responsible for notifying the IAR that account rebalancing may be necessary. Please reference Envestnet's Form ADV Part 2 for additional information.

**FEES:**

The total annual fee for the Representative Directed Programs currently ranges from 0.15% to 2.23%. This fee includes the Advisor Fee and Sponsor Fee. The Advisor fee (0%-2.0%) is the fee charged by your IAR(s). The total Advisor Fee is negotiable, and is agreed to by the client prior to opening the Program account. The Sponsor Fee covers the transaction fees, custodial fees and the admin fee (which includes both platform costs and Eagle internal costs). If the client elects to pay transaction costs, the total fee may differ.

Eagle, through its IARs, determines the fee depending, in part, on: the particular Representative Directed Program selected, the client's expected account size, number of trades and/or types of securities being traded, the client's individual circumstances and the scope of advisory and other client services to be rendered. The fee is payable monthly, in advance. The entire fee is paid to Eagle, which distributes a portion to the Eagle IAR, Envestnet, and other parties.

Additionally, in certain situations, clients may be charged an additional annual account minimum fee of \$35. This minimum account fee covers the clearing and execution costs provided by NFS, as well as Envestnet's fees, and applies only if the account falls below an account minimum of \$43,750.

Further, Eagle reserves the right to charge Representative Directed accounts a monthly small account fee of \$6.75 if the account balance is below \$25,000.

#### **COMPENSATION:**

The annual fees paid to the Eagle IAR range between 0% and 1.80% of the client's assets. The amount of compensation Eagle and/or the Eagle IAR receives varies depending on the particular Representative Directed Program selected. This leads to a conflict of interest, as Eagle and/or the Eagle IAR have an incentive to recommend certain Representative Directed Program options over others. Eagle addresses this conflict by disclosing it to you.

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#### **UNIFIED MANAGED ACCOUNT**

##### **SERVICES:**

The LWP Unified Managed Account ("UMA") Program is segmented into three program classifications that are accessible to Eagle IARs who meet the necessary qualifications. The three programs are: UMA Discretionary, UMA Non-discretionary, and UMA Non-discretionary Managed Products. In the UMA Discretionary program, the Eagle IAR maintains discretionary authority to create a portfolio of UMA Investment Products (defined below) and rebalance among the UMA Investment Products. Clients participating in the UMA Program are allowed to invest assets across multiple strategies. The UMA Program offers clients an overall account utilizing at least three strategies from the FA, SMA and/or Representative Directed Programs (described above) (the "UMA Investment Products") that are in aggregate appropriate for their investment objectives. For the UMA Non-discretionary Managed Products program, only FA and SMA strategies are permitted as UMA Investment Products.

***Rebalancing Process.*** UMA accounts are assessed for rebalancing on a quarterly, semi-annual or annual basis, based on the anniversary date of the last rebalancing or last rebalancing assessment. For new accounts, the rebalancing date is based on the anniversary of the account opening date. If a rebalance is required, Envestnet will rebalance the account to bring all of the individual asset allocations back to within the defined parameters, based on the account's portfolio objective.

In addition to the designated rebalancing date, Envestnet assesses accounts on a daily basis to determine if a rebalance is required based on the following parameters:

- 1) Individual securities within the account drift above the permitted drift parameters
- 2) A client deposits or withdraws cash from the account, or there is insufficient cash
- 3) A service request or model change is made

**Eagle's Role.** Eagle acts as an investment advisor in the UMA Program and through its IAR is responsible for initial and ongoing contact with the client. The client provides information to the Eagle IAR so that an Investor Profile Questionnaire (IPQ) can be completed on the Envestnet system. Eagle will then provide the client with a personalized investment proposal and presentation. The proposal will include recommendations for both the client's investments in the available UMA Investment Products, as well as a life insurance or annuity solution, if applicable. The client selects the mix of UMA Investment Products based on their risk tolerance, asset class, and investment strategy preferences. The Eagle IAR also contacts the client periodically to help ensure that the client's investment objective or financial situation has not changed, and to review account restrictions, if applicable. Eagle and its IARs are responsible for on-going account reviews, as well as communicating any changes in a client's investment objectives, financial profile information or desired account restrictions to the Sub-Manager. This review with the client will generally be conducted at least annually. Eagle also provides quarterly performance reports and other related account documents to clients. Eagle has performed investment due diligence reviews on all available UMA Investment Products, or may rely on third party research. Please see Item 6 below for more information regarding the research process.

Clients should evaluate the relative benefits of the UMA Program against other wrap fee programs and also against the benefits of individual strategies that are available within the UMA program.

**Sub-Manager's Role.** The Sub-Manager is responsible for providing a model portfolio to Envestnet (Envestnet will then be responsible for trading the portfolio in accordance with the model portfolio). Once the account is opened, the Sub-Managers are responsible for updating the model portfolio and providing the model changes to Envestnet. The Sub-Manager is also responsible for periodic due-diligence reviews of the securities included in the Model. For more information, please reference the Sub-Manager's Form ADV Part 2.

**Envestnet's Role.** Envestnet is the Platform Manager, which provides certain investment advisory, trade execution and other account services. Envestnet will implement and trade the model portfolios that are provided by the Sub-Managers and is responsible for the overall management of the account, including rebalancing and reallocation. At account inception, Envestnet liquidates all securities holdings that are not part of the model portfolio supplied by the Sub-Manager and invests all cash proceeds according to the model portfolio. All trade confirms and proxies will be directed to the Envestnet on behalf of the client, unless a client requests otherwise. Please reference Envestnet's Form ADV Part 2 for additional information.

**FEES:**

Clients pay one wrap fee for the UMA program. The total annual fee for the UMA Program ranges from 0.65% to 3.0% of the client's account size. In certain instances, based on the account's value, select Sub-Managers may offer lower effective rates when breakpoints are met. Please contact your Eagle IAR for more details regarding an individual Sub-Manager's fee schedule. The total fee assessed to the client includes the Advisor Fee and Sponsor Fee. The Advisor fee (0%-2.0%) is the fee charged by your IAR(s). The Advisor Fee is negotiable, and is agreed to by the client prior to opening the Program account. The

Sponsor Fee covers the Sub-Manager and Platform Manager fees, transaction fees, custodial fees and the admin fee (which includes both platform costs and Eagle internal costs).

The fee is payable monthly, in advance. The entire fee is paid to Eagle, which distributes a portion to the Eagle IAR, the Sub-Manager, Envestnet, and other parties.

Additionally, in certain situations, clients will be charged an additional account minimum fee of \$450. This minimum account fee covers the clearing and execution costs provided by NFS, as well as Envestnet's fees, and applies only if the account falls below \$225,000.

#### **COMPENSATION:**

The portfolio management portion of the fee paid to Envestnet (which in turn pays the Sub-Manager) and/or to the Eagle IAR is based on the Program/strategy selected in the UMA Program. Please reference the Compensation sections for each of the available UMA Investment Products, which are set forth above, for more information.

The amount of compensation Eagle and/or the Eagle IAR receives varies between programs and/or between Sub-Managers selected within a program. This leads to a conflict of interest, as Eagle and/or the Eagle IAR have an incentive to recommend certain options over others. Eagle addresses this conflict by disclosing it to you.

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#### **TAX MANAGEMENT SERVICES FOR SEPARATELY MANAGED ACCOUNTS AND UNIFIED MANAGED ACCOUNTS**

#### **SERVICES:**

Through Envestnet, Eagle makes available two styles of tax management services (collectively, "Tax Management Services") in which Envestnet will have discretion to effect transactions consistent with the program's guidelines. These Tax Management Services are available only for certain equity SMA strategies (or UMA accounts that only hold these equity SMA strategies) and do not permit non-equity securities in the account.

- a) The Ongoing Tax Management Service authorizes Envestnet to trade client accounts with "tax-aware" portfolio management techniques. The service employs optimization software that applies predefined rules in an attempt to keep the client portfolio sufficiently close to the investment manager's model portfolio. The software seeks to consider the tax costs of trading (the taxable gain(s) or loss(es) generated by buying or selling a particular investment) that may detract from the client's after-tax returns. This service is designed for clients with managed taxable accounts who are willing to accept some deviation from their selected Sub-Manager's model portfolios and who seek to minimize the impact of taxes on their returns.
- b) The Tax Transition Service offers a premium, customizable solution for clients who want to



control and customize their realization of large unrealized gains that are embedded in their portfolios, or who have other unique circumstances that require an individualized strategy. This service is designed for clients who have large unrealized gains or losses within a particular portfolio and who want to manage the realization of the gains or losses.

The trading strategies employed by Envestnet in providing these Tax Management Services may conflict with those employed by applicable Sub-Managers in achieving the client's selected model portfolio and/or that would otherwise be employed by the Platform Manager in rebalancing the client's portfolio. In the event and to the extent of any such conflict, the trading strategies employed by the Tax Management Services that the client selects will prevail, and contrary Envestnet and/or Sub-Manager investment advice will not be implemented. As a result: (i) the client's account may not receive the benefits, including gains and avoided losses, of certain recommended purchases and sales of securities; and (ii) the client's account's composition and performance may vary significantly from that of client accounts that did not employ similar Tax Management Services.

As with other Eagle programs, Eagle, and the Eagle IAR do not render tax, accounting, or legal advice, and the client should seek advice from an independent tax advisor based on his or her own particular circumstances.

The effectiveness of any Tax Management Services is dependent on the accuracy of the cost basis information that the client furnishes as well as the method that the client selects for tax lot disposal. Neither Eagle nor Envestnet shall have any obligation to assess the accuracy of any tax basis information furnished by a client nor shall they have any obligation to ascertain the tax basis of any positions for which a client is unable to furnish cost basis information. Eagle and Envestnet shall be entitled to rely solely on the client for furnishing accurate cost basis information and shall not be liable for any losses that a client may incur as the result of having provided inaccurate or incomplete tax basis information. Additionally, neither Eagle nor Envestnet shall have any obligation to assess the accuracy or benefit of the tax lot disposal method selected by the client.

Since an account which is enrolled in either of the Tax Management Services may deviate from the selected strategy of the model portfolio, a client's quarterly performance report may significantly differ from the comparable benchmark that is referenced in the quarterly performance reports. Please reference Envestnet's Form ADV Part 2 for additional information.

**FEES:**

In addition to the SMA or UMA Program fees noted above, the total annual fee for the Tax Management Services is listed in the chart below:

Chargeable Assets	Ongoing Tax Management Service Fee	Tax Transition Service Fee
First \$2,000,000	0.08%	0.13%
Next \$3,000,000	0.06%	0.11%
Over \$5,000,000	0.05%	0.09%

**COMPENSATION:**

Envestnet retains all fees associated with Tax Management Services.

**c) ADDITIONAL INFORMATION REGARDING FEES**

***Evaluating the Cost of Eagle's Wrap Fee Programs.*** Investment advisory services, if purchased separately, may cost more or less than if paid for on a wrap-fee basis as described in this brochure. The wrap fee programs may cost more or less than participating in other programs or paying separately for investment advice, brokerage services, custodial services, etc.

The relative cost of the program – as compared to receiving the services separately – will depend on several factors, including (but not limited to):

- The costs associated with receiving the services if provided separately; the combination of such fees if provided separately may be higher or lower than a single wrap-fee;
- The frequency or volume of trading activity, or lack thereof, in a client's account; and
- The associated costs of trading.

***Disclosure Pursuant to Rule 408(B)2.*** Eagle pays IARs a portion of the annual fee for the IAR's services related to the Eagle Programs. The portion of the annual fee payable to the IAR ranges from between 35% and 90% of the advisory fee received by Eagle, depending on a number of factors. On average, IARs are paid 60% of the fees received by Eagle. If you would like further information on the current level of compensation relating to your account being paid to your IAR, please call 1-888-695-3245.

***Account Services.*** Account services provided in connection with the account – such as wire transfers, check disbursements, custodial fees, or other account maintenance features – may involve fees, expenses and other costs.

***Payment of Advisory Fees.*** The first month's Advisor Fee is calculated based on the period-ending balance for the month, and is prorated based on the number of days in the month in which the account was open and funded. Contributions and withdrawals on a single day greater than \$10,000 will result in a prorated fee debit or credit, respectively, during the following monthly billing cycle based on the number of days from the date of the contribution or withdrawal to the end of the month. In the event that the account is terminated, Eagle returns a portion of the fee based on the number of days during the final month for which the account was open.

***Mutual Fund and Exchange-Traded Fund Fees.*** If a mutual fund or ETF is held in an account, such funds will have their own internal fees and expenses. In addition, some mutual funds may have a short term redemption fee. Short term redemption fees are typically assessed when a mutual fund is sold after being held for a short period of time, as defined in the fund's prospectus. These fees may be imposed to discourage short-term trading. Mutual fund redemption fees may be incurred in connection with a liquidation, rebalancing or reallocation. These redemption fees are retained by the fund company and

may be reflected on trade confirmations as commissions. Before you liquidate or rebalance your fund, you should consider whether your fund has a short term redemption fee.

Fees paid to Eagle for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds and exchange traded funds to their shareholders. These fees and expenses are described in each fund's investment prospectus; please refer to the prospectus for more detail. These fees will generally include a management fee, other fund expenses, and possible distribution fees. If the fund also imposes sales charges, a client may pay an initial or deferred sales charge. A client could invest in a mutual fund or exchange traded fund directly, without the services of Eagle. In that case, the client would not receive the services provided by Eagle, which are designed to assist the client in determining which mutual fund(s) or exchange-traded fund(s) are appropriate to the client's financial condition and objectives. Accordingly, the client should review both the fees charged by the funds and the fees charged by Eagle to fully understand the total amount of fees to be paid by the client and the costs of the advisory services being provided.

**Retirement Account Fees.** The clearing brokerage firm or its affiliates may also have certain charges related to retirement accounts such as IRAs.

**Accounts Utilizing Margin.** Margin is available in certain LWP – SMA or UMA accounts. If utilizing margin, the total client fee will be based on gross (fee eligible) assets in the account(s).

**Envestnet's Protected Cash Feature.** Protected Cash is a feature available through Envestnet that allows clients to maintain a designated amount of cash within their LWP account for a temporary period of time. For the Representative Directed Programs, cash maintained within the Protected Cash feature is not subject to the Advisor Fee or Sponsor Fee. However, Protected Cash held within a FA, SMA or UMA account is still subject to the Sub-Manager and Platform Manager fees (within the Sponsor Fee).

**Compensation to Eagle and Its IARs.** Eagle and Eagle IARs receive compensation as a result of client participation in the programs described herein. The amount of this compensation may be more or less than Eagle or the IAR would receive if a client participated in other programs and/or paid separately for the investment advice, brokerage and other services provided in connection with the wrap fee programs. Sales compensation varies between the wrap fee programs and other programs and financial products. Eagle and the IAR may have a financial incentive to recommend LWP Programs over other programs or services.

Additionally, Eagle IARs are eligible for additional compensation and other benefits by earning council credits. Council credits may entitle IARs to receive higher payouts for the sale of various financial products and also entitles them to participate in various Company sponsored conferences. Eagle IARs may receive double council credits for selling LWP products whereas they receive single council credits on the sale of non-LWP advisory products. This creates a conflict for the IAR to recommend LWP products instead of non-LWP advisory programs. Eagle addresses this conflict by disclosing it.

***Periodic Investment Programs (“PIPs”) and Systematic Withdrawal Investment Plans (“SWIPs”).*** To the extent that an IAR recommends a trade and not a PIP or SWIP transaction, Eagle would benefit by not having to pay the PIP/SWIP fee. Eagle addresses this conflict by not sharing or passing this cost to IARs. There is also a conflict for Eagle to recommend NTF funds in PIP/SWIP transactions because then Eagle wouldn’t have to pay a fee to the clearing firm. Eagle addresses this conflict by not sharing or passing the cost to IARs who recommend the transactions within the Client accounts.

***Important Disclosure for Clients Who Are Rolling Over Retirement Account Proceeds.*** If you are rolling over the proceeds of an employer-sponsored retirement plan (e.g., a 401(k) plan) (“Plan”) to an Individual Retirement Account (“IRA”), you should consider the following:

- When you roll over the proceeds of a Plan to an IRA, you will likely have more investment options available than you had in the Plan, and you will enjoy the benefit of the guidance that your Eagle IARs can provide with regard to your IRA. Your IRA agreement, the product prospectuses and your Eagle IARs can provide you with more information concerning the fees and expenses involved in establishing an IRA.
- Instead of establishing an IRA, you may have the option of leaving your money in the Plan. You should review the plan documents and/or contact the Human Resources Department of the company sponsoring the Plan to determine if this option is available to you. You should be aware that the Plan may offer different, but typically more limited, investment options, which may have lower fees and expenses, than the investment options that are available for an IRA and that the Plan may also involve other administrative costs (e.g., recordkeeping and compliance fees) and fees for services such as access to a customer service representative. If you have the option of leaving your money in an existing Plan, you may also wish to consider how satisfied you are with the available investment options and their performance, as well as your ability to obtain guidance concerning your Plan investments.
- Instead of establishing an IRA, you may also have the option of transferring investments from a prior employer’s Plan to a new employer’s Plan. If your current employer offers a Plan, you should contact your employer’s Human Resources Department to determine if this option is available to you. In considering whether to transfer your assets to a new Plan, you should also consider the available investment options, any fees or expenses applicable to those options or the Plan itself and your ability to obtain guidance concerning your Plan investments.
- Instead of establishing an IRA, you may also have the option of taking a taxable distribution from the Plan. If you are considering this option, you should consult with your tax adviser concerning the potential tax consequences.
- If you hold shares of stock of your employer in your Plan, you should consult with your tax adviser concerning the potentially negative tax consequences of removing those shares from the Plan.
- Depending on the state in which you reside, assets held in a Plan may enjoy greater protection from creditors than similar assets held in an IRA.
- Please note that although Eagle IARs can provide advice concerning IRA investments, they do not provide legal or tax advice.

## **B. Other Advisory Programs**

### **a) PROGRAM SERVICES, FEES & COMPENSATION**

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#### **IAG MARKET PACE II**

##### **SERVICES:**

Eagle offers the Market Pace II Program sponsored by Independent Advisers Group (“IAG”), a registered investment advisor. This program is not part of the LWP suite of products. Market Pace II is a non-discretionary program where the IAR works with the client to select the securities for the account. In the Market Pace II Program, the transaction costs are included in the overall wrap fee.

Eagle also offers a similar program called the Market Pace Program, which is also sponsored by IAG. However, in this program, clients pay transaction fees in addition to and separate from the wrap fee. Please refer to the Eagle Strategies Firm Disclosure Brochure for more information regarding the Market Pace program. Clients should consider which charge structure best suits their anticipated trading activity when deciding between the two Market Pace programs.

***Eagle’s Role.*** Eagle and its IARs are responsible for gathering the client’s financial information and assisting the client to complete the questionnaire and, when appropriate, communicating any changes to the client’s financial information and/or situation to IAG. The IAR then provides mutual fund (and ETF recommendations, where permitted) to clients based upon each client’s circumstances and financial objectives. Upon the client’s instruction, the IAR will invest the client’s account in the selected securities. While the Eagle IAR does not make recommendations regarding individual equity or fixed income securities within these Programs, clients may be permitted to hold such individual securities in their Program accounts.

***IAG’s Role.*** Please reference IAG’s Form ADV Part 2 for additional information.

***LPL’s Role.*** Trades in this Program are processed through and custodied by LPL Financial, a broker-dealer that is affiliated with IAG and unaffiliated with Eagle.

##### **FEES & COMPENSATION:**

Clients pay an annual wrap fee of 0.015% - 1.90% of the account’s total value. Fees are deducted on a monthly or quarterly basis directly from the client’s account and are billed in advance.

From time to time, based on Eagle’s review of certain criteria, Eagle may reduce the advisory fee charged to a client or reinstate part or all of the advisory fee back to the original total fee that was agreed to by the IAR and client.

Non-retirement accounts valued less than \$100,000 at the end of the quarter will be assessed a quarterly fee of \$10.00.

If the account is closed within the first six months by the client or as a result of withdrawals bringing the account value below a required minimum, IAG may retain the fee that has been paid in advance for the current period and rebill all transactions in the account at normal and customary brokerage rates. Please refer to IAG's Form ADV Part 2A for further information about refunds of advisory fees that are paid in advance in the event an account is terminated prior to the end of the billing period.

#### **b) ADDITIONAL INFORMATION REGARDING FEES**

Depending on the Program and the elections made by clients, there may be additional fees. Certain account services (ex: wire transfers, liquidation, custodial fees) or account maintenance features may involve fees, expenses or costs. Mutual fund redemption fees may be incurred in connection with a liquidation, rebalancing or reallocation. Clients may also pay small account fees, custody fees, and/or transaction fees. Clients will also pay any fees imposed by mutual funds or ETFs held within an account (for example, 12b-1 fees or ongoing advisory fees). Please refer to the prospectus for the underlying fund for more information.

### **ITEM 5 ACCOUNT REQUIREMENTS AND TYPES OF CLIENTS**

#### **ACCOUNT REQUIREMENTS**

Each Program has minimum account size requirements. Eagle and/or its Program partners have the option to waive account minimums. Accounts that fall below the stated requirement minimum may be charged an additional fee. Additionally, Eagle has established minimum ongoing account values ("maintenance values") for accounts. Accounts that fall below the maintenance value for a specified period of time may be terminated.

Certain Programs also require that clients meet a minimum net worth or minimum income requirement in order to open an account.

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#### **FUND ADVISORY PROGRAM**

The initial investment minimum for the Fund Advisory Program is \$25,000; however, certain Sub-Managers may have higher account minimums. Clients must have at least \$20,000 in income and \$150,000 in net worth to participate in this Program. The minimum maintenance value for accounts is \$12,500; however, certain Sub-Managers may have higher maintenance values.

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#### **SEPARATELY MANAGED ACCOUNT PROGRAM**

The initial investment minimum for the Separately Managed Account Program is \$100,000; however, certain Sub-Managers may have higher account minimums. Clients must have at least \$20,000 in income and \$150,000 in net worth to participate in this Program. The minimum maintenance value is \$50,000; however, certain Sub-Managers may have higher maintenance values. Accounts that elect the Tax Transition Service must have an initial investment minimum of \$750,000.

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#### REPRESENTATIVE DIRECTED PROGRAM

The initial investment minimum is \$25,000, and the maintenance value is \$15,000. Clients must have at least \$20,000 in income and \$150,000 in net worth to participate in this Program.

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#### UNIFIED MANAGED ACCOUNT PROGRAM

The initial investment minimum is \$100,000 and the maintenance value is \$80,000. Clients must have at least \$20,000 in income and \$150,000 in net worth to participate in this Program. Accounts that elect the Tax Transition Service must have an initial investment minimum of \$750,000.

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#### MARKET PACE II PROGRAM

The initial investment minimum is \$100,000 for non-retirement accounts, and \$50,000 for retirement accounts. Non-retirement accounts valued less than \$100,000 at the end of any quarter will be assessed a quarterly fee of \$10.00, payable to IAG. Clients must have at least \$25,000 in income and \$100,000 in liquid net worth.

Additional suitability requirements may apply. Please refer to IAG's Form ADV Part 2A for additional information.

#### TYPES OF CLIENTS

Eagle provides investment advisory services to a variety of clients, including individual investors, trusts, estates, charitable organizations, corporations and other business entities, pension and profit sharing plans, Traditional and Roth IRAs, SEP and SIMPLE IRAs.

#### ITEM 6 PORTFOLIO MANAGER SELECTION AND EVALUATION

Eagle selects the Sub-Managers, strategies, and securities (mutual funds, ETFs and equities) available in the LWP Programs.

#### SELECTION AND REVIEW PROCESS

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#### FUND ADVISORY AND SEPARATELY MANAGED ACCOUNT PROGRAMS

This section describes how Eagle selects and terminates Sub-managers and strategies for the programs. Eagle assigns three different statuses (Available, Hold, and Terminate) to Sub-Managers and strategies on its platform.

**Available List.** The Investment Research and Due Diligence department (“IRDD”) evaluates Sub-Managers and strategies on behalf of Eagle. Sub-managers and strategies listed as Available are those that have successfully completed Eagle’s initial due diligence review and have been approved by the Product Committee, which is comprised of Eagle senior management, Legal and Compliance personnel. Sub-managers and strategies on the Available list continue to exhibit performance in line with the stated mandate and do not have any outstanding material compliance or regulatory concerns. IRDD may, at times, increase the level and/or frequency of monitoring of Sub-managers or strategies on the Available list.

To be considered for inclusion on the Available List in the FA and SMA Programs, Sub-Managers provide IRDD with relevant information on the strategy being evaluated (e.g. firm, staffing, historical performance, investment process, etc). IRDD personnel may also interview the Sub-Manager including its key personnel. After evaluation by IRDD, Sub-Managers are reviewed and approved by Eagle’s Product Committee.

IRDD periodically reviews the Sub-Managers and strategies on the Available List (e.g. investment performance, staffing, and/or regulatory issues).

**Changes in Status from Available List to Hold List.** Eagle may determine that a Sub-Manager or strategy that no longer meets the criteria for inclusion on the Available List be moved to the Hold List. “Hold” status signifies that Eagle has a significant concern with the Sub-Manager or strategy. Clients may continue to hold their assets in the Sub-Manager or strategy, and may make additional contributions. IARs may not initiate new investments, for new clients, in strategies on Hold status.

Conditions that could lead a Sub-Manager or strategy to be placed on Hold status:

- The Sub-Manager’s or strategy’s performance continues to deteriorate through time or the magnitude of underperformance is significant while on Available status.
- Material change in the Sub-Manager’s or strategy’s investment process or team (e.g., departure of lead portfolio manager/primary decision maker).
- Significant organizational change that may impact implementation of the investment strategy.
- Material compliance violation and/or potential regulatory action.

Clients will be notified of the change to “Hold” status.

IRDD will closely monitor the Sub-Manager or strategy on a regular basis and report any material changes to the CEO of Wealth Management and the Investment Management Committee, which is



comprised of Eagle senior management, Legal, and Compliance personnel. Duration of a “Hold” status depends on how long IRDD needs to evaluate the Sub-Manager or strategy and how long it takes for the Sub-Manager or strategy to address the areas of concern.

Once the Sub-Manager or strategy has been placed on Hold Status, IRDD may issue one of the following recommendations:

- Keep the Sub-Manager or strategy on Hold status
- Remove the Sub-Manager or strategy from Hold status and place it on Available status
- Recommend the termination of the Sub-Manager or strategy

***Changes in Status to Terminate.*** Eagle may determine that a Sub-Manager or strategy no longer meets the criteria for inclusion on the Available or Hold List and therefore the Sub-Manager or strategy will no longer be recommended in Eagle’s investment advisory programs. Eagle may, at its discretion, terminate a Sub-Manager or strategy from its platform if it is believed that the Sub-Manager or strategy poses a significant risk to Eagle’s clients or to Eagle and its affiliates. A Sub-Manager or strategy need not be on Hold status prior to termination. If the potential risks of the Sub-Manager or strategy are significant, Eagle may decide to terminate a Sub-Manager or strategy directly from Available status.

Conditions that may lead a Sub-Manager or strategy to be terminated:

- The deterioration of the Sub-Manager’s or strategy’s performance becomes severe and can no longer be justified.
- Material change in portfolio management team and/or investment process.
- Material compliance violations and/or regulatory actions.

Clients will be notified of the change in status and will receive notification that they will be transitioned to the substitute Sub-manager/strategy. The notification may also outline other available options for the client.

In the LWP Programs, Eagle generally specifies a replacement Sub-Manager or strategy for a Terminated Sub-Manager or strategy. In selecting the replacement Sub-Manager or strategy, IRDD generally looks for a Sub-Manager or strategy in the same asset class, and with similar attributes and holdings to the Terminated Sub-Manager or strategy. The replacement Sub-Manager or strategy will typically be on the Available List.

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## REPRESENTATIVE DIRECTED PROGRAM

**Available List.** Eagle maintains and monitors its Available List which governs what can be purchased in client accounts. Eagle, at its discretion, may include any security to its Available List.

For mutual funds, Eagle utilizes a third party provider who may use a proprietary quantitative and qualitative evaluation methodology to review and monitor the Available list. For ETFs, IRDD conducts the review and its screening process can include factors such as liquidity, tracking error, and the length

of time that the fund has been in existence. For individual equities, criteria may be different and can include an external analyst rating and market capitalization. Eagle generally offers individual equity securities that have 3 or more stars based on Morningstar's rating criteria.

In certain instances, securities that do not meet the initial screening criteria may be considered on an *ad hoc* basis and may be added to the Available List by the Head of Eagle Product Management. For example, a new fund that does not have a long track record may be considered if the portfolio managers and/or fund family have a well-established track record. Mutual funds will be evaluated by the third party vendor, as described above, after its addition to the Available List.

**Removal from the Available List.** On a periodic basis, a third party provider will provide Eagle with mutual funds on the Available List that have demonstrated a material degradation in either quantitative or qualitative profile. Eagle may determine that mutual funds that no longer meet the criteria for inclusion on the Available List be removed.

On a periodic basis, Eagle will determine if the ETFs on the Available List have demonstrated a material degradation in either a quantitative or qualitative profile. Eagle may determine that ETFs that no longer meets the criteria for inclusion on the Available List be removed.

If individual equities no longer meet the qualifications noted above, Eagle at its discretion may remove equities from the Available List.

When securities are removed from the Available List, IARs will work with their clients to find alternate securities. In certain situations, Clients may continue to hold securities even if they are no longer on the Available List.

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## CALCULATING PERFORMANCE OF CLIENT ACCOUNTS

Performance is calculated by Envestnet for all LWP Accounts in the following manner:

- Performance history is calculated using a time-weighted rate of return and is shown net of management fees. For performance periods greater than one year, the return is annualized to show the average annual return over the period.
- Performance history is calculated on an account level, as well as on a "household" level. A "household" is any combination of client accounts that the client (through the IAR) has requested be combined for reporting purposes.
- Eagle does not confirm performance information with a third party, but Eagle does contract with a third party to provide performance information for each Eagle account.

## PORTFOLIO MANAGERS

In the RaPM program and in the UMA Discretionary program, your Eagle IAR acts as the portfolio manager with full discretion to purchase or sell securities for your account without consulting you. Eagle and, in turn, the IAR retain a greater portion of the advisory fee in these programs than in those in which an unaffiliated investment manager acts as your portfolio manager. Eagle and the IAR are also likely to earn more compensation if you invest in a program described in this brochure than if you open a brokerage account to buy individual securities. This creates a conflict of interest for Eagle and Eagle IARs, as there is a financial incentive to recommend one of these programs described in this brochure. We address this conflict of interest by disclosing it to you.

***Payments from Mutual Funds.*** We have a conflict of interest in offering No Transaction Fee Mutual Funds in non-retirement accounts because we earn more money in your account from your investments in No Transaction Fee Mutual Funds than from other mutual funds or investment options. Eagle receives up to an annual fee of 0.32% based on the asset value of the No Transaction Fee Mutual Funds; however, we do not share this money with your Eagle IAR (i.e., the compensation we pay to your IAR is not affected by the payments we receive from the Mutual Funds). Therefore, Eagle IARs do not have a resulting incentive to buy No Transaction Fee Mutual Funds in your account, or to buy certain Mutual Funds rather than other securities.

***Trade Allocations.*** Eagle IARs may aggregate the securities to be sold or purchased for more than one client to obtain favorable execution to the extent permitted by law. Eagle IARs will then allocate the trade in a manner that is equitable and consistent with Eagle's fiduciary duty to its clients (including pro rata allocation, random allocation or rotation allocation). Allocation methods vary depending on various factors (including the type of investment, the number of shares purchased or sold, the size of the accounts, and the amount of available cash or the size of an existing position in an account). The price to each client is the average price for the aggregate order.

***Payments to Sub-Managers.*** Eagle pays certain Sub-Managers to assist in their marketing and sales of those Sub-Managers' products. To the extent that a Sub-Manager whom Eagle pays is recommended, Eagle will receive less compensation on that LWP account because Eagle is paying the Sub-Manager this additional fee. Eagle addresses this conflict by not sharing these expenses with the IAR and so the IAR does not have incentives to recommend specific Sub-Managers over others.

***Affiliated Portfolio Managers.*** Eagle IARs are not subject to the same review as third-party Portfolio Managers. However, the IARs who act as Portfolio Managers are subject to certain qualifications and requirements, which may include licensing, advisory assets under management, years of experience and training.

## TYPES OF ADVISORY SERVICES OFFERED

Please see Item 4 above for a description of the advisory services Eagle offers.

## TAILORING SERVICES FOR INDIVIDUAL CLIENTS

You may ask your Eagle IAR to manage your account pursuant to a particular investment strategy. In the RaPM and UMA Discretionary Programs, your Eagle IAR will manage your account in accordance with the model's Investment Policy Statement, as applicable (as discussed above in Item 4). You may also place restrictions on your RaPM and UMA account (as discussed above in Item 4).

#### WRAP FEE PROGRAMS

Eagle acts as both the wrap fee program sponsor and the portfolio manager in the discretionary programs described in this brochure. Eagle does not act as portfolio manager to clients of other firms in any programs which are not wrap fee programs but are otherwise similar to the programs described in this brochure. Eagle and the IAR retain all advisory fees for accounts in the discretionary programs because Eagle does not have to pay a third party to manage the account.

#### PERFORMANCE-BASED FEES

The programs described in this brochure do not charge performance-based fees.

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

Eagle IARs may use any investment strategy that is approved by Eagle when providing investment advice to you in the Programs described in this brochure. Investing in securities involves risk of loss that you should be prepared to bear.

For the non-discretionary Representative Directed program, the Eagle IAR provides the client with a personalized investment proposal, which may include securities recommended by the IAR. Such recommendations will be consistent with the client's portfolio strategy. The portfolio strategy takes into consideration the client's investment and investment return objectives and risk tolerance. Upon the client's instruction, the IAR will invest the client's account in the selected securities. Each client's precise strategy will differ based on the client's goals and preferences and the IAR's recommendations.

For the discretionary program, the Eagle IAR creates a model portfolio which is approved by Eagle.

Eagle's affiliates may periodically acquire confidential information about the funds available on the Representative Directed platform.

For all other investment advisory programs, please refer to the program disclosure documents for a description of the investment strategies and methods of analysis employed by the advisers.

For all programs, investing in securities involves a risk of loss that clients should be prepared to bear. Unlike mutual funds and exchange traded funds, risks relating to investing in equity securities include non-diversification - if your security depreciates in value you may not have the ability to offset the

depreciation by having other securities to offset the loss, and volatility - individual equities are generally more volatile than mutual funds or ETFs.

## PROXY VOTING POLICY

Eagle does not vote proxies on behalf of clients for discretionary programs, rather, Envestnet or the Sub-Manager will vote on a client's behalf. Clients will receive proxies directly from NFS, the custodian. Eagle IARs will not advise clients on the voting of proxies, and clients should not contact Eagle or IARs with questions about a particular proxy solicitation.

## ITEM 7 CLIENT INFORMATION PROVIDED TO PORTFOLIO MANAGERS

### REPRESENTATIVE AS PORTFOLIO MANAGER AND UMA DISCRETIONARY

The Eagle IAR is the portfolio manager in the RaPM and UMA Discretionary Programs described in this brochure. The Eagle IAR has access to the information that the client provides at account opening, including information in the IPQ that is completed as part of the account opening process. In the event that information previously provided to the IAR changes, the client should notify the IAR.

### SUB-MANAGERS

Certain Sub-Managers provide a model to Envestnet and are not responsible for making ongoing trading decisions for client accounts. Unless the client requests otherwise, for these strategies, the Sub-Manager does not receive any client information.

Certain Sub-Managers are responsible for ongoing management and trading of the account. For these strategies, Eagle provides the Sub-Manager with the client account number, deposit and withdrawal information, requested restrictions, and selected strategy. Eagle promptly provides updated information based on changes in client preferences as communicated to Eagle by the client (e.g., change in restriction requests).

### ENVESTNET

Envestnet has access to the information that the client provides at account opening, including information in the IPQ that clients complete as part of the account opening process. To the extent that the client notifies the Eagle IAR with updates, Envestnet will have access to the updated information as well.

## ITEM 8 CLIENT CONTACT WITH PORTFOLIO MANAGERS

### SUB-MANAGERS

The number of meetings per year is generally at the Sub-Manager's discretion; however Sub-Managers will make personnel knowledgeable about the account and its management reasonably available for consultation with clients. The Eagle IAR will generally contact clients on at least an annual basis.

#### REPRESENTATIVE AS PORTFOLIO MANAGER AND UMA DISCRETIONARY

Your Eagle IAR acts as a portfolio manager in the RaPM and UMA Discretionary accounts. In these Programs, you may contact your IAR at any time during normal business hours. Additionally, the Eagle IAR will generally contact clients on at least an annual basis.

#### ITEM 9 ADDITIONAL INFORMATION

##### DISCIPLINARY INFORMATION

Eagle does not have any material disciplinary information to report.

##### OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

#### **I. BROKER-DEALER REGISTRATION**

Eagle is not registered as a broker-dealer. Certain management persons of Eagle are also registered representatives of NYLIFE Securities LLC ("NYLIFE"). All Eagle IARs are registered representatives of NYLIFE.

#### **II. REGISTRATION AS A FUTURES COMMISSION MERCHANT, COMMODITY POOL OPERATOR OR A COMMODITY TRADING ADVISOR**

Neither Eagle nor any of its management persons are registered as a Futures Commission Merchant, Commodity Pool Operator or Commodity Trading Advisor.

#### **III. MATERIAL RELATIONSHIPS WITH RELATED PERSONS**

Eagle is an indirect wholly owned subsidiary of New York Life Insurance Company, a New York mutual life insurance company. Eagle is also an affiliate of NYLIAC and NYLIFE Insurance Company of Arizona (together with New York Life Insurance Company and NYLIAC, "New York Life"). New York Life's principal business is the sale of individual and group life insurance and annuity contracts. Eagle IARs, acting in their capacity as agents of New York Life, may receive compensation for the sale of insurance products offered by New York Life.

Eagle is affiliated with the following broker-dealers, which are indirect wholly-owned subsidiaries of New York Life.

**NYLIFE Securities LLC ("NYLIFE")** is a registered broker-dealer. All IARs of Eagle are also registered representatives of NYLIFE and, acting in their capacity as registered representatives of NYLIFE, receive commissions or other compensation for the sale of products offered through NYLIFE. A client that engages Eagle to provide advisory services under its LWP Programs will also open a NYLIFE brokerage account through which trades in the account are processed. The actual trades take place at NFS, the clearing broker-dealer. A potential conflict exists because Eagle works through an affiliate to open the LWP accounts.

***Transfer between Eagle and an affiliated brokerage accounts.*** From time to time, Eagle may journal securities from your Eagle account to your NYLIFE brokerage account. Eagle does not provide advice on any securities in your NYLIFE brokerage account.

Eagle is affiliated with a number of registered investment advisers. New York Life Investment Management LLC is the manager of the Mainstay mutual funds, and other Eagle affiliates are sub-advisers' to these funds. Potential conflicts may arise because investments in affiliated mutual funds generate additional management fees and other compensation to Eagle's affiliates. This conflict is mitigated because Eagle and the IAR receive no portion of this compensation. A listing of the registered investment advisers that are affiliated with Eagle can be found in Eagle's Form ADV Part 1.

Currently, Eagle's investment adviser affiliates do not provide investment advisory services directly to Eagle clients.

***Index IQ ETFs.*** New York Life has entered into an agreement to purchase the investment adviser to the Index IQ exchange traded funds ("Index IQ ETFs"). As a result, purchases of Index IQ ETFs in Eagle client accounts will benefit affiliates of Eagle. The transaction is expected to close during the first half of 2015.

#### **IV. SELECTION OF OTHER ADVISERS**

Eagle makes available other investment advisers including the Sub-Managers on its platform. Eagle does not receive direct compensation from these advisers. However, Eagle does receive an increased share of the advisory fee from certain of these advisers in certain cases (generally when Eagle's business with them hits certain assets under management targets). These compensation relationships create a conflict of interest and provide an incentive to Eagle to recommend certain advisers over others. This conflict is mitigated because the Eagle IAR does not receive any part of this compensation.

Eagle also has wholesaling relationships with certain of the Sub-Managers, whereby Eagle pays the Sub-Managers an additional fee in return for training, education and sales assistance.

Because advisory fees for Eagle and the IAR differ by program and manager, Eagle may have an incentive to recommend one manager over another.

In some cases, Eagle (or its affiliates) has other business relationships with certain outside advisers. Eagle contracts with Morningstar Investment Services Inc. (“MIS”), Ibbotson Associates, Inc. (“Ibbotson”) (and/or their affiliates) Fund Evaluation Group and Wilshire Associates for a variety of other services. These include due diligence services in connection with the LWP Programs, the provision of data and other performance information, and methodology for mapping clients to a particular risk profile. Ibbotson also was engaged to help develop the process of taking a life insurance policy into consideration in connection with an investment portfolio. The information and methodology are used in other programs in which MIS and Ibbotson are Program Sponsors. This could lead to potential conflicts of interest. Eagle addresses these conflicts by disclosing them to you.

## CODE OF ETHICS

### **I. CODE OF ETHICS PURSUANT TO SEC RULE 204A-1**

The Eagle Strategies Code of Ethics (the “Code”) sets forth the standards of business conduct for Eagle personnel defined as Access Persons under SEC guidelines, and serves as an ethical blueprint for ensuring that all Eagle clients are treated fairly. The Code emphasizes the core values of the Eagle organization, Eagle’s commitment to compliance with securities laws, and protection of material nonpublic information. The Code also sets forth commitments to which all Eagle IARs are expected to adhere. The Code of Ethics is one of the tools Eagle uses to mitigate some of the conflicts of interest set forth herein.

Eagle will provide a Code of Ethics to all clients and prospective clients upon written request to:

Eagle Strategies LLC  
Attn: Eagle Securities Standards  
51 Madison Avenue  
New York, NY 10010

### **II. RECOMMENDATIONS INVOLVING SECURITIES IN WHICH EAGLE HAS A MATERIAL FINANCIAL INTEREST**

An Eagle IAR or a Sub-Manager may recommend an affiliated mutual fund or a fund advised by an affiliate of Eagle. In the Representative Directed Program (except for the RaPM Program), the client may choose not to purchase that product.

### **III. CONFLICTS IN CONNECTION WITH PERSONAL TRADING**

From time to time, the Eagle IAR or a Sub-Manager may also recommend the sale or purchase of securities which New York Life or an Eagle IAR (or a Sub-Manager) is purchasing or selling from its own accounts. At times, New York Life or an affiliate may sell a security, while the Eagle IAR or the Sub-Manager recommends the purchase of that same security (or vice versa).



A conflict could arise where the Sub-Manager, the affiliate or the IAR takes an action with a security that disadvantages a client purchasing or selling the same security. For IARs, Eagle's Code of Ethics specifies personal securities transaction procedures designed to prevent unethical trading practices, and includes prohibitions on trading on knowledge about client transactions. Eagle also monitors the personal trading activities of certain Eagle personnel, IARs and staff to identify instances in which these policies may have been violated.

#### **IV. CONFLICTS IN CONNECTION WITH TIMING OF PERSONAL TRADING**

From time to time, Eagle IARs may own the same securities that are being bought or sold in client accounts. Eagle's Code of Ethics specifies personal securities transaction procedures designed to prevent unethical trading practices. In addition, Eagle monitors the accounts of IARs who are Access Persons to ensure that the IAR did not make a trade in a security within 7 days before or after one of the IAR's clients makes a trade in the same security, if certain criteria are met.

### **REVIEW OF ACCOUNTS**

#### **I. PERIODIC REVIEWS**

Generally, the Eagle IAR contacts the client at least annually to review each client's current financial situation, risk tolerance and time horizon, as well as to verify their current profile information is current and accurate and to update account restrictions (if applicable).

Eagle determines the policies and reports for monitoring accounts participating in the Representative Directed and the IAG Market Pace Programs. Such reports differ between programs. Examples of reports include a concentrated positions report and a risk report. These reports are monitored by a team reporting to the Corporate Vice President of the Eagle Securities Standards department.

For clients participating in the other investment advisory programs, the periodic reviews will differ based on the practices of the outside adviser. Please refer to that adviser's Form ADV Part 2A for more information.

On an annual basis, the Managing Partner or another designated person within the office to which the IAR is assigned reviews a sample of files for each IAR.

#### **II. NON-PERIODIC REVIEWS**

In the event of a client complaint or other concern, Eagle will review relevant accounts.

#### **III. REGULAR REPORTS PROVIDED TO CLIENTS**

Clients in the LWP Programs receive quarterly performance reports from Eagle. These reports include performance information, current portfolio composition, and reinvested and paid earnings with respect to the client's holdings. These reports are mailed directly to clients and, where applicable, posted to the Internet ([www.nylifesecurities.com](http://www.nylifesecurities.com) or <https://advisor.envestnet.com/secure/app.jsp?channel=nf>) on a quarterly basis. In addition, the client receives confirms, monthly statements and transaction history reports from the account's custodian.

Clients in the IAG Program receive detailed quarterly and annual performance reports from IAG describing account performance and positions. In addition to the quarterly performance reports, the broker-dealer utilized by IAG transmits to clients trade confirmations and account statements showing all transactions, positions, and all deposits and withdrawals of principal and income. The account statements are sent monthly when the account has had activity or quarterly if there has been no activity.

All reports described herein are written.

## CLIENT REFERRALS AND OTHER COMPENSATION

### **I. ECONOMIC BENEFITS PROVIDED BY THIRD PARTIES FOR ADVICE RENDERED TO CLIENTS (INCLUDES SALES AWARDS OR OTHER PRIZES)**

Eagle is a party to cash solicitation agreements with Brinker Capital, Independent Portfolio Consultants, Niemann Capital Management and Frontier Asset Management. Eagle and its IARs receive compensation pursuant to these agreements for introducing clients to the investment advisers and for providing certain ongoing services. This compensation is typically equal to a percentage of the investment advisory fee charged by that investment adviser (which, in turn, is based on the total assets being managed by the investment adviser on a client's behalf); such compensation may differ depending on the individual agreement with each investment adviser. To the extent that one investment adviser charges more than another investment adviser to manage a given level of assets, the IAR may have an incentive to recommend the higher paying investment adviser over the other. Additional disclosure, including applicable Forms ADV and solicitor disclosure documents, will be provided to the client at the time of solicitation in accordance with Rule 206 (4)-3 of the Investment Advisers Act of 1940.

Certain Program Sponsors may pay Eagle a fee that is dependent on total Eagle assets within the applicable Program. This fee typically ranges from 0% to 0.05% of Program assets, is payable to Eagle on a quarterly basis, and serves as compensation for allowing the applicable Program to be offered through Eagle's IARs. The fees may be used for any purpose including covering certain marketing and administrative services that Eagle may incur in connection with these activities. Eagle does not share these fees with its IARs.

For LWP accounts, Eagle receives from NFS additional revenue streams on the sale of no transaction fee mutual funds through a revenue sharing arrangement. This creates a potential conflict of interest. In

addition, NYLIFE receives additional compensation based on the amount of assets it holds with NFS, and/or receives certain discounts on the fees that it pays to NFS, which are based on trading volumes. Such compensation and/or discounts will be based on total assets in all NYLIFE accounts, including those held in LWP Accounts, and the trading activity in all NYLIFE accounts, including trading in LWP accounts. Eagle addresses this conflict by disclosing it to you, and your IAR who recommends various securities to you does not benefit from this additional compensation arrangement.

Certain non-profit institutions may compensate IARs for conducting seminars concerning charitable giving. In the event that persons who have attended such seminars purchase products through the IARs to effectuate charitable gifts, the IARs may receive additional compensation on the sale of Eagle advisory products or the sale of insurance or annuity products. As the IARs are receiving compensation for conducting the seminars and for the sale of products to persons who elect to make charitable contributions, such arrangements create a potential conflict of interest. Eagle addresses this conflict by disclosing it in this brochure, in Eagle's Firm Disclosure Brochure and the IAR's Form ADV Part 2B.

Clients should be aware that the receipt of additional compensation itself creates a conflict of interest. Eagle addresses such conflicts through disclosure.

## **II. COMPENSATION TO NON-ADVISORY PERSONNEL FOR CLIENT REFERRALS**

Eagle has entered into one solicitor relationship in which it pays up to 49% of the advisory fee to the solicitor.

## **FINANCIAL INFORMATION**

### **I. BALANCE SHEET**

A copy of Eagle's most recent audited financial statement is attached.

### **II. FINANCIAL CONDITION REASONABLY LIKELY TO IMPAIR ABILITY TO MEET CONTRACTUAL COMMITMENTS TO CLIENTS**

Eagle is not aware of any financial condition reasonably likely to impair its ability to meet contractual commitments to clients.

### **III. BANKRUPTCY PETITIONS DURING THE PAST TEN YEARS**

Eagle has never filed a bankruptcy petition.