

**Wealth Enhancement Advisory Services, LLC (WEAS)**

**Supplement to ADV Part 2A  
Information Relating to Advisory Services  
Offered With the Assistance of  
LPL Financial LLC (“LPL”)**

The following services are offered with the operational assistance of LPL Financial, LLC (“LPL”). WEAS internal investment department managers are also licensed securities representatives of LPL.

For additional information regarding these services offered by WEAS, clients should review the WEAS and LPL’s Program Form Brochures related to these services.

**STRATEGIC ASSET MANAGEMENT PROGRAM (“SAM”)**

The SAM Program offers clients an asset management account in which WEAS in its capacity as a registered investment advisor and its Investment Adviser Representatives (“IARs”) direct and manage specified assets of clients. The SAM account permits clients to authorize WEAS IARs to purchase and sell on a discretionary basis no-load and load-waived mutual funds, exchange-traded funds (“ETFs”), closed-end funds and unit investment trusts and, pursuant to investment objectives chosen by the client, to liquidate previously purchased load mutual funds, and to purchase and sell separate accounts within variable annuities. Other securities approved by LPL for investment in the SAM account, including equities, fixed income, real estate investment trusts (REITs), business development companies (BDCs), options and hedge funds, may be purchased and sold at the client’s direction. In some cases, the client may provide discretionary authorization to the IAR for equities, fixed income and options. Clients may also elect to direct the purchase and sale of no-load and load-waived mutual funds. For purposes of this document, the term mutual fund includes both investment companies registered under the Investment Company Act of 1940 and other pooled investment vehicles that are not registered.

In opening a SAM account, the IAR obtains the necessary financial data from the client, assists the client in determining the suitability of the SAM Program and assists the client in setting appropriate investment objectives.

During any month that there is activity in the SAM account, the client receives a monthly account statement showing account activity as well as positions held in the account at month-end. Additionally, the client receives a confirmation of each transaction that occurs within the SAM account unless the transaction is the result of a systematic purchase, redemption or exchange. The client will also receive detailed quarterly reports describing performance, positions and activity.

SAM accounts pay an annualized fee (“**Account Fee**”) as follows:

<b><u>Portfolio Value</u></b>	<b><u>Maximum Fee</u></b>
\$25,000 +	2.50%

The Account Fee is negotiable and is payable quarterly in advance. For purposes of calculating Account Fees and providing performance reports, the account quarter begins on the first day of the month in

which the account is accepted by WEAS and LPL. The initial Account Fee is due at the beginning of the quarter following execution of the SAM Account Agreement and includes a prorated fee for the initial quarter in addition to the standard quarterly fee for the upcoming quarter. Subsequent Account Fee payments are due and assessed at the beginning of each quarter based on the value of the assets under management as of the close of business on the last business day of the preceding quarter as valued by an independent pricing service, where available, or otherwise in good faith as reflected on client's quarterly portfolio evaluation report. Additional deposits and withdrawals will be added or subtracted from portfolio assets, as the case may be, which may lead to an adjustment of the advisory fee. All Account Fees are deducted from the account pursuant to the SAM Account Agreement unless other arrangements have been made in writing.

Although expressed as a percentage, in certain situations where agreed to by the client, the Account Fee may be calculated as a flat fee for the first annual period. One fourth of the annual fee will be assessed to the account on a quarterly basis in advance. The amount of flat fee will be adjusted annually thereafter based on the stated percentage.

For Retirement Accounts, 12b-1 fees paid to LPL by mutual funds that are held in the account are credited to the account. The credit will appear on client's quarterly SAM statement. No portion of the 12b-1 fees for Retirement Accounts may be utilized for the benefit of LPL, WEAS or the IAR.

Accounts with assets valued at less than \$100,000 at the end of the quarter will be assessed an additional \$10.00.

Accounts with hedge funds, managed futures, BDCs, and certain REITs will be assessed an Alternative Investment Product Processing Fee of \$50 per transaction (purchase or redemption) and an annual Alternative Investment Administrative fee of \$35.00 per position, subject to a maximum of \$100.00 per account per year.

After the advisory fee is collected by LPL, LPL retains a portion of it with the majority of the fee going to WEAS.

In addition to the Account Fee stated above, the account is assessed a transaction charge by LPL ("**Transaction Charge**") to defray the costs associated with trade execution. Although the Transaction Charge is identified under the commission column on the confirmation, it represents a reimbursement of transaction costs and not sales commissions. The WEAS IAR does not receive any portion of the Transaction Charge.

The Transaction Charges of LPL are:

#### Mutual Funds

##### Purchase or Liquidation

Full Participating Fund*	\$0.00
Partial Participating Fund*	\$4.50
Non-Participating Fund	\$26.50
Systematic Purchases and Redemptions (only certain funds are eligible).....	No Charge to Client
Exchanges (only certain funds are eligible).....	No Charge to Client
Wire Purchase and Redemption Fees (if applicable).....	Varies

\* A Full Participating Fund is one that pays 12b-1 fees and/or subtransfer agent fees that are retained by LPL in amounts sufficient to cover the majority of LPL trading costs. A Partial Participating Fund is one that pays either 12b-1 fees or subtransfer agent fees that are used to reduce LPL trading costs.

#### Fixed Income

Purchase or Liquidation.....	\$50.00
UIT Purchase or Liquidation.....	\$35.00

#### Equities (including closed-end and exchange-traded funds)

Purchase or Liquidation.....	\$9.00
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#### Options

Purchase or Liquidation.....	\$25.00
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#### **Considerations**

- (a) The SAM Program may cost the client more or less than purchasing Program services separately. Factors that bear upon the cost of the SAM account in relation to the cost of the same services purchased separately include: the type and size of the account, the historical and or expected size or number of trades for the account, the percentage of Participating Funds held in the account, and the number and range of supplementary advisory and client related services provided to the account.
- (b) In SAM, the Account Fee and Transaction Charges (if applicable) are deducted from the client's account and are noted on client statements or confirmations. The Fee Schedule and Transaction Charges continue until thirty (30) days after client has been notified in writing of any change in the amount of the Fee or Charges applicable to client's account, at which time the new Fee or Charges will become effective unless the client notifies LPL.
- (c) In addition to the Account Fees and Transaction Charges noted previously, client may also incur certain charges imposed by third parties or LPL in connection with investments made through Program accounts. These may include, but are not limited to, the following: mutual fund or money market 12b-1 and subtransfer agent fees, mutual fund or money market management fees and administrative expenses, mutual fund transaction fees, certain deferred sales charges on previously purchased mutual funds transferred into the account, variable annuity expenses, other transaction charges and service fees, IRA and qualified retirement plan fees, administrative servicing fees for trust accounts, creation and development fees or similar fees imposed by unit investment trust sponsors, hedge fund and managed future investment management fees, managed futures investor servicing fees, participation fees from Auction Rate Preferred fixed income securities, and other charges required by law. LPL and IAR may receive a portion of these fees. Further information regarding charges and fees assessed by a mutual fund or the variable annuity are available in the appropriate prospectus.
- (d) Client should be aware that hedge funds and managed futures products share a portion of the investment management fee charged by the hedge fund with LPL and WEAS. A

portion of this compensation is retained by LPL and WEAS and a portion of this compensation is paid to the WEAS IAR. The amount of the investment management fee is described in the prospectus for the hedge fund or managed futures.

- (e) The WEAS IAR may receive additional cash or non-cash compensation from advisory product sponsors. Such compensation may not be tied to the sales of any products. Compensation may include such items as gifts valued at less than \$100 annually, an occasional dinner or ticket to a sporting event, or reimbursement in connection with educational meetings.
- (f) If a client has a non-retirement (and otherwise eligible) account, the cash balances in the account will be automatically invested in an interest-bearing Federal Deposit Insurance Corporation ("FDIC")-insured deposit account (an "ICA") as described in the ICA Disclosure Booklet. LPL receives a fee equal to a percentage of the average daily deposit balance in your ICA. The fee paid to LPL may be at an annual rate of up to an average of 200 basis points as applied across all deposit accounts taken in the aggregate. If you do not want to have your cash balance automatically invested in an ICA, you may speak to your WEAS IAR to have your cash balance automatically invested in a tax-exempt money market fund if you meet the account minimum, or purchase a money market fund as an investment and not automatically as a sweep investment.
- (g) Activity with respect to your ICA will appear on your account statement. For each statement period, your account statement will reflect deposits to and withdrawals from your ICA, the closing balance of the ICA at each bank at which your funds are held, and the interest earned on ICA balances. For additional information on your ICA, please see the ICA Disclosure Booklet available from your WEAS IAR.
- (h) If you have a retirement (or non-retirement but ineligible) account, your cash balance will be invested in a money market fund. The money market fund utilized in the SAM Program may pay 12b-1 fees higher than other money market funds. LPL may receive Compensation of up to 0.15% of the assets invested in a money market fund in connection with our marketing support programs. WEAS's IAR does not receive any portion of this payment.
- (i) If an account is approved for trading on margin and the client has entered into a margin agreement with LPL, the client will be charged margin interest on any credit extended to or maintained by the client. For performance illustration purposes, the margin interest charge will be treated as a withdrawal and will, therefore, not negatively impact the performance figures reflected on the quarterly advisory reports. LPL will retain a portion of any interest charged on margin debit balances. This interest charge is in addition to the annual investment advisory fee charged in connection with the SAM account. The annual investment advisory fee will not be charged on any margin debit balance, rather only on the net equity of the account.
- (j) Client should be aware that margin borrowing involves additional risks. Margin borrowing will result in increased gain if the value of the securities in the account go up, but will result in increased losses if the value of the securities in the account goes down.

LPL, acting as the client's creditor, will have the authority to liquidate all or part of the account to repay any portion of the margin loan, even if the timing would be disadvantageous to the client.

- (k) Hedge funds may be available for purchase in the SAM account by clients meeting certain qualification standards. Investing in hedge funds involves additional risks including, but not limited to, the risk of investment loss due to the use of leveraging and other speculative investment practices and the lack of liquidity. In addition, hedge funds are not required to provide periodic pricing or valuation information to investors and may involve complex tax structures and delays in distributing important tax information.
- (l) Client should be aware that hedge funds are not liquid as there is no secondary trading market available. At the absolute discretion of the issuer of the hedge fund, there may be certain repurchase offers made from time to time. However, there is no guarantee that client will be able to redeem the hedge fund during the repurchase offer.
- (m) Clients may make additions to, or withdrawals from, the SAM account upon notice to their WEAS IAR subject to the terms of the Account Agreement. If at any time account assets are less than the minimum account size originally specified, client understands that the Account Agreement may be subject to termination. The SAM account is designed as a long-term investment vehicle and asset withdrawals may impair the achievement of a client's investment objectives.
- (n) The SAM Account Agreement may be terminated by either party effective upon written notice to the other party or parties ("**Termination Date**"). The client is entitled to a pro rata refund of any prepaid quarterly account fee based upon the number of days remaining in the quarter after the Termination Date. The Transaction Charges remain in effect for 30 days from the Termination Date. Thereafter, transactions in a SAM account may be processed at normal brokerage rates.
- (o) If a SAM account is closed within the first 6 months by a client or as a result of withdrawals which bring the account value below the required minimum, WEAS and LPL reserve the right to retain the prepaid quarterly Account Fee for the current quarter or cancel and rebill all transactions in the account at normal and customary brokerage commission rates in order to cover the administrative cost of establishing the account, which may include costs of transferring positions into and out of the account, data entry costs in opening the account, costs associated with reconciliation of positions in order to issue quarterly performance reports, and the costs of re-registration of positions.
- (p) WEAS IARs may aggregate transactions in equity, options and fixed income securities for a client with other clients to improve the quality of execution. When transactions are so aggregated, the actual prices applicable to the aggregated transactions will be averaged, and the client account will be deemed to have purchased or sold its proportionate share of the securities involved at the average price obtained. For partially filled, the WEAS IAR will generally allocate trades pro rata or on a random basis consistent with the goal of treating clients fairly and not favoring one client over another. WEAS IARs may determine not to aggregate transactions, for example, based on the size of the trades, the

number of client accounts, the timing of the trades, the liquidity of the securities and the discretionary or non-discretionary nature of the trades. If WEAS IARs do not aggregate orders, some clients purchasing securities around the same time may receive a less favorable price than other clients. This means that this practice of not aggregating may cost clients more money.

- (q) The Account Fee and the quarterly charge for accounts with assets valued at less than \$100,000 represent compensation for the asset management and quarterly or, in some cases, semiannual reporting services. The Transaction Charges represent the brokerage component of compensation paid by the client for the account and may be higher or lower than commissions otherwise payable in the absence of the Account Fee. A portion of the 12b-1 fees may be reallocated to lower the LPL administrative charges assessed by LPL to WEAS.

## **STRATEGIC ASSET MANAGEMENT II PROGRAM (“SAM II”)**

The SAM II Program offers clients an asset management account in which WEAS in its capacity as a registered investment advisor and its IARs direct and manage specified assets of clients.

The SAM II account permits clients to authorize WEAS IARs to purchase and sell on a discretionary basis no-load and load-waived mutual funds pursuant to investment objectives chosen by the client, to liquidate previously purchased load mutual funds, ETFs, closed-end funds and unit investment trusts and to purchase and sell separate accounts within variable annuities. Other securities approved by LPL for investment in the SAM II account, including equities, fixed income, real estate investment trusts (REITS), business development companies (BDCs), options, hedge funds, and managed futures, may be purchased and sold at the client’s direction. In some cases, the client may provide discretionary authorization to the WEAS IAR for equities, fixed income and options. Clients may also elect to direct the purchase and sale of no-load and load-waived mutual funds. For purposes of this document, the term mutual fund includes both investment companies registered under the Investment Company Act of 1940 and other pooled investment vehicles that are not registered.

During any month that there is activity in the SAM II account, the client receives a monthly account statement showing account activity as well as positions held in the account at month-end. Additionally, the client receives a confirmation of each transaction that occurs within the SAM II account unless the transaction is the result of a systematic purchase, redemption or exchange. The client will also receive detailed quarterly reports describing performance, positions and activity.

SAM II accounts pay an annualized fee (“**Account Fee**”) as follows:

<b><u>Portfolio Value</u></b>	<b><u>Maximum Fee</u></b>
\$25,000 +	2.50%

The Account Fee is negotiable and is payable quarterly in advance in the same manner as the fee for SAM Program services. (See pages 1 and 2.)

After the advisory fee is collected by LPL, LPL retains a portion of it with the majority of the fee going to WEAS.

The Transaction Charges of LPL within the SAM II program are:

Mutual Funds

Purchase or Liquidation.....	No Charge to Client
Systematic Purchases and Redemptions (only certain funds are eligible).....	No Charge to Client
Exchanges (only certain funds are eligible).....	No Charge to Client
Wire Purchase and Redemption Fees (if applicable).....	Varies

Fixed Income

Purchase or Liquidation.....	No Charge to Client
UIT Purchase or Liquidation.....	No Charge to Client

Equities and Options

Purchase or Liquidation.....	No Charge to Client
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For Retirement Accounts, 12b-1 fees paid to LPL by mutual funds that are held in the account are credited to the account. The credit will appear on client's quarterly SAM II statement. No portion of the 12b-1 fees for Retirement Accounts may be utilized for the benefit of LPL, WEAS or the IAR.

Accounts with assets valued at less than \$100,000 at the end of the quarterly will be assessed an additional \$10.00

Accounts with hedge funds, managed futures, BDCs and certain REITs will be assessed an Alternative Investment Product Processing fee of \$50 per transaction (purchase or redemption) and an annual Alternative Investment Administrative fee of \$35.00 per position, subject to a minimum of \$100.00 per account year.

Although clients do not pay a transaction charge for transactions in a SAM II account, clients should be aware that IARs pay LPL transaction charges for those transactions. The transaction charges paid by IARs vary based on the type of transaction (e.g., mutual fund, equity, or fixed income security) and for mutual funds based on whether or not the mutual fund pays 12b-1 fees and/or recordkeeping fees that are retained by LPL in amounts sufficient to cover the majority of LPL's trading costs. For mutual funds, the transaction charges range from \$0 to \$26.50. Because the IAR pays the transaction charges in SAM II accounts, there is a conflict of interest. Clients should understand that the cost to IAR of transaction charges may be a factor that the IAR considers when deciding which securities to select and how frequently to place transactions in a SAM II account.

Although LPL makes available to be purchased in SAM II accounts only no-load and load-waived mutual funds, LPL receives asset based sales charges or service fees (e.g., 12b-1 fees) from certain mutual funds with respect to accounts that are not retirement accounts. A retirement account for purposes of this Brochure is an account held by an ERISA plan or an account otherwise subject to Section 4975 of the Internal Revenue Code (e.g., an individual retirement account or IRA). LPL shares a portion of the 12b-1 fees with some IARs for non-retirement accounts. Some mutual funds make available share classes that do not pay 12b-1 fees (e.g., institutional share classes) only if a client's holding meets a certain asset minimum; however, many funds waive such eligibility criteria for advisory programs like SAM II. The receipt of 12b-1 fees presents a potential conflict of interest because it gives LPL and its IARs an incentive to recommend mutual funds for non-retirement accounts based on the compensation received

rather than on a client's needs. Client should be aware of this conflict and discuss with the IAR whether mutual funds selected or to be selected for a non-retirement account pay a 12b-1 fee. Client should factor in this 12b-1 fee when negotiating the Account Fee with the IAR. For retirement accounts, 12b-1 fees paid to LPL by mutual funds held in the account are credited to the account.

### Understanding Share Classes in SAM II Accounts

In many instances, LPL makes available mutual funds in a SAM II account that offer various classes of shares, including shares designated as Class A Shares and Class I Shares. In other instances, a mutual fund may offer only Class A Shares, but another similar mutual fund may be available that offers Class I Shares. When a non-retirement account purchases Class A Shares, LPL receives from the mutual fund 12b-1 fees charged by the mutual fund and shares some of those fees with IARs. Class I Shares generally are not subject to 12b-1 fees. As a result of the different expenses of the mutual fund share classes, it is generally more expensive for a client to own Class A Shares than Class I Shares. An investor in Class I Shares will pay lower fees over time, and keep more of his or her investment returns than an investor who holds Class A Shares of the same fund. Because LPL and IAR earn additional revenue in connection with the purchase of Class A Shares in a non-retirement Account, LPL and IAR have a financial incentive to recommend Class A Shares for a non-retirement account even though Class I Shares may be available in the same or a comparable mutual fund.

IAR also has a separate financial incentive to recommend Class A Shares. Although the client will not be charged a transaction charge for transactions, IAR pays LPL a per transaction charge for mutual fund purchases and sales in the account. IARs generally do not pay transaction charges for Class A Share mutual fund transactions in non-retirement accounts, but generally do pay transaction charges for Class I Share mutual fund transactions. The cost to IAR of transaction charges generally may be a factor the IAR considers when deciding which securities to select and whether or not to place transactions in the account. As noted above, even though it is generally more expensive for a client to own Class A Shares than Class I Shares, IAR has a specific financial incentive to recommend Class A shares for a non-retirement account, even though Class I shares may be available in the same or a comparable mutual fund, to avoid paying or lowering the transaction charges.

Both the increased revenue to LPL and IAR from Class A Share purchases and the lack of transaction charges to IAR for Class A Share purchases and sales, together with the fact that Class I Shares generally are less expensive for a client to own, present a significant conflict of interest between LPL/IAR and the client in the case of non-retirement accounts. Clients should understand this conflict and consider the additional indirect expenses borne as a result of the mutual fund fees when negotiating and discussing with your IAR the Account Fee to LPL and IAR for management of the Account.

### **Considerations**

The consideration each client should review are the share source as those for SAM Program Considerations (a) through (q), beginning on page 3.

### **OPTIMUM MARKET PORTFOLIOS ("Optimum")**

The Optimum Program offers clients the ability to participate in a professionally managed asset allocation program using Optimum Funds Class I shares.



An Optimum Program account will be opened through which client will authorize WEAS and client's WEAS IAR on a discretionary basis to purchase and sell Optimum Funds pursuant to investment objectives chosen by the client. There are up to six Optimum Funds that may be purchased within a Program account: Optimum Large Cap Growth Fund, Optimum Large Cap Value Fund, Optimum Small Cap Growth Fund, Optimum Small Cap Value Fund, Optimum International Fund, and Optimum Fixed Income Fund.

WEAS's IAR will obtain the necessary financial data from the client, assist client in determining the suitability of the Program and assist client in setting an appropriate investment objective. The IAR will also initiate the steps necessary to open a Program account and select a portfolio consistent with the client's stated investment objective. Once the IAR has selected a portfolio and the Program minimum has been reached, LPL will purchase Optimum Funds in amounts appropriate for the portfolio selected.

LPL will rebalance the account on the frequency selected by the client at account opening or as altered by the client's WEAS IAR from time to time. The choices for frequency of rebalancing are quarterly (four times per year), semiannually (two times per year) or annually (once per year). The Program account will be reviewed on the frequency selected based on the anniversary date of the account opening or as altered by the IAR, or the next business day closest to the anniversary date to determine if rebalancing is necessary. Though the Program account is not considered tax-efficient or tax-managed, LPL may delay placing transactions on non-qualified accounts by one day for any rebalancing scheduled to occur on the first one year anniversary date of the account opening in an attempt to limit short-term tax treatment for any position being sold. At each rebalancing review date, the Account will be rebalanced if at least one of the account positions is outside a range determined by LPL, subject to a minimum transaction amount established by LPL in its discretion. In addition, LPL may review the account for rebalancing in the event that LPL Research changes the model portfolio.

WEAS IARs will use LPL strategies and will follow a strategic asset allocation investment style in constructing portfolios for the Program. Asset allocation methodology is implemented by combining investments representing various asset classes that react differently to varying market conditions. Thus, if one asset class reacts negatively to certain market events, the potential exists for another asset class to react positively. As with any investment strategy, there is no guarantee that the use of an asset allocation strategy will produce favorable results.

During any month that there is activity in the account, client will receive a monthly account statement showing account activity as well as positions held in the account at month-end. Additionally, the client will receive a confirmation of each transaction that occurs within the account unless the transaction is the result of a systematic purchase or systematic redemption. The client will also receive from LPL quarterly performance reports describing account performance and positions. An additional year-end report will be provided for accounts not established on a calendar quarter basis. To the extent permissible by state and federal law, LPL may elect to deliver account information electronically.

Optimum Market Portfolio accounts pay an annualized fee ("**Account Fee**") as follows:

<b><u>Portfolio Value</u></b>	<b><u>Maximum Fee</u></b>
\$15,000 +	2.5%

The Account Fee is negotiable and is payable quarterly in advance. The initial Account Fee is due at the

beginning of the quarter following execution of this Agreement and will include the prorated fee for the initial quarter in addition to the standard quarterly fee for the upcoming quarter. Subsequent Account Fee payments are due and will be assessed at the beginning of each quarter based on the value of the account assets under management as of the close of business on the last business day of the preceding quarter as valued by an independent pricing service, where available, or otherwise in good faith as reflected on client's quarterly portfolio evaluation report. Additional deposits and withdrawals will be added or subtracted from portfolio assets, as the case may be, which may lead to an adjustment of the advisory fee. All Account Fees are deducted from the account pursuant to the Optimum Market Portfolios Account Agreement unless other arrangements have been made in writing.

After the fee is collected by LPL, a portion of it is retained by LPL, and the majority is sent to WEAS.

In addition to the Account Fee, the account will be assessed a confirmation charge ("**Confirmation Charge**"). Although the Confirmation Charge may be identified under the commission column on the confirmations, it represents a reimbursement of expenses associated with printing and mailing confirmations and not commissions. IAR will not receive any portion of the Confirmation Charge.

The Confirmation Charges of LPL are:

Mutual Funds

Purchase or Liquidation.....\$5.00

The Optimum program may cost the client more or less than purchasing Program services separately. Factors that bear upon the cost of the Optimum account in relation to the cost of the same services purchased separately include: the type and size of the account, the historical and or expected size or number of trades for the account, and the number and range of supplementary advisory and client related services provided to the account.

The WEAS IAR recommending the Program account to the client receives compensation as a result of the client's participation in the Program. The amount of this compensation may be more or less than what the IAR would receive if the client participated in other LPL programs or paid separately for investment advice, brokerage and other client services. Therefore, the IAR may or may not have a financial incentive to recommend a Program account over other programs and services.

The WEAS IAR may receive additional cash or non-cash compensation from advisory product sponsors. Such compensation may not be tied to the sales of any products. Compensation may include such items as gifts valued at less than \$100 annually, an occasional dinner or ticket to a sporting event, or reimbursement in connection with educational meetings.

Clients may also incur certain charges imposed by LPL or third parties other than IAR in connection with investments made through a Program account, including among others, the following types of charges: mutual fund management fees and administrative servicing fees, other transaction charges and service fees, IRA and Qualified Retirement Plan fees, administrative servicing fees for trust accounts, and other charges required by law. LPL may receive a portion of these third-party fees. Further information regarding charges and fees assessed by the Optimum Funds are available in the appropriate prospectus.

Client retains the right to pledge Optimum Funds in the Program account. To effect the pledge,

Optimum Fund positions designated by the client will be withdrawn from the account and delivered to the Optimum Funds where upon the client will be responsible for completing the pledge of the collateral. LPL will not continue to manage any Optimum Funds that have been withdrawn. Following the withdrawal, unless directed by the client to terminate the Program, LPL will rebalance the Program account at the next regularly scheduled rebalancing date.

Client may make additions (cash or eligible securities) to the Account at any time and may withdraw account assets on notice to WEAS IAR. Additional deposits will be invested into Optimum Funds consistent with the current LPL target allocation for the portfolio, but such deposits (or a portion thereof) may be liquidated and the proceeds may remain in cash until certain conditions are met related to trade size and position deviation from the target allocation. Until the Allocation Event occurs, deposits will be treated as follows: If client has a non-retirement (and otherwise eligible) account, client's cash balances will be automatically invested in an interest-bearing Federal Deposit Insurance Corporation ("FDIC")-insured deposit account (an "ICA") as described in the ICA Disclosure Booklet. LPL receives a fee equal to a percentage of the average daily deposit balance in client's ICA. The fee paid to LPL may be at an annual rate of up to an average of 200 basis points as applied across all deposit accounts taken in the aggregate. If a client does not want to have cash balances automatically invested in an ICA, the client may speak to client's WEAS IAR to have cash balances automatically invested in a tax-exempt money market fund if client meets the account minimum, or purchase a money market fund as an investment and not automatically as a sweep investment.

Activity with respect to client's ICA will appear on a client's account statement. For each statement period, the account statement will reflect deposits to and withdrawals from client's ICA, the closing balance of the ICA at each bank at which client's funds are held, and the interest earned on ICA balances. For additional information on client's Insured Cash Account, please see the ICA Disclosure Booklet available from client's WEAS IAR.

If client has a retirement (or non-retirement but ineligible) account, client's cash balance will continue to be invested in a money market fund. The money market fund utilized in the Optimum Program may pay 12b-1 fees higher than other money market funds. LPL may receive compensation of up to 0.15% of the assets invested in a money market fund in connection with our marketing support programs. The IAR does not receive any portion of this payment.

In the event client withdrawals cause the account asset value to fall below the required minimum, the client understands the Optimum Market Portfolios Account Agreement may be subject to termination. The Program is designed as a long-term investment vehicle and asset withdrawals may impair the achievement of client's investment objectives.

The client may terminate an Optimum account by providing written notice to WEAS and LPL. Upon termination, the client is entitled to a prorated refund of any prepaid quarterly Account Fee based upon the number of days remaining in the quarter after termination. If the account is closed within the first 6 months by client or as a result of withdrawals that bring the account value below the required minimum, LPL reserves the right to retain the prepaid quarterly Account Fee for the current quarter in order to cover the administrative cost of establishing the Program account, which may include costs to transfer positions into and out of the account, data entry costs to open the account, costs associated with reconciling of positions in order to issue quarterly performance reports, and the cost of re-registering positions.

The Account Fee represents compensation for the asset management and quarterly reporting services provided. The Confirmation Charges represent a reimbursement of expenses associated with printing and mailing confirmations and may be higher or lower than commissions otherwise payable in the absence of the Account Fee.

Although client will not be charged a commission for transactions in Optimum Funds, client should be aware that the Optimum Funds charge internal management fees and administrative expenses. LPL will also receive administrative servicing fees from the insured deposit account paid out of that fund's internal management fees and administrative expenses, and thus may have a conflict of interest in recommending the Program account. In addition, fees received by LPL from the ICA may offset costs incurred from servicing client investments in other funds. The amount of the Optimum Funds management fees and administrative expenses are included among normal mutual fund expenses and are reflected on the Optimum Fund financial statements.

LPL provides investment consulting services to the investment advisor of the Optimum Funds mutual fund family. These services include assisting the investment advisor in determining whether to engage, maintain or terminate sub-advisors for the Optimum Funds. As compensation for these services, LPL receives investment consulting compensation from the investment advisor to the Optimum Funds. In addition, the President of LPL serves as a Trustee of the Optimum Funds.

LPL also performs recordkeeping and administrative services on behalf of the Optimum Funds and receives compensation for the services based on the OMP client assets in the fund. These services include establishing and maintaining sub-account records reflecting the issuance, exchange or redemption of shares by each program account. The receipt of this recordkeeping and investment consulting compensation by LPL presents a conflict of interest, because LPL has a financial benefit with the more assets that are invested in the Optimum Funds. However, the investment consulting and recordkeeping compensation is retained by LPL and is not shared with its IARs. Therefore, there is no financial incentive related to this compensation for an IAR to recommend an OMP account.

LPL also receives a payment from the Optimum Funds' sponsor if LPL's recordkeeping fees and investment consulting compensation is less than 57.5% of the total amounts paid to the sponsor and LPL with respect to the Optimum Funds annually after deducting certain expenses. The payment is made in consideration of the services provided by LPL, including the promotion of the Optimum Funds to clients. This payment from the sponsor is made from a portion of the sponsor's profits for providing services to the Optimum Funds. LPL has a corresponding obligation to pay the Optimum Funds' sponsor if the sponsor's compensation is less than a certain percentage of the total amounts paid to the sponsor and LPL with respect to the Optimum Funds.

## **PERSONAL WEALTH PORTFOLIOS ("PWP")**

In the Personal Wealth Portfolios ("PWP") program, clients authorize their WEAS IAR to select a model portfolio from a variety of asset allocation model portfolios designed by LPL. The IAR will then select the mutual funds, exchange-traded funds ("ETFs"), or third-party investment advisors ("PWP Advisors") within each asset class in which to invest. LPL will act as the Overlay Portfolio Manager ("OPM") on all PWP client accounts. The PWP program is designed to provide execution, money management, asset allocation, custodial and recordkeeping services to LPL clients for an all-inclusive

fee.

The PWP program permits clients to authorize a WEAS IAR to select model portfolios, mutual funds, ETFs, and PWP Advisors suitable for their financial goals and risk tolerances. The PWP program also permits a client to authorize LPL, acting as OPM, to purchase and sell on a discretionary basis no-load and load-waived mutual funds and securities, and to liquidate previously purchased mutual funds and securities. The client selects the IAR who will manage the client account.

Clients, in consultation with their WEAS IARs, provide detailed financial and other pertinent data by completing an Account Application. The Account Application enables clients to determine appropriate investment guidelines, risk tolerance and other factors that assist in ascertaining the suitability of the PWP account and appropriate PWP Advisors and mutual funds to utilize. Based on the account value and asset allocations, IARs will be able to select PWP Advisors for each asset class or PWP Advisors for a portion of the account and mutual funds for the remainder.

Clients are provided with information concerning the PWP Advisors' and funds' past performance, management style, location, size of accounts and similar matters. The IAR chooses a combination of PWP Advisors or funds based on his/her own review of available PWP Advisors and funds to meet the client's investment objectives as set forth in the Account Application.

The PWP Advisors and funds that are available to the IAR to select from are determined by LPL's Research department based on quantitative and qualitative criteria. When LPL's Research Department determines that a PWP Advisor, ETF or mutual fund is no longer acceptable for the PWP program, LPL will notify the WEAS IAR of the change in status and provide alternatives from which the advisor will select, which may include the selection of: 1) an ETF until a replacement model, ETF or mutual fund has been selected by the Research Department; 2) the replacement advisor, ETF or mutual fund selected by LPL Research; or 3) choice one of the remaining choices within the asset class. LPL has contracted with participating PWP Advisors to provide investment advice regarding the construction and maintenance of portfolios ("Models") for the PWP program. LPL, as the OPM, and not the PWP Advisors, will construct and manage all PWP client accounts within the PWP program, and the PWP Advisors' responsibilities are limited as set forth in the terms and conditions of the Management Agreement between the PWP Advisor and LPL. Due to certain limitations described below, the portfolios developed for clients by LPL will vary from the Models submitted to LPL by the PWP Advisor, and will be adjusted periodically as determined by LPL.

## INVESTMENT OVERVIEW FOR PWP

PWP Advisors will provide Models to the OPM for trade execution in client accounts. If PWP Advisors make changes to their Model after providing the Model to the OPM, the changes may not be communicated to the OPM until the next trading day. All Models submitted by PWP Advisors will represent activity that has already been implemented on behalf of other clients of that PWP Advisor.

Except as described below for municipal security Models ("Muni Models"), the role of the PWP Advisors is limited to submitting Models to LPL, who has discretion as OPM for trade execution. However, if a Portfolio is selected that includes a Muni Model, the PWP Advisor for that Model will have discretionary trading authority with respect to the purchase and sale of fixed income securities for the portion of the account invested according to the Muni Model ("Muni Sleeve"). Although the PWP

Advisor has discretion over the Muni Sleeve, LPL has ultimate discretion over the entire account and may exercise discretion over securities in the Muni Sleeve (e.g., to rebalance the Account or to liquidate securities for withdrawal requests). LPL may appoint from time to time other PWP Advisors to take discretion over a portion of the Account managed according to that PWP Advisor's Model.

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

As LPL generally has discretion to implement a Model, an account's holdings may differ from the Model submitted. For example, LPL may limit small trades (defined by minimum dollar amounts, share amounts, percentage of account, or percentage of individual asset class). In addition, due to market conditions or the illiquid nature of certain issues, there may be times when LPL will not be able to invest in specific taxable fixed income securities that appear in a Model. In those circumstances LPL will attempt to invest in fixed income securities with similar characteristics as those in the Models. For clients in California and New York, if tax-free fixed income securities are selected for a Muni Model, the PWP Advisor will attempt to limit the fixed income securities purchased to state-specific, tax-free fixed income securities; however, the PWP Advisor may also include non-state-specific securities.

At the request of a WEAS IAR the OPM may perform tax loss harvesting, which may include using the proceeds of tax-related transactions to purchase appropriate ETFs for a client account until a particular time period has passed. The IAR may direct the OPM to purchase an ETF in lieu of a mutual fund selected for the client account in order to avoid capital gain distributions. If an ETF is purchased for this purpose, the account will be reallocated into the selected mutual fund after the distribution. The sale of the ETF will be a taxable event.

The OPM may accommodate client requests to restrict holdings of specific securities, specific industries, specific sectors, and certain predefined categories (e.g., 'sin' stocks). In the event that client restrictions prevent the investment in certain securities otherwise recommended by a PWP Advisor, assets will be invested pro rata across the remaining securities in the effected Model.

Upon selection of mutual funds and PWP Advisors and the deposit of funds by the client, the OPM will invest the client's funds on a discretionary basis. It will generally take a minimum of 3 business days for all funds to be fully invested. Subsequent deposits will accumulate and will not be invested in mutual funds or Models until a certain threshold is met, at which time cash will be allocated to the most underweight asset class in the account, then the most underweight securities within that asset class, continuing until the deposit is invested. Withdrawals will be made in the reverse manner.

Each year on the anniversary date of the account opening the OPM will examine the account to determine if it should be rebalanced to align with its original target investment percentages. If any particular asset class in the account has drifted beyond a limit determined by the OPM, the OPM will rebalance the account to within acceptable asset allocation tolerances based on the account's original

asset allocation percentages.

## PROXY VOTES AND CORPORATE ACTIONS

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

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

## REPORTING

If client so elects in the Account Application, clients will not receive a confirmation of the transactions that occur within the PWP account, and confirmation details for the transactions will be displayed on the monthly brokerage statement. The client will also receive a detailed quarterly performance report.

## FEES

The PWP Advisory fee schedule is as follows:

<b><u>Portfolio Value</u></b>	<b><u>Maximum Advisory Fee</u></b>
\$250,000 +	2.50%

The mutual funds in which the account invests may charge certain additional fees described below. The advisory fee is negotiable and is agreed upon by each client in connection with execution of the PWP Account Agreement. Advisory fees are payable quarterly, in advance, based on portfolio assets under management and are assessed on a pro rata basis.

The portion of the program fee paid to PWP Advisors ranges from 15 to 50 basis points of account assets per annum. For its role as OPM on the account, LPL receives a fee equal to 10 basis points of account assets per annum. WEAS retains the balance of the fee. The fees paid to PWP Advisors in the PWP program are generally less than a PWP Advisor would charge a client seeking to establish a direct relationship with the manager outside of the PWP program. LPL is absorbing many of the billing, administrative, and marketing expenses that would otherwise be borne by the PWP Advisor and the role of the PWP Advisor is limited to providing Models to LPL each day. PWP Advisors generally have higher minimum account size requirements when managing direct accounts and higher fees when the

PWP Advisor bears the noted expenses.

In addition to the Advisory Fee noted above, Clients may also incur certain charges imposed by third parties or LPL in connection with investments made through PWP accounts. These may include, but are not limited to, the following: mutual fund 12b-1 and subtransfer agent fees, mutual fund management fees and administrative expenses, and service fees described more fully below; IRA and qualified retirement plan fees; administrative servicing fees for trust accounts; and other charges required by law. LPL may receive a portion of these fees.

For Retirement Accounts, 12b-1 fees paid to LPL by mutual funds that are held in the account are credited to the account. The credit will be reflected on quarterly account statements. No portion of the 12b-1 fees for Retirement Accounts may be utilized for the benefit of LPL or the IAR.

## PWP ACCOUNT TERMINATION

The PWP Account Agreement may be terminated by either party effective upon written notice to the other parties ("Termination Date"). The client is entitled to a pro rata refund of any prepaid quarterly account fee based upon the number of days remaining in the quarter after the Termination Date.

If the PWP account is closed within the first 6 months by a client or as a result of withdrawals that bring the account value below the required minimum, LPL reserves the right to retain the prepaid quarterly fee for the current quarter and cancel and rebill all transactions in the account at normal and customary brokerage commission rates, in order to cover the administrative costs of establishing the account, which may include costs of transferring positions into and out of the account, data entry costs in opening the account, costs associated with reconciliation of positions in order to issue quarterly performance reports, and the costs of re-registration of positions.

If a client has a non-retirement (and otherwise eligible) account, cash balances will be automatically invested in an interest-bearing Federal Deposit Insurance Corporation ("FDIC")-insured deposit account (an "ICA") as described in the ICA Disclosure Booklet. LPL receives a fee equal to a percentage of the average daily deposit balance in your ICA. The fee paid to LPL may be at an annual rate of up to an average of 200 basis points as applied across all deposit accounts taken in the aggregate. If a client does not want to have the client's cash balance automatically invested in an ICA, the client may speak to their WEAS IAR to have the client's cash balance automatically invested in a tax-exempt money market fund if the client meets the account minimum, or purchase a money market fund as an investment and not automatically as a sweep investment.

Activity with respect to a client's ICA will appear on their account statement. For each statement period, the account statement will reflect deposits to and withdrawals from the Insured Cash Account, the closing balance of the ICA at each bank at which the funds are held, and the interest earned on ICA balances. For additional information on the ICA, clients should review the ICA information brochure available from the client's IAR.

If a client has a retirement (or non-retirement but ineligible) account, the client's cash balance will be invested in a money market fund. The money market fund utilized in the PWP Program may pay 12b-1 fees higher than other money market funds. LPL may receive compensation of up to 0.15% of the assets



invested in a money market fund in connection with our marketing support programs. The IAR does not receive any portion of this payment.

## **CONFLICTS OF INTEREST RELATING TO PWP**

WEAS IARs receive compensation as a result of a client's participation in the PWP program. Depending on, among other things, the size of the account, changes in its value over time, ability to negotiate fees or commissions, and the number of transactions, the amount of this compensation may be more or less than what the WEAS IAR would receive if the client participated in other programs through WEAS and LPL, or paid separately for investment advice, brokerage, and other services.

Therefore, while account compensation cannot be determined in advance, the IAR may have an incentive to recommend the PWP program over other programs or services. The IAR may receive additional cash or non-cash compensation from advisory product sponsors. Such compensation may not be tied to the sales of any products. Compensation may include such items as gifts valued at less than \$100 annually, an occasional dinner or ticket to a sporting event, or reimbursement in connection with educational meetings.

PWP Advisors reimburse LPL for costs associated with the use of technology necessary for a PWP Advisor to perform its services under the program.

Certain mutual funds charge fees such as 12b-1 fees, which are received by LPL. To the extent that such 12b-1 fees may be received from mutual funds held in a non-retirement account, LPL may retain the entire amount received.

## **MODEL WEALTH PORTFOLIOS (MWP)**

### **Services Provided**

The MWP Program offers clients a professionally managed asset allocation program in which LPL, in its capacity as a registered investment advisor, and Wealth Enhancement Advisory Services (WEAS) in its capacity as a registered investment advisor, and its IARs direct and manage specified client assets. Clients who invest through the MWP Program will authorize LPL and WEAS on a discretionary basis to purchase and sell mutual funds and exchange-traded funds ("ETF"), pursuant to an investment objective chosen by the Client and to liquidate previously purchased securities. Exchange-traded notes ("ETN") and closed end funds may also be purchased in an MWP account.

The MWP Program may also be offered through a separately registered third-party investment advisor ("Advisor") and IARs of the Advisor. In that case, the Advisor, through its designated IARs, and not an LPL IAR, directs and manages specified client assets. (WEAS and its IARs act in this capacity.) WEAS may limit its discretion with respect to the client account and the securities eligible to be purchased for the client account. WEAS receives a portion of the Account Fee described below. The portion received by WEAS is negotiable. In some cases, associated persons of WEAS are also broker-dealer registered representatives of LPL. LPL and WEAS may also utilize the services of cash solicitors in establishing client accounts.

The WEAS IAR will obtain the necessary financial data from his or her client, assist the client in

determining the suitability of the MWP program, and assist the client in setting an appropriate investment objective. The WEAS IAR will initiate the steps necessary to open an MWP account and select a model portfolio (“Portfolio”) designed by LPL’s Research Department or third-party investment strategist (“Outside Strategist”) consistent with the client’s stated investment objective. LPL’s Research Department or the Outside Strategist is responsible for selecting the securities within a Portfolio and for making changes to the securities selected. In the case of Portfolios of Outside Strategists, the Outside Strategist provides the Portfolio to LPL and LPL makes the decisions on how to implement the Portfolio. Client grants WEAS discretion to choose among the available Portfolios designed by LPL and Outside Strategists. The IAR may choose more than one Portfolio to be managed within a single MWP account.

The client will appoint LPL as the sole and exclusive broker-dealer with respect to securities transactions in MWP accounts. The client will also appoint LPL to act as Overlay Portfolio Manager (“OPM”). The client will authorize LPL as OPM to act on a discretionary basis to purchase and sell securities and to liquidate previously purchased securities. The client will also authorize the WEAS IAR to select the Portfolio in which MWP program assets will be invested and LPL to affect the rebalancing instructions on the frequency selected by the client or the WEAS IAR or as determined by LPL. The OPM may accommodate requests for all or a portion of an account to remain uninvested for a period of time.

LPL will review the client account to determine if rebalancing is appropriate based on the frequency selected by the client at account opening or as altered by the client or WEAS IAR from time to time. The choices for frequency of rebalancing review are quarterly (four times per year), semiannually (two times per year) or annually (once per year). The client account will be reviewed on the frequency selected to determine if rebalancing is necessary. At each rebalancing review date, the account will be rebalanced if at least one of the account positions is outside a range determined by the OPM, subject to a minimum transaction amount established by LPL in its discretion. In addition, LPL may review the account for rebalancing in the event that LPL’s Research Department or the Outside Strategist changes the Portfolio. LPL may delay placing rebalancing transactions for non-retirement accounts by a number of days, to be determined by LPL, in an attempt to limit short-term tax treatment for any position being sold.

LPL will aggregate rebalancing transactions for a Program account with other Program accounts. Due to the large number of accounts that may be involved in rebalancing transactions on a single day, LPL may effect transactions for some accounts on one day and for other accounts on the following day or days. In such case, LPL will have discretion to sequence the accounts involved in rebalancing transactions with the goal of treating all accounts equitably over time.

The client will authorize LPL, at the request of the WEAS IAR, to perform tax harvesting. In such case, proceeds of tax-related transactions may be held in cash until appropriate wash sale periods have expired. Once the wash sale period has expired, the related proceeds will be invested according to the current targeted allocation for the model portfolio. In order to permit trading in a tax-efficient manner, Client further expressly grants LPL or IAR, the authority to select specific tax lots when liquidating securities within the Account.

Transactions in mutual fund shares in an account (e.g., for rebalancing, liquidations, deposits or tax harvesting) may be subject to a fund’s frequent trading policy.

If a client has a retirement (or non-retirement but ineligible) account, the account's cash balance will be invested in a money market fund. If a client has a non-retirement (and otherwise eligible) account, the account's cash balance will be automatically invested in an interest-bearing Federal Deposit Insurance Corporation ("FDIC")-insured cash account (an "ICA") as described in the ICA Disclosure Booklet. LPL receives a fee equal to a percentage of the average daily deposit balance in the ICA. The fee paid to LPL may be at an annual rate of up to an average of 200 basis points as applied across all deposit accounts taken in the aggregate; therefore, on some accounts, fees to LPL may be higher or lower than this amount. The fee LPL receives may be higher if you participate in the ICA program than if you invest in other sweep investment options.

If a client does not want to have cash balances automatically invested in the ICA, the client may speak to his or her WEAS IAR to have the cash balance automatically invested in a tax-exempt money market fund if the account meets the account minimum, or purchase a money market fund as an investment and not automatically as a sweep investment.

Activity with respect to a client's ICA will appear on the client account statement. For each statement period, the account statement will reflect deposits to and withdrawals from the ICA, the closing balance of the ICA at each bank at which funds are held, and the interest earned on ICA balances. For additional information on the ICA, a client should see the ICA Disclosure Booklet available from his or her WEAS IAR.

Clients retain the right to pledge securities held in an MWP account. To effect the pledge, positions designated by the client will be withdrawn from the account whereupon the client will be responsible for completing the pledge of the collateral. LPL will not continue to manage any mutual fund positions that have been withdrawn. Following the withdrawal, unless directed by the client to suspend trading or terminate the account, LPL will review for rebalancing the account.

For more information about certain types of investments that are available for purchase in the MWP Program, please see the response to Item 3.

## PROXY VOTES AND OTHER SHAREHOLDER INFORMATION

Clients retain the right to vote all proxies that are solicited for securities held in an MWP account. LPL and the WEAS IAR are expressly precluded from voting proxies for securities held in an account and will not be required to take any action or render any advice with respect to the voting of proxies. LPL will provide clients with proxy materials prepared by the mutual funds held in an account.

Neither LPL nor the WEAS IAR are obligated to render any advice or take any action on behalf of client with respect to any legal proceedings, including bankruptcies, involving securities or other investments held in an account, or the issuers thereof. Clients retain the right and obligation to take action with respect to legal proceedings relating to securities held in the account.

Clients designate LPL, as a broker-dealer and investment advisor, to receive all prospectuses, annual reports and disclosure statements for securities held in an MWP account. Clients retain the right to rescind this designation by notifying LPL and WEAS in writing. A client may request prospectuses and reports from his or her WEAS IAR.

## FEE SCHEDULE

In the MWP program, clients pay the following fees (collectively, the “Account Fee”):

Advisor Fee. The Advisor Fee is an annual fee for the investment advisory services of WEAS that is set out in the Account Application. The Advisor Fee is a straight percentage based on the value of all assets in the account, including cash holdings. The Advisor Fee will not exceed 2.00%. The Advisor Fee is negotiable between the client and the WEAS and is shared between WEAS and its IARs.

Strategist Fee. Depending upon the model selected for the account, clients will pay a fee for the model portfolio design services of a Portfolio Strategist. This fee presently ranges from 0% to 0.25%. A list of the current models and their associated fee rates are set out in the Account Agreement. For Portfolios designed by Portfolio Strategists other than LPL, LPL pays all or a portion of the Account Fee to the Portfolio Strategist.

LPL Program Fee. Clients will pay a fee for the investment advisory, administrative, trading and custodial services of LPL according to the schedule set out below, and depending on the investment model selected for the account. The list below indicates the Program Fee for models under Program Fee A and B. LPL determines whether a model is under Program A or B based on the strategic or tactical investment mandate of the model.

<b>Model Allocation Value</b>	<b>Program Fee A</b>	<b>Program Fee B</b>
\$25,000 – \$49,999	0.48%	0.58%
\$50,000 – \$99,999	0.43%	0.53%
\$100,000 – \$249,999	0.38%	0.48%
\$250,000 – \$499,999	0.33%	0.43%
\$500,000 – \$749,999	0.28%	0.38%
\$750,000 – \$1,249,999	0.23%	0.33%
\$1,250,000 – \$4,999,999	0.18%	0.28%
\$5,000,000 – \$24,999,999	0.13%	0.23%
\$25,000,000 +	0.08%	0.18%

Please note that if the Account includes more than one model, the applicable Strategist Fee and Program Fee rate applies to the assets invested in that model. LPL reserves the right to increase the upper limit of the Strategist Fee range and Program Fee range upon 30 days prior notice to clients. If the IAR changes the model selected for the Account, or if the model investment value changes, the aggregated Account Fee may increase or decrease, depending on the applicable Strategist Fee and the LPL Program Fee level.

The Account Fee is negotiable, is based on the value of the assets in the account, including cash holdings, and is payable quarterly in advance. For purposes of calculating Account Fees and providing

performance reports, the account quarter begins on the first day of the month in which the account is accepted by LPL. The initial Account Fee is due at the beginning of the quarter following execution of the MWP program Account Agreement and includes a prorated fee for the initial quarter in addition to the standard quarterly fee for the upcoming quarter. Subsequent Account Fee payments are due and assessed at the beginning of each quarter based on the value of the assets under management as of the close of business on the last business day of the preceding quarter as valued by an independent pricing service, where available, or otherwise in good faith as reflected on client's quarterly portfolio evaluation report.

Additional deposits and withdrawals will be added or subtracted from account assets, as the case may be, which may lead to an adjustment of the Account Fee. All Account Fees are deducted from the account pursuant to the MWP Account Agreement unless other arrangements have been made in writing.

If an MWP account is terminated, the client will be entitled to a prorated refund of any prepaid quarterly Account Fee based upon the number of days remaining in the quarter after the date of termination. However, if an account is closed within the first 6 months by a client or as a result of withdrawals that bring the account value below the required minimum, LPL reserves the right to retain the prepaid quarterly Account Fee for the current quarter in order to cover the administrative cost of establishing the account, which may include costs to transfer positions into and out of the account, data entry costs to open the account, costs associated with reconciling of positions in order to issue quarterly performance reports, and the cost of re-registering positions.

Unless otherwise stated in Account Agreement, for Retirement Accounts, 12b-1 fees paid to LPL by mutual funds that are held in the account are credited to the account. The credit will be reflected on your quarterly statement. No portion of the 12b-1 fees for retirement accounts may be utilized for the benefit of LPL or WEAS.

There are no transaction charges in addition to the Account Fee. The Account Fee is paid to and retained by LPL and the WEAS in connection with their respective services. If a model portfolio of an Outside Strategist is selected, a portion of the Account Fee is paid to the Outside Strategist. Outside Strategists may pay LPL a portion of the costs associated with the use of technology necessary for an Outside Strategist to perform its services under the Program.

In addition to the Account Fee, clients may incur certain charges imposed by LPL or third parties in connection with investments made through an MWP account, including among others, the following types of charges: mutual fund 12b-1 fees, subtransfer agent fees, networking fees, omnibus processing fees, mutual fund management fees and administrative servicing fees, certain deferred sales charges on previously purchased mutual funds and other transaction charges and service fees, IRA and qualified retirement plan fees, administrative servicing fees for trust accounts, and other charges required by law. LPL may receive all or a portion of certain of these third-party fees. Further information regarding charges and fees assessed by the mutual funds held in an account are available in the appropriate prospectus.

If Program account assets are invested in mutual funds, Client should be aware that there will be two layers of advisory fees with respect to those assets. Client will pay the mutual fund manager an advisory fee as a shareholder of the fund. Client will also pay LPL and WEAS the Account Fee with respect to

those assets. Most of the mutual funds available in the Program may be purchased directly. Therefore, Client could generally avoid the second layer of fees by not using the advisory services of LPL and WEAS and by making his or her own decisions regarding the mutual fund investment.

Mutual funds may also charge a redemption fee if a redemption is made within a specific time period following the investment. The terms of any redemption fee are disclosed in the fund's prospectus. Decisions regarding the sale of mutual funds in an account may be made by LPL without regard to whether a client will be assessed a redemption fee.

LPL may receive compensation of up to 0.15% of the assets invested in a money market fund in connection with LPL's marketing support programs. WEAS does not receive any portion of this payment. For accounts invested in the ICA, LPL receives a fee equal to a percentage of the average daily deposit balance in the ICA. The fee paid to LPL may be at an annual rate of up to an average of 200 basis points as applied across all deposit accounts taken in the aggregate.

## CONFLICTS OF INTEREST

The MWP program may cost the client more or less than purchasing program services separately. Factors that bear upon the cost of the MWP account in relation to the cost of the same services purchased separately include: the type and size of the account, the historical and or expected size or number of trades for the account, and the number and range of supplementary advisory and client related services provided to the account.

WEAS receives compensation as a result of a client's participation in the MWP program. This compensation includes a portion of the Account Fee and may also include other compensation, such as bonuses, awards or other things of value offered by LPL to WEAS. Depending on, among other things, the size of the account, changes in its value over time, ability to negotiate fees or commissions, and the number of transactions, the amount of this compensation may be more or less than what WEAS would receive if the client participated in other programs through LPL, or paid separately for investment advice, brokerage, and other services. Therefore, while account compensation cannot be determined in advance, WEAS may have an incentive to recommend the MWP program over other programs or services.

The Account Fee represents compensation for asset management and reporting services. LPL is appointed by client as the sole and exclusive broker-dealer with respect to processing securities transactions for accounts.

Securities transactions for accounts are effected through LPL without commissions being paid to LPL. While LPL makes every attempt to obtain the best execution possible, there is no assurance that it will be obtained. Clients should consider whether or not the appointment of LPL as the sole broker-dealer may or may not result in certain costs or disadvantages to the client as a result of possibly less favorable executions. In considering whether or not to restrict the execution of transactions through LPL, LPL considered its capabilities to execute, clear and settle transactions.

LPL will aggregate transactions for a client with other clients to improve the quality of execution. When transactions are so aggregated, the actual prices applicable to the aggregated transactions will be averaged, and the account will be deemed to have purchased or sold its proportionate share of the

securities involved at the average price obtained. LPL also will aggregate rebalancing transactions for an account with other program accounts. Due to the large number of accounts that may be involved in rebalancing transactions on a single day, LPL may effect transactions for some accounts on one day and for other accounts on the following day or days. In such case, LPL will have discretion to sequence the accounts involved in rebalancing transactions with the goal of treating all accounts equitably over time.

No agency cross transactions or principal transactions may be effected in MWP accounts.

Although clients will not be charged a commission for transactions in the MWP account, clients should be aware that certain mutual funds charge fees such as 12b-1 fees, subtransfer agent fees, omnibus processing fees and/or networking fees, a portion of which may be received by LPL and the IAR. The amount of such fees is described in the mutual fund's prospectus under fund expenses and is also reflected on the fund's financial statements. To the extent that such 12b-1 fees may be received from mutual funds held in a non-retirement account, LPL and WEAS may retain the entire amount received.

WEAS, LPL and LPL employees may receive additional non-cash compensation from advisory product sponsors. Such compensation may not be tied to the sales of any products. Compensation may include such items as gifts valued at less than \$100 annually, an occasional dinner or ticket to a sporting event, or reimbursement in connection with educational meetings or marketing or advertising initiatives. Advisory product sponsors may also pay for education or training events that may be attended by LPL employees and WEAS IARs.

In certain cases a model portfolio may consist only of mutual funds or ETFs within the same fund family or within affiliated fund families. In such a model portfolio, LPL's Research Department or the Outside Strategist (as applicable) will select only those funds within the fund family or affiliated fund families. Because mutual funds or ETFs in a model portfolio may be affiliated with the Outside Strategist that designs the model portfolio, an investment in the affiliated fund generates compensation to the Outside Strategist or its affiliates, including, among other types of compensation, fund-level management fees, in addition to the portion of the Account Fee it receives.

### LPL as a Portfolio Strategist

In MWP, clients may invest in Portfolios designed by LPL's Research Department. LPL's Research Department provides various types of advisory services. LPL Research provides research recommendations on asset allocation and mutual funds and ETFs. LPL Research provides investment advice on mutual fund selection and allocation through other LPL advisory programs, such as Optimum Market Portfolios and Personal Wealth Portfolios. LPL Research also reviews and recommends outside portfolio management firms for LPL's separately managed account wrap program, Manager Select.

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

## **MONEY MANAGEMENT PROGRAM (“Manager Select”)**

In the Manager Select Program, WEAS and its IARs assist clients in identifying a third-party investment advisor (Portfolio Manager) from a list of available advisors to assist client with respect to investment of their funds. WEAS may also act as a Portfolio Manager on a Manager Select account at the client’s election. Portfolio Managers may hire one or more sub-advisors to manage all or a portion of the client’s Manager Select account. The Manager Select program is designed to provide execution, money management, custodial and recordkeeping services to WEAS clients for an all-inclusive fee.

Clients, in consultation with WEAS IARs, provide detailed financial and other pertinent data in completing an Account Application. The Account Application enables clients to determine appropriate investment guidelines, risk tolerance and other factors that assist in ascertaining the suitability of the Manager Select account and appropriate Portfolio Managers to utilize.

Clients are provided with data concerning the Portfolio Manager’s past performance, management style, location, size of accounts and similar information. In consultation with WEAS IARs, the client chooses a Portfolio Manager based on his/her own review of available Portfolio Managers or based on the investment objectives as set forth in the Account Application.

The Manager Select program also permits client to select a third-party investment advisor in lieu of an IAR to assist client in selecting a Portfolio Manager.

Upon selection of a Portfolio Manager, deposit of funds by the client, and acceptance of the account by the Portfolio Manager, the Portfolio Manager invests the client’s funds on a discretionary basis.

During any month that there is activity in the Manager Select account, the client receives a monthly brokerage statement from LPL showing account activity as well as positions held in the account at month-end. If client so elects in the Account Application, clients will not receive a confirmation of the transactions that occur within the Manager Select account, and confirmation details for the transactions will be displayed on the monthly brokerage statement. Clients may request to receive confirmation statements by contacting their IAR. The client will also receive a detailed quarterly performance report.

The Manager Select fee schedule is as follows:

<b><u>Portfolio Value</u></b>	<b><u>Maximum Fee</u></b>
\$100,000 +	3.00%

The fee is negotiable and is agreed upon by each client in connection with execution of the Manager Select Account Agreement. Fees are payable quarterly in advance based on portfolio assets under management and are assessed on a pro rata basis. Transactions in Manager Select accounts generally will be executed by Portfolio Manager through LPL. In some cases, Portfolio Manager may choose to execute fixed income transactions through a broker-dealer other than LPL. Portfolio Managers will seek to obtain the best execution possible given the direction to trade exclusively through LPL for equity securities. LPL may aggregate transactions for a client with other clients to improve the quality of execution. When transactions are so aggregated, the actual prices applicable to the aggregated transactions will be averaged, and the client account will be deemed to have purchased or sold its proportionate share of the securities involved at the average price obtained.



After the fee is collected by LPL, LPL pays the Portfolio Manager, retains a portion of the fee for its services and sends the balance to WEAS to cover its fee.

In addition to the Account Fees noted previously, client may also incur certain charges imposed by third parties or by LPL in connection with investments made through Manager Select accounts. These may include, but are not limited to, the following: money market 12b-1 fees, money market management fees and administrative expenses, other transaction charges and service fees, IRA and qualified retirement plan fees, administrative servicing fees for trust accounts, and other charges required by law. LPL and IAR may receive a portion of these fees.

The IAR may receive additional cash or non-cash compensation from advisory product sponsors. Such compensation may not be tied to the sales of any products. Compensation may include such items as gifts valued at less than \$100 annually, an occasional dinner or ticket to a sporting event, or reimbursement in connection with educational meetings.

If client has a non-retirement (and otherwise eligible) account, client's cash balance will be automatically invested in an interest-bearing Federal Deposit Insurance Corporation ("FDIC")-insured deposit account (an "ICA") as described in the ICA Disclosure Booklet. LPL receives a fee equal to a percentage of the average daily deposit balance in client's ICA. The fee paid to LPL may be at an annual rate of up to an average of 200 basis points as applied across all deposit accounts taken in the aggregate. If clients do not want to have their cash balance automatically invested in an ICA, client may speak to client's IAR to have their cash balance automatically invested in a tax-exempt money market fund if client meets the account minimum, or purchase a money market fund as an investment and not automatically as a sweep investment.

Activity with respect to client's ICA will appear on client's account statement. For each statement period, client's account statement will reflect deposits to and withdrawals from client's ICA, the closing balance of the ICA at each bank at which client's funds are held, and the interest earned on ICA balances. For additional information on client's ICA, please see the ICA Disclosure Booklet available from client's IAR.

If client has a retirement (or non-retirement but ineligible) account, client's cash balance will continue to be invested in a money market fund. The money market fund utilized in the Manager Select Program may pay 12b-1 fees higher than other money market funds. LPL may receive compensation of up to 0.15% of the assets invested in a money market fund in connection with our marketing support programs. The IAR does not receive any portion of this payment.

The Manager Select Account Agreement may be terminated by any party effective upon written notice to the other parties ("Termination Date"). The client is entitled to a pro rata refund of any prepaid quarterly account fee based upon the number of days remaining in the quarter after the Termination Date.

If the Manager Select account is closed within the first 6 months by a client or as a result of withdrawals that bring the account value below the required minimum, LPL reserves the right to retain the prepaid quarterly fee for the current quarter and cancel and rebill all transactions in the account at normal and customary brokerage commission rates, in order to cover the administrative cost of establishing the account, which may include costs of transferring positions into and out of the account, data entry costs in opening the account, costs associated with reconciliation of positions in order to issue quarterly

performance reports, and the costs of re-registration of positions.

## METHODS OF ANALYSIS, SOURCES OF INFORMATION AND INVESTMENT STRATEGIES

### Manager Select Accounts.

WEAS IARs obtain detailed financial and other pertinent data from client on a Client Questionnaire. This assists Portfolio Manager in determining the appropriate investment strategy for the account. All security analysis methods, sources of information with respect to securities, and investment strategies are determined by the portfolio manager selected by clients to manage their accounts.

### SAM and SAM II.

Each WEAS IAR managing a SAM, SAM II or customized program account chooses his/her own research methods, investment style and management philosophy. The WEAS IAR has access to various research reports and model portfolios to which he/she may refer in determining which securities to purchase or sell.

### Optimum Accounts.

WEAS IARs obtain detailed financial and other pertinent data from client on a client questionnaire. This assists the IAR in selecting an appropriate portfolio for the client based on client's investment objective and goals. The WEAS IAR has access to a variety of research information from LPL. The percentage allocation of Optimum Funds within the various available portfolios is determined by LPL.

### Personal Wealth Portfolios Accounts.

IARs obtain detailed financial and other pertinent data from client on a client questionnaire. This assists the WEAS IAR in selecting an appropriate portfolio, as well as selecting mutual funds, ETFs, or PWP advisors, for the client based on client's investment objective and goals. The percentage allocation of asset classes within the various available portfolios is determined by LPL.

### Model Wealth Portfolios Accounts.

The MWP Program offers clients a professionally managed asset allocation program in which LPL, in its capacity as a registered investment advisor, and Wealth Enhancement Advisory Services (WEAS), in its capacity as a registered investment advisor, and its IARs direct and manage specified client assets. Clients who invest through the MWP Program will authorize LPL and WEAS on a discretionary basis to purchase and sell mutual funds and exchange-traded funds ("ETF"), pursuant to an investment objective chosen by the Client and to liquidate previously purchased securities. Exchange-traded notes ("ETN") and closed-end funds may also be purchased in an MWP account.

## CONDITIONS FOR RECEIVING SERVICES

A minimum account value of \$25,000 is required for SAM and SAM II  
A minimum account value of \$15,000 is required for Optimum Market Portfolios  
A minimum account value of \$250,000 is required for Personal Wealth Portfolios  
A minimum account value of \$25,000 is required for Model Wealth Portfolios  
A minimum account value of \$100,000 is required for Manager Select

The above minimums may be waived or lowered.

## REVIEW OF ACCOUNTS

Sam and Sam II. LPL reviews program accounts using a risk-based exception reporting system that flags accounts on a quarterly basis for criteria such as performance, trading activity, and concentration. The Advisory Chief Compliance Officer of LPL oversees the process for reviewing flagged accounts. WEAS IARs meet with clients. Such meetings may include review of accounts statements, quarterly performance reports, and other information or data related to the client's account and investment objectives.

LPL provides clients with regular written reports regarding their accounts. LPL provides detailed quarterly performance reports describing account performance and positions. LPL also provides an additional year-end report for accounts not established on a calendar quarter basis. In addition, LPL sends trade confirmations and account statements to clients showing transactions, positions, and deposits and withdrawals of principal and income. LPL does not send trade confirmations for systematic purchases, systematic redemptions and systematic exchanges. Portfolio values and returns shown in performance reports for the year-end time period may include mutual fund dividends paid out before December 31 but that were posted to the account within the first 2 business days of the subsequent year. The inclusion of such dividends in the year-end performance report may cause discrepancies between the report and the account statement the client receives from LPL for the same period.

Optimum, Manager Select, MWP and PWP. WEAS IARs review monthly or quarterly accounts statements as well as quarterly performance reports, copies of which are also provided to the client. The number of client accounts handled by each WEAS IAR varies.

## REPORTS

SAM, SAM II, and Optimum Programs. In addition to the portfolio reports already described in this brochure, LPL will transmit to clients: (1) trade confirmations unless the trade is the result of a systematic purchase, systematic redemption or systematic exchange; and (2) account statements, showing all transactions in cash and securities and all deposits and withdrawals of principal and income during the preceding calendar month. For SAM and SAM II, trade confirmations and account statements for the variable annuities, hedge funds, and managed futures are provided by a third party.

Manager Select, Personal Wealth Portfolios and Model Wealth Portfolios. In addition to the portfolio reports already described in this brochure, LPL will transmit to clients account statements showing all transactions in cash and securities and all deposits and withdrawals of principal and income during the preceding calendar month.

## INVESTMENT AND BROKERAGE DISCRETION

With respect to SAM and SAM II accounts, WEAS may be granted the discretionary authority to select for investment the security and the amount to be bought or sold pursuant to a written authorization. With respect to OMP and MWP accounts, WEAS and LPL will be granted the discretionary authority to select the investment model and portfolio. With respect to PWP accounts, WEAS and LPL will be granted the discretionary authority to select the investment model, PWP Advisor, mutual funds, ETFs, and securities (including the amount to be bought or sold) pursuant to a written client authorization. Upon opening a SAM, SAM II, PWP or MWP account, the client designates LPL as the broker-dealer to execute trades.

In the SAM, SAM II, Optimum, MWP and PWP Programs, LPL is appointed by client as the sole and exclusive broker-dealer with respect to handling of securities transactions for client accounts.

Securities transactions for SAM, SAM II, Optimum, MWP and PWP accounts are effected through LPL without sales commissions being paid to an IAR. LPL charges transaction charges in SAM accounts. LPL charges a confirmation fee in Optimum accounts.

In the Manager Select Program, LPL is generally appointed by client as broker-dealer with respect to handling of securities transactions for client accounts. In cases where Portfolio Manager executes fixed income trades through LPL, LPL may act as a principal on such trades. Securities transactions for Manager Select accounts are effected by portfolio manager without commissions through LPL. In some cases, portfolio manager may choose to execute fixed income transactions through a broker-dealer other than LPL.

LPL may aggregate transactions for a client with other clients to improve the quality of the execution. When trades are so aggregated, the actual prices applicable to the aggregated trades will be averaged, and the client account will be deemed to have purchased or sold its proportionate share of the securities involved at the average price obtained. For orders that are only partially filled in SAM and SAM II accounts, the WEAS IAR will allocate trades pro rata or on a random basis consistent with the goal of treating clients fairly and not favoring one client over another. For partially filled orders in PWP and MWP accounts, the OPM will generally allocate trades pro rata or on some other basis consistent with the goal of treating all clients equitably over time.