

SSN Advisory, Inc. |

Form ADV Part 2A – Appendix 1

Encompass Wrap Brochure

Item 1 – Cover Page

This wrap fee program brochure provides information about the qualifications and business practices of SSN Advisory, Inc (SSNAI). If you have any questions about the contents of this brochure, please contact us at 800/264-5499. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. Registration does not imply a certain level of skill or training.

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

March 18, 2016

Item 2 - Material Changes

The following information discusses only material changes since the initial creation of this brochure on January 12, 2016.

Item 4 was updated to enhance disclosures regarding conflicts relating to mutual fund share classes.

Item 3 - Table of Contents

Item 1 – Cover Page	1
Item 2 – Material Changes	2
Item 3 – Table of Contents	2
Item 4 – Services, Fees and Compensation	3
Item 5 – Account Requirements and Types of Clients	6
Item 6 – Portfolio Manager Selection and Evaluation	6
Item 7 – Client Information Provided to Portfolio Managers	7
Item 8 – Client Contact with Portfolio Managers	7
Item 9 – Additional Information	7

Item 4 – Services, Fees and Compensation

SSN Advisory, Inc. (SSNAI) is an investment advisor registered with the Securities and Exchange Commission (SEC) since April 2003. SSNAI is owned by a FINRA member introducing broker-dealer firm, Securities Service Network, Inc. (SSN). SSN is a fully disclosed introducing broker-dealer and a wholly-owned subsidiary of Ladenburg Thalmann Financial Services, Inc. (LTFS). LTFS is listed on the NYSE_MKT under the symbol LTS. Dr. Phillip Frost and related entities Gamma Trust and Nevada Trust are beneficial owners of over 25% of LTFS. More information on SSN and LTFS is available in Item 9 – Additional Information. SSNAI offers financial planning and consulting services, asset management services, referrals to third party investment advisors and wrap fee programs. This brochure describes Encompass Wrap, which is sponsored by SSNAI. For information and descriptions of SSNAI's other advisory services, please refer to the SSNAI Form ADV Part 2A which you may obtain from your Investment Advisor Representative (IAR) or from www.adviserinfo.sec.gov.

Encompass Wrap is an asset management program, offered through IARs of SSNAI and by other registered investment advisers (collectively referred to as "Advisors"). The minimum account size for Encompass Wrap is \$100,000.

Your Advisor will develop an asset allocation strategy consistent with your investment objectives, financial and tax status, risk tolerance and time horizon. Each asset allocation strategy consists of an agreed to percentage mix of fixed income and equity investments. The fixed income allocation may include one or more of the following: (a) cash; (b) money market funds; (c) U.S. government securities; (d) foreign government bonds; (e) U.S. corporate debt; (f) foreign corporate debt; (g) municipal securities; (h) fixed income mutual funds; and (i) any other appropriate fixed income investment. The equity portion of the allocation may include one or more of the following: (a) individual stocks which are exchange listed; (b) individual stocks which are traded over the counter; (c) individual stocks issued by foreign corporations; (d) equity mutual funds; (e) variable annuity products; (f) securities options contracts (non-discretionary only and limited to purchases of put options where the account is long the underlying security & writing covered calls); (g) interests in direct participation programs; (I) ETFs and (J) any other appropriate equity investment. Recommended mutual funds may be no-load or load-waived.

Once the basic asset allocation strategy is determined, your existing assets may be liquidated (or transferred into the appropriate account) and invested into the investment vehicles chosen by you and your IAR. Reallocation of assets will trigger taxable events except where Individual Retirement Accounts, 401(k) Accounts, 403(b) Accounts, or other qualified retirement plans or accounts are involved.

Asset management services may be provided on a discretionary or non-discretionary basis at your option. If you choose to provide SSNAI with discretion you have empowered your Advisor to buy and sell securities without your prior knowledge. All discretionary accounts must be approved in advance by SSNAI. Discretionary accounts will only be approved for non-commission generating accounts.

If you receive asset management services you may contract for quarterly reports that indicate the following information as of the last day of each calendar quarter; (1) all asset class positions; (2) the specific investment vehicles included in each asset class; and (3) the dollar amount invested in each investment vehicle.

Fees

Fees for this service are paid either in advance or arrears. Each account in Encompass Wrap will generally be charged an asset-based fee ("Wrap Fee"). The Wrap Fee includes the Platform Fee and the fee payable to your Advisor, and includes custody, trading, and performance reporting costs. The maximum Wrap Fee is 2.50% and is negotiable between you and your Advisor. The actual fee rates paid by you will be set forth in Schedule A of the Agreement. The Platform Fee portion of the Wrap Fee is retained by SSNAI. The portion of the Wrap Fee in excess of the Platform Fee will be paid by SSNAI to your Advisor.

- The annual platform fee for Encompass Wrap ranges from 0.22% to 0.28% based on your IARs total client

assets on the Encompass and Encompass Wrap platforms ("Encompass Platforms"). As your IAR adds client assets to the Encompass platforms, the platform fee will be reduced ("Breakpoint"). Your IAR may or may not choose to reduce your fee by that Breakpoint amount; if your IAR does not reduce your fee by the Breakpoint, he or she will retain the additional fee revenue.

- The annual platform fee may be increased in the future. If this platform fee increase will cause your total fee to be increased your IAR will have you sign a new Agreement.
- Certain mutual funds are available on the Encompass Wrap platform for no transaction fees. These funds pay SSN revenue sharing and/or 12b-1 fees.
- All other transactions will bear certain transaction costs which will be fully disclosed. For more information on transaction costs, please refer to Item 12 – Brokerage Practices.

The Wrap Fee may be either:

- a. Deducted from the client's account, when due: SSNAI will liquidate money market shares to pay the fees and, if insufficient money market shares or cash are available, other investments will be liquidated to pay the fees. The investment(s) to be liquidated will be selected at random by your IAR. Authorization for the automatic deduction of fees from your account(s) is contained in the Agreement.
- b. Paid by check. Fees that are not directly debited from your account should be paid by check. Your check should be made payable to SSN Advisory, Inc. FBO (IAR name).

Wrap Fees are calculated on your account(s) in accordance with the Agreement on a monthly or quarterly basis. Unless otherwise agreed to by contract, the Wrap Fee is calculated based upon either:

- a. the average daily value of your account computed and during the preceding month or quarter; or,
- b. the fair market value of the assets in the account as of the end of the month or quarter

Wrap Fee Schedules may be either tiered or linear.

- a. Tiered fee schedule - similar to our current income tax system. Each level of assets is charged its own corresponding percentage rate. For example, a tiered fee schedule might charge 2.5% on the first \$250,000, 1.75% on the next \$250,000 and 1.5% on the next \$250,000, effectively giving you a blended and lower rate than the maximum 2.5%.
- b. Linear fee schedule - as your assets grow and breakpoints are met, fees are decreased. Unlike the tiered fee schedule, once a breakpoint has been met all of the assets back to dollar one is then charged at the new lower percentage rate.

Account value used to calculate advisory fees is based on the "settlement value" of your account. Investors must complete or "settle" their security transactions within three business days. This settlement cycle is known as "T+3," shorthand for "trade date plus three days." T+3 means that when you buy a security, your payment must be received by your brokerage firm no later than three business days after the trade is executed. When you sell a security, you must deliver to your brokerage firm your securities certificate no later than three business days after the sale. For example:

- If a position that settles in three days is purchased, the value of that position will not be included in the account value until the end of the three day settlement period;
- If a position that settles in three days is sold, the value of that position will be included in the account value until the end of the three day settlement period.

Not every security will have the same settlement periods; periods vary between T+1, T+2 and T+3. If you are purchasing and selling positions on the same date with different settlement periods, your account settlement value used for fee calculation purposes may be more or less than other account value calculation methods.

The selection of certain fee calculation combination options as outlined above may cost you more or less than the selection of other fee calculation combination options. You and your IAR may choose to "household" or combine multiple accounts for billing purposes. Household may allow you to reach higher tiers or breakpoints which may

result in lower overall costs than if your accounts are not householded. Due to the platform fee Encompass Wrap accounts may only be householded with other Encompass Wrap accounts.

If you are in need of brokerage and/or custodial services, you will have SSN, in its capacity as a broker-dealer, recommended to you. More information on brokerage practices is discussed in Item 12.

SSNAI will deduct the Fee directly from clients' accounts but does not otherwise have custody of clients' funds or securities. Deduction of the Fee will be made by the qualified custodian holding your funds and securities. Further, the qualified custodian agrees to deliver a monthly or quarterly account statement directly to you, and never through SSNAI, showing all disbursements from the account. You are encouraged to review all account statements for accuracy. SSNAI will form a reasonable belief that such statements are delivered to you. You may terminate authorization for automatic deduction of the Fee by notifying your Advisor in writing. In turn, your Advisor will notify the SSNAI home office promptly and your account will be closed.

Either party may terminate the Agreement at any time upon written notice. A *pro rata* portion of any Wrap Fee paid by the client in advance will be remitted to the client based on the number of days left in the billing period following receipt of the notice of termination by SSNAI. Should your Advisor no longer be appropriately registered with SSN, your Agreement shall remain in force until such time as the Agreement is terminated by SSNAI or you. During this time your account will only be charged the Platform Fee.

If assets are transferred in-kind into your account, you will be responsible for any and all transaction charges related to any transaction placed at your direction. This includes liquidations for account transfers and money movement requests (checks, wire transfers, electronic fund transfers, ACAT, etc.). Additionally, the custodian of your account may impose additional fees for checks, wire transfers, electronic fund transfers, etc. You may pay other fees as required by law. You may pay short term redemption fees on certain mutual fund transactions. You will pay separately for IRA custodial services.

All fees paid to SSNAI for investment advisor services are separate from fees and expenses charged to owners of mutual fund shares and ETF shares by the investment companies. As a result, you may pay two management fees. The default fund for your cash balances is a Bank Deposit Sweep Program ("BDSP"). For more information on BDSP please see Item 9 – Additional Information.

SSN and/or your IAR will, from time-to-time, receive 12b-1 fees, revenue sharing, or trail commissions ("Additional Compensation") from mutual funds or variable annuities ("Investment Company or Companies") in connection with the placement of client funds into Investment Company products. SSN will, from time-to-time, receive a portion of the transaction charges in connection with transactions within certain brokerage accounts. For more information on these practices, please refer to Item 12 – Brokerage Practices.

In certain instances multiple share classes of the same mutual fund may be available for investment, with one share class (ex. Class A Share) charging higher ongoing expenses and paying Additional Compensation to SSN and/or your IAR and the other share class (ex. Class F Share) charging lower ongoing expenses and not paying Additional Compensation to SSN and/or your IAR. Your IAR may select or recommend the fund share class that pays Additional Compensation even when you are eligible to own the lower cost share class. It is generally in your best interest to purchase the lower-fee share class rather than the higher-fee share class because your returns are not reduced by 12b-1 fees. You should understand your share class options and discuss them with your IAR prior to investing. This conflict will exist for both discretionary accounts (you have empowered your IAR to buy and sell securities without your prior knowledge) and non-discretionary accounts. These share class practices present a conflict of interest and gives SSNAI or your IAR an incentive to recommend investment products based on the compensation received, rather than on your needs. These conflicts are addressed through disclosure in this Form ADV Part 2A and in the Agreement.

Encompass Wrap may cost you more or less than purchasing similar services separately. Factors to consider include the type and size of the account, the securities to be bought or sold and the historical and/or expected size or number of trades. Your Wrap Fee may be more or less than the Wrap Fee of other Encompass Wrap clients. SSNAI does not charge performance-based fees (fees based on a share of capital gains on or capital appreciation of your assets). Your Advisor may receive more compensation for the Encompass Wrap program than if you participated in other available programs offered, or paid separately for investment advice, brokerage, and other services. Thus, the Advisor may have a financial incentive to recommend Encompass Wrap over other programs or services.

Some Advisors may generate account statements or performance reports for clients. You are urged to compare the account statements from the custodian with those from your Advisor.

Item 5 – Account Requirements and Types of Clients

The minimum amount of assets required to open an Encompass Wrap account is \$100,000. Should the market value of an account fall below the stated minimum, SSNAI will have the right to require that additional monies be deposited to bring the account value up to the required minimum, or close the account.

SSNAI makes Encompass Wrap available to individuals, IRAs, trusts, estates, charitable organizations, and corporations or business entities.

Accounts are carried by National Financial Services, LLC, a Fidelity Investments Company, located at PO Box 77001, Cincinnati, OH 45277 and Pershing, LLC, a subsidiary of Bank of New York Mellon Corporation, located at PO Box 2054, Jersey City, NJ 07303. Some SSNAI advisory accounts may be carried by TD Ameritrade Institutional (“TD Ameritrade”), located at 4075

Sorrento Valley Blvd, Suite A, San Diego, CA 92121, a wholly owned subsidiary of TD Ameritrade Holding Corporation or Fidelity

Institutional Wealth Services (“FIWS”), located at 200 Seaport Blvd, Z2B1, Boston, MA 02210, a wholly owned subsidiary of the

Fidelity Investments Group of companies.

Item 6 – Portfolio Manager Selection and Evaluation

SSNAI does not select or review Portfolio Managers for Encompass Wrap; rather, your Advisor will act as Portfolio Manager for your account(s) as described in Item 4 above. Neither SSNAI nor a third-party reviews your Advisor’s performance information.

Methods of Analysis, Investment Strategies and Risk

Investing in securities involves risk of loss that you should be prepared to bear.

Risks associated with the Models include:

- Capital risk – The risk that your investments may lose value.
- Currency risk – If the assets you invest in are held in another currency there is a risk that currency movements alone may affect the value.
- Financial risk – The risk that there may be a disruption in the internal financial affairs of the investment, thereby causing a loss of value.
- Market risk – The risk that the value of a security or portfolio will decrease due to the change in value of the overall market.
- Credit risk – The risk of loss arising from a borrower who does not make payments as promised.
- Interest rate risk – The risk that an interest-bearing asset, such as a bond, will lose value due to variability of

interest rates. In general, as rates rise, the price of a fixed rate bond will fall, and vice versa.

- Investing in the natural resources and commodities sectors involves special risks, including increased susceptibility to adverse economic and regulatory developments affecting the sector.
- Investing in international developed and emerging markets stocks and bonds involves risks relating to political and economic developments abroad, foreign taxation, currency exchange rate fluctuations, and differences in accounting standards.
- Investing in stocks of small companies involves additional risks, including a higher risk of failure and market volatility that is greater than that of the total market.
- Investing in global REITs involves risks relating to the concentration of scope; therefore, it may be more volatile than the broad market. The real estate market is inherently less liquid, which may adversely affect liquidity.

Underlying ETFs are subject to the following risks:

- The market price of an underlying ETF's shares may trade above or below net asset value.
- There may be an inactive trading market for an underlying ETF.
- The underlying ETF may employ an investment strategy that utilizes high leverage ratios.
- Trading of an underlying ETF's shares may be halted, delisted, or suspended on the listing exchange.
- The underlying ETF may fail to achieve close correlation with the index that it tracks.

Each Model entails varying degrees of risk. There can be no assurance that a particular Model or Model Manager will be successful or that clients will not suffer losses. Results generated by for each account will differ, and the investment advice provided to an individual will differ from client to client. Investment performance is not guaranteed, and Model Managers past performance with respect to a client's account or other accounts does not predict future performance.

SSNAI does not vote client securities and does not charge performance-based Fees.

Item 7 – Client Information Provided to Portfolio Managers

Your Advisor will obtain all information necessary to open your account. This information is obtained through the completion of the SSN New Account Form, Encompass Wrap Client Advisory Services Agreement, and applicable custodian new account paperwork and is provided to SSNAI.

Item 8 – Client Contact with Portfolio Managers

Clients are encouraged to contact their Advisor to arrange for a consultation. Clients may also contact SSNAI directly.

Item 9 – Additional Information

Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of SSNAI or the integrity of SSNAI's management.

In March 2015 SSNAI, and our affiliated broker dealer firm SSN, entered into a Consent Order from the State of Missouri. From January 2010 through December 2011 an Investment Advisory Representative/Agent ("IAR") of SSNAI and our affiliated broker dealer firm SSN utilized a market timing strategy for 18 client accounts. The strategy involved two inverse ETF transactions (non-leveraged) and the State of Missouri has alleged that the strategy was not suitable for clients with a moderate risk tolerance. The State further alleges that the Firm failed to supervise the IARs activity. SSNAI and SSN agreed to a Consent Order whereby \$500,000 was paid in restitution, \$35,000 was paid to the State's Investor Education and Protection Fund and \$15,000 was paid for investigative costs.

Other Financial Industry Activities and Affiliations

The principal business of SSNAI is the provision of advisory services. SSNAI is owned by SSN, a FINRA member introducing broker-dealer firm. SSN is a wholly-owned subsidiary of Ladenburg Thalmann Financial Services, Inc. (LTFS). SSNAI's executive officers are registered representatives SSN.

Other companies that are owned by LTFS and thus affiliated with SSNAI are:

Ladenburg Thalmann Asset Management, Inc. (LTAM)	100% owned by LTFS
Ladenburg Thalmann Fund Management, LLC (LTFM)	50% owned by LTAM
Ladenburg Thalmann & Co. Inc. (LTCO)	100% owned by LTFS
Ladenburg Capital Agency Inc.	100% owned by LTFS
Triad Advisors, Inc.	100% owned by LTFS
Triad Hybrid Solutions, LLC	100% owned by LTFS
Investacorp, Inc.	100% owned by LTFS
Investacorp Advisory Services	100% owned by LTFS
Premier Trust, Inc.	100% owned by LTFS
Securities America Financial Corporation (SAFC)	100% owned by LTFS
Securities America, Inc.	100% owned by SAFC
Securities America Advisors, Inc.	100% owned by SAFC
Arbor Point Advisors, LLC	80% owned by SAFC
KMS Financial Services, Inc	100% owned by LTFS
HCHC Acquisition, Inc. (HCHC)	100% owned by LTFS
Highland Capital Brokerage, Inc.	100% owned by HCHC

Boyar Value Fund and Alternative Strategies Fund

LTAM owns 50% of Ladenburg Thalmann Fund Management, LLC, ("LTFM"), which is a registered investment adviser. LTFM is an adviser to an open-end registered investment company, the Boyar Value Fund, Inc. This fund is an open-end diversified management investment company. LTCO is the distributor of the fund. LTAM is the investment adviser to the Alternative Strategies Fund (LTAFX). The Alternative Strategies Fund is a closed end interval fund that incorporates quality alternative products and allows clients to access these investments with lower minimums and no accreditation. Your IAR may recommend that you invest in the Boyar Value Fund or in the Alternative Strategies Fund for which LTAM acts as investment adviser, and LTCO acts as distributor.

Ladenburg Thalmann High Income Portfolio (UIT)

LTAM provides a recommended list of securities to First Trust Portfolios, L.P. (First Trust), the sponsor of the Ladenburg Thalmann High Income Portfolio (UIT). The UIT's objective emphasizes income generation through non-traditional yield sources such as Real Estate Investment Trusts (REITs), Business Development Companies (BDC), and Master Limited Partnerships (MLPs). The portfolio is made up of individual securities, closed end funds, exchange traded funds (ETFs) and or BDCs.

SSN will receive a portion of a dealer concession or agency commission in connection with units of the Ladenburg Thalmann High Income Portfolio UIT that are sold by your IAR, if those units are subject to a sales charge. A higher concession percentage will be received if certain total sales levels of the UIT are met, as set forth in the UIT prospectus. Although, SSN will not receive a concession on the sale of UIT units to SSNAI advisory accounts because the sales are not subject to a sales charge, units sold to advisory accounts will count towards these sales levels. Thus, SSNAI has a conflict of interest in recommending sales of the UIT.

For a license to use the Ladenburg name and for providing a list of securities, LTAM receives a licensing fee of .10% which is based on assets raised within Ladenburg Thalmann High Income Portfolio (UIT) during the offering period.

The Ladenburg Total Portfolio Series (Collective Investment Trusts)

LTAM is the investment adviser to The Ladenburg Thalmann Total Portfolio Series which is a series of Collective Investment Trusts ("CITs"). The CITs are a series of 5 portfolios established for qualified retirement plans, such as 401(k) plans and Profit Sharing Plans. The portfolios are generally comprised of Exchange Traded Funds ("ETF") which closely mimic LTAM's traditional LAMP ETF models. The CITs are maintained by a bank trust, and are offered in 2 share classes, Advisory or Investor.

The CITs may not be utilized if your IAR is acting in an ERISA fiduciary capacity.

Your IAR may recommend Premier Turst to provide trust and administrative services. Premier Trust provides full disclosure with respect to its trust and administrative services and related costs.

LTCO acts as a dealer with respect to certain securities, and as such, may execute transactions for SSNAI clients as principal. As a dealer, LTCO may receive a "mark-up", "mark-down", and/or spread in the net price at which principal transactions are executed. This compensation is in addition to other compensation that client pays to SSNAI and its affiliates. Thus, SSNAI will address this conflict of interest in the following ways: After receiving disclosures about a specific principal transaction with LTCO, clients have the opportunity to reject the transaction before it is completed, to the extent required by applicable law. In addition, SSNAI has policies and procedures in place to assure that clients receive best execution with respect to principal trades, regardless of whether the trade is executed by LTCO or an unaffiliated dealer.

Bank Deposit Sweep Program

SSN typically receives compensation in connection with cash held in advisory accounts. For most accounts, the Bank Deposit Sweep Program (the "BDSP") is the only vehicle available for cash balances (from deposits to the account, securities transactions, dividend and interest payments and other activities) in the account. Certain retirement accounts may be offered other sweep vehicles, such as a money market fund. SSN will receive a fee in connection with the BDSP based on the value of the cash in the program. This fee will reduce the amount of interest that clients receive in connection with cash held in their accounts. SSN will not receive a fee in connection with the BDSP with respect to cash in certain retirement accounts. In such cases, the fee will be retained by the custodian. Your financial consultant will not receive any portion of the BDSP fee received by SSN. For more information, see the disclosure document available through your financial consultant or at: <http://www.ssnetwork.com/disclosures/bank-deposit-sweep-program/>

Conflicts disclosure

LTCO may share a portion of payments received from a mutual fund, UIT, CIT, or in connection with an initial public offering, a secondary offering, and/or a private placement with your IAR. If available, your IAR will also receive compensation, such as 12(b)-1 or services fees, in connection with the sale of funds or investments, including the Alternative Strategies Fund, Boyar Fund, Ladenburg Total Portfolio Series CITs, and Ladenburg High Income Portfolio UIT. Therefore, your IAR has an incentive to recommend implementing the recommendations made through the consulting services through LTCO. This conflict of interest is heightened when your IAR recommends securities where LTCO acts as underwriter because your IAR typically receives more compensation in connection with these securities than in connection with other types of securities. Your IAR may also have a heightened conflict of interest when recommending funds, CITs, and UITs that pay compensation, including the Alternative Strategies Fund, Boyar Value Fund, the Ladenburg Total Portfolio Series (CIT), or Ladenburg Thalmann High Income Portfolio UIT.

For accounts carried by National Financial Services, Inc. and Pershing LLC, SSN receives transaction costs and charges assessed to its clients' accounts. This gives SSNAI incentive to recommend SSN in its capacity as a broker-dealer if you are in need of brokerage and/or custodial services. Lower fees for comparable services may be available from other sources, including Fidelity Institutional Wealth Services and TD Ameritrade Institutional. This conflict of interest is fully

disclosed to you in this brochure. For more information on brokerage services, please refer to Item 12 – Brokerage Practices

SSN owns and operates a full service insurance agency under the name of Network Agency, Inc. SSN also has a number of state specific insurance corporations that conduct insurance business across the country; Network Agency of Alabama, Inc., Network Agency of Ohio, RSB, Inc., SSN Agency of Texas, Inc., SSN Agency, Inc., and SSN Insurance Agency, Inc. Other affiliated entities are Renaissance Capital Corporation, which purchases equipment that is leased to SSN/SSNAI, and Fort Loudon Insurance Co, Ltd., and insurance agency for errors and omissions insurance for registered representatives of SSN.

SSNAI, its IARs, or SSN may receive administrative, investment advisory or other fees for providing support services, administrative support and/or client referrals to other investment advisory firms. If applicable, these arrangements are fully disclosed to you.

Compensation and Reimbursement of Expenses to Ladenburg Thalmann and Representatives

Ladenburg Thalmann Financial Services Inc. and its affiliates, which include Ladenburg Thalmann & Co. Inc., Securities America, Inc., Triad Advisors, Inc., Securities Service Network, Inc., Investacorp, Inc. and KMS Financial Services, Inc., (together “Ladenburg Thalmann”), and their representatives receive revenue on the products and services you purchase from several sources.¹ These sources include fees and charges you pay and other arrangements we have in place with affiliated and non-affiliated entities including: sales charges; commissions; periodic fees; periodic expenses paid from product assets such as 12b-1 fees from mutual funds and the funds available in variable annuities; financial planning and advisory service fees; a portion of the organization and offering fees and expenses for REITs, limited partnerships and other nonpublic securities offerings.

Ladenburg Thalmann receives compensation from mutual funds and variable product sponsors available to you through our representatives. These payments may include:

- sales charges (sometimes called loads); and
- trailing commissions (including service fees known as 12b-1 payments).

We may also receive additional payments called revenue sharing payments and/or marketing allowances from certain product sponsors under special agreements with those firms, called “Strategic Partners.” Additional details concerning the Strategic Partners Program and Non-Publicly Traded Products are set forth below. We also maintain revenue and marketing allowance payment programs involving certain Real Estate Investment Trusts (commonly referred to as REITs). Representatives of product sponsors, often referred to as “wholesalers,” work with Ladenburg Thalmann and its representatives to promote their products. These product sponsors are generally granted access to our representatives to promote their products. Consistent with rules set out by FINRA, these wholesalers and/or their firms may pay Ladenburg Thalmann for training or education of our representatives. Product sponsors may also make payments to Ladenburg Thalmann to promote the marketing of their products to clients which includes seminars for clients and potential clients. These firms may also invite representatives to due diligence or continuing education meetings regarding their products. From time to time Ladenburg Thalmann may also allow its representatives to attend off-site training sessions that may be sponsored or co-sponsored by these product sponsors. Ladenburg Thalmann prohibits the promotion of any product, including those issued by fund families, insurance carriers, or sponsors, over another based solely on additional payments or other considerations that might be received from the sale or marketing of their products. Representatives are required to make recommendations to clients based on the clients’ needs and objectives; however, receipt of such reimbursements could create an incentive by your representative to recommend products that provide such payments. We encourage you to talk with your representative about any fees or compensation they receive from the sale of investment products.

Representatives may also receive incentives to join and remain affiliated with SSN through certain compensation arrangements that could include bonuses, enhanced pay-outs, forgivable loans and/or business transition loans. The receipt of such compensation may be considered a conflict of interest.

SSN may receive reimbursement from its clearing firms, which include National Financial Services, LLC ("NFS") and Pershing LLC ("Pershing"), for all or a portion of any transfer of asset fees which customers could incur from other clearing providers upon the transfer of accounts to a SSN account carried by NFS or Pershing. If SSN receives this type of reimbursement, SSN may retain all or a portion of such reimbursements or, at its discretion, may pass through all or a portion of such reimbursement to its clients and/or its representatives.

Ladenburg Thalmann and its Affiliates are also affiliated with SEC registered investment advisory firms, which include Ladenburg Thalmann Asset Management Inc., Securities America Advisors, Inc., Arbor Point Advisors, LLC, Triad Advisors, Inc., Triad Hybrid Solutions, LLC, SSN Advisory, Inc., Investacorp Advisory Services, Inc., and KMS Financial Services, Inc., (together "Ladenburg Thalmann Advisors"). Ladenburg Thalmann Advisors has also created the Strategic Partners Program for independent investment advisors. Investment advisors are selected to participate based on several criteria including, investment strategy, investment performance, transaction reporting capabilities and training and wholesaling support. In exchange for certain benefits, such as an opportunity to participate in Ladenburg Thalmann's national conferences and broader access to our representatives, investment advisors in the Strategic Partners Program pay to participate in the program by sharing with Ladenburg Thalmann Advisors a portion of the revenue generated by distributing their products and services and or paying a specified annual dollar amount.

Ladenburg Thalmann Advisors representatives may receive reimbursements, marketing and distribution allowances, due diligence fees, or other compensation based on deposits and/or assets under management directly from third-party asset manager program sponsors for the costs of marketing, distribution, business and client development, educational enhancement, and/or due diligence reviews incurred by Ladenburg Thalmann Advisors and/or Ladenburg Thalmann Advisors representatives relating to the promotion or distribution of the program sponsor's products or services.

Ladenburg Thalmann Advisors Strategic Partners pay a flat annual fee. In addition to a flat fee, which may be up to \$150,000 per year, Strategic Partners pay basis points on sales on assets, or a percentage of the Partner's net advisory fee derived from assets invested through their models. It is important to understand that none of the payments made by the firms participating in the program are paid or directed to any representative who utilizes the services of these investment advisors.

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

Pursuant to SEC Rule 204A-1, SSNAI has adopted a Code of Ethics for all access persons of the firm describing its high standard of business conduct, and fiduciary duty to its clients. The Code of Ethics includes provisions relating to the personal securities transactions, trading, confidentiality and privacy, prohibition on insider trading, conflicts of interest, outside affiliations, and fair compensation, among other things. All supervised persons at SSNAI must acknowledge the terms of the Code of Ethics. The firm will provide a copy of our Code of Ethics to any client or prospective client upon request.

SSNAI does not engage in principal transactions as an investment advisor. SSN, as a broker-dealer, may engage in such transactions, however, not for any SSNAI investment advisor account transaction.

SSNAI, as an investment advisor, does not affect transactions for compensation for any investment advisor clients. SSN may do so in its capacity as a broker-dealer. SSN will receive transaction costs and charges assessed to the investment advisor clients.

SSNAI does not affect agency cross transactions for any investment advisor clients. SSN may do so in its capacity as a broker-dealer.

SSNAI does not recommend securities or investment products to its investment advisor clients in which SSNAI has a financial interest other than fully disclosed commissions or referral fees. SSN may do so in its separate capacity as a broker-dealer.

SSNAI or individuals associated with SSNAI may buy or sell securities identical to those recommended to customers for their personal accounts. All such orders placed on the same day must be placed in the customers' account prior to being placed in the IAR's account. Additionally, any related person(s) may have an interest or position in certain securities that may also be recommended to a client. As such, transactions are likely to be statistically insignificant in relation to the market as a whole.

SSNAI does not permit the aggregate blocking of personal securities transactions with those of advisory clients.

As these situations may represent a conflict of interest, SSNAI has established the following restrictions in order to comply with its fiduciary responsibilities:

- a. A director, officer or employee of SSNAI shall not buy or sell securities for their personal portfolio(s) where their decision is substantially derived, in whole or in part, by reason of his or her employment unless the information is also available to the investing public upon reasonable inquiry. No director, officer or employee of SSNAI shall prefer his or her own interest to that of the advisory client.
- b. SSNAI maintains a record of securities holdings via account statements for itself, and anyone associated with its advisory practice with access to advisory recommendations. An appropriate officer or manager of SSNAI reviews these statements on a regular basis.
- c. SSNAI emphasizes the unrestricted right of the client to decline to implement any investment advice rendered, except in situations where SSNAI is granted discretionary authority over the client's account.
- d. SSNAI requires that all directors, officers and employees must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices.
- e. Any director, officer or employee of SSNAI found to have failed to observe the above-listed principles may be subject to internal disciplinary sanctions, which may include termination.

Review of Accounts

Clients participating in Encompass Wrap will have their accounts reviewed on a periodic basis, but no less frequently than each calendar quarter by SSNAI, Model Manager, or Advisor. If Model Manager recommends a change to a Portfolio, such changes will be made to clients' accounts on a discretionary basis. Asset allocations and/or securities in the Portfolios may be adjusted or replaced at any time.

Client Referrals and Other Compensation

SSNAI as Solicitor: SSNAI, its IARs, or SSN may receive administrative, investment advisory or other fees for providing support services, administrative support and/or client referrals to other investment advisory firms. If applicable, these arrangements are fully disclosed to you.

SSNAI's Use of Solicitors: SSNAI may compensate outside professionals or firms, such as attorneys, accountants, or other broker/dealers and investment advisers, for referring your advisory business to SSNAI. These professionals or firms are known as "Solicitors." SSNAI will pay a portion of the advisory fee you pay us to the Solicitor, typically for as long as you maintain an advisory relationship with us, to compensate the Solicitor for the referral. SSNAI will not charge a client who is referred to SSNAI by a Solicitor any amount for the cost of obtaining the client that is in addition to the fee normally charged by SSNAI for its investment advisory services. Such solicitation arrangements are disclosed to clients at the time of the solicitation via execution of a Solicitor Disclosure Statement or similar document that outlines the nature and amount of the compensation we pay to the Solicitor and whether or not the Solicitor is affiliated with or related to SSNAI. Solicitors are required to provide prospective clients with a current copy of SSNAI's Form ADV Part 2 no later than the date on which the client enters into an advisory relationship with SSNAI.

General Responses: Your IAR may receive non-cash compensation in the form of due diligence trips or marketing support from product sponsors. Non-cash compensation will not be based on the number or amount of sales, client referrals, or new accounts. This presents a conflict of interest and gives your IAR an incentive to recommend investment products based on the non-cash compensation received, rather than on your needs.

Financial Information

SSNAI has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.