



A Registered Investment Advisor

FORM ADV PART 2A BROCHURE

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This brochure provides information about the qualifications and business practices of SPC. If you have any questions about the contents of this brochure, please contact us at 734-663-1611. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

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

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

Item 2. Material Changes

Annual Update

This section highlights material changes made to this brochure since its last update in March 2017.

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

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

- The “Advisory Business” section was updated to disclose that clients with more than \$250,000 in a donor-advised fund at Fidelity Charitable are eligible to nominate their investment adviser representative (“IAR”) to manage some of the account assets for Fidelity Charitable. SPC permits IARs to provide such account management services, however the investment options are generally conservative or moderate in nature. IARs who manage these accounts are required to adhere to the terms and conditions set forth in Fidelity’s *Charitable Investment Advisor Program: Investment Policies and Guidelines* as well as the *Fidelity Charitable Policy Guidelines: Program Circular*.
- The “Advisory Business” section was updated to disclose that SPC now offers limited direct-at-fund programs for clients who are primarily or solely interested in the funds of a particular mutual fund company. A direct-at-fund program is a fee-based discretionary account held with a single mutual fund company that provides clients with access to mutual fund shares that do not impose additional charges or fees but do allow IARs to add a management fee. The “Fees and Compensation” section was also updated to disclose the compensation that SPC receives in connection with direct-at-fund programs.
- The “Advisory Business” section was updated to disclose, in greater detail, the available options for clients to establish an account with a third-party investment adviser (“TPIA”). These options include direct relationships (both solicitor and co-advisor), the Envestnet platform, and risk tolerance software providers. The “Fees and Compensation” section was also updated to disclose the various forms of compensation that SPC receives from TPIAs and the conflicts of interest associated therewith.
- The “Advisory Business” section was updated to disclose that as of December 31, 2017, SPC managed \$3,341,673,488 in client assets on a discretionary basis and \$9,595,750 in client assets on a non-discretionary basis.
- The brochure was updated by moving all information pertaining to fees and compensation from the “Advisory Business” section to the “Fees and Compensation” section.
- The “Fees and Compensation” section was updated to disclose SPC’s default SIGMA Managed Account client fee schedules for the “Pricing A” and “Pricing B” options, as well as provide additional information with respect to the various conflicts associated with each pricing option and the manner in which SPC mitigates these conflicts.
- The “Fees and Compensation” section was updated to disclose new or additional information pertaining to the following conflicts of interest: (i) IAR outside business activities; (ii) the inclusion of cash/money market positions in SPC’s management fee calculations; (iii) additional revenue received by SPC from Envestnet; (iv) ticket charge mark-ups from equity and exchange-traded fund (“ETF”) transactions that generate soft dollars for SPC; (v) SPC’s revenue-sharing agreement with Fidelity involving the 12b-1 fees generated by mutual funds held in clients’ SIGMA Managed Accounts; (vi) SPC’s tier sponsor revenue-sharing agreements with certain TPIAs; (vii) IARs’ payout grids; (viii) forgivable loans, bonuses, and personal loans granted by SPC to IARs; (ix) IARs’ succession plans; and (x) SPC’s sharing of its Program Fee with certain IARs.

- The “Performance-Based Fees and Side-By-Side Management” section was updated to disclose that certain TPIAs charge performance-based fees. Consequently, SPC will receive a portion of such fees when acting as the TPIA’s solicitor.
- The “Methods of Analysis, Investment Strategies and Risk of Loss” section was updated to disclose that leveraged and inverse ETFs, as well as alternative mutual funds, are more speculative in nature and come with greater risks than traditional ETFs and mutual funds. Clients will be asked to complete and sign SPC’s Leveraged and Inverse Exchange-Traded Funds Disclosure Form or Alternative Mutual Fund Disclosure Form, respectively, before these securities are purchased in their SIGMA Managed Account.
- The “Code of Ethics, Participation or Interest in Client Transactions and Personal Trading” section was updated to disclose that SPC limits IARs’ political contributions to \$150 for any one official per election.
- The “Brokerage Practices” section was updated to disclose, in greater detail, the various benefits and compensation that SPC receives as a result of selecting Fidelity to be the custodian for client accounts, including soft dollars and computer software, along with the various conflicts of interest arising from SPC’s selection of Fidelity as custodian.
- The “Review of Accounts” section was updated to disclose the conflicts of interest associated with valuing securities held in clients’ accounts as well as the manner in which SPC seeks to fulfill its cybersecurity obligations.
- The “Custody” section was updated to disclose that SPC has restricted the asset Movement Authority on all client SIGMA Managed Accounts. Consequently, all client wire instructions require either a client signature or a standing written instruction to be on file.

The most recent copy of this brochure can be requested at any time by calling the SPC Department at (888) 744-6264 or via download at www.spc4clients.com. SPC strongly encourages clients to review this important document in its entirety.

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Item 4. Advisory Business

Description of Services

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

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

With a commitment to personal service, SPC partners with IARs looking to grow their practices in a professional and ethical manner. We provide investment management, financial planning and consulting services, and other services which allow our IARs to manage the assets of Middle American investors.

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

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

Portfolio Management Services

We provide portfolio management services through the SIGMA Managed Account. The SIGMA Managed Account is ordinarily a discretionary account by default, however clients can convert to a non-discretionary arrangement upon written request. The SIGMA Managed Account is tailored to meet your needs and investment objectives and is offered in both our Wrap Fee Program and in non-wrap accounts (described herein). The custodian for assets held in SIGMA Managed Accounts is National Financial Services LLC, and the broker is Fidelity Brokerage Services LLC (the custodian and the broker and its affiliates are collectively referred to herein as "Fidelity").

In the Wrap Fee Program, we manage client accounts for a single fee that includes portfolio management services as well as custodial and transaction/ticket charge costs. We also receive a portion of the wrap fee for our services. If you participate in the Wrap Fee Program, we will provide you with a separate Wrap Fee Program Brochure explaining the Wrap Fee Program and the fees we receive in connection with our wrap account services. Please note that this brochure is not intended for Wrap Fee Program accounts, nor is it intended for employer-sponsored retirement plans or the trustees or sponsors of such plans. For information regarding the services we offer to retirement plans, please consult SPC's Retirement Plan Program Brochure. A copy of any of SPC's brochures can be obtained by contacting SPC using the information provided on the cover page of this brochure.

If you retain SPC for portfolio management services, one of our IARs will meet with you to determine your financial situation, investment objectives, tolerance for risk, and other relevant information (collectively, the "suitability information"). This suitability information will serve as the basis for your IAR's recommendations and assist us with ensuring that your assets are managed prudently. We will use the suitability information we gather to develop a strategy that enables us to give you continuous and focused investment advice and to recommend or make investments on your behalf. Your IAR's recommendations are based on your suitability information. You must promptly notify your IAR if your financial situation, goals, objectives, or needs change. Your IAR may tailor his or

her services to focus only on certain portfolio components, depending upon your wishes and/or the nature of the engagement. However, comprehensive investment needs and/or objectives may not be fully considered if you elect to receive limited services and/or provide us with limited information.

In the case of a SIGMA Managed Account, your IAR will customize an investment portfolio for you in accordance with your suitability information. Once your IAR constructs an investment portfolio, your IAR will monitor your portfolio's performance on an ongoing basis and will either rebalance the portfolio (in discretionary accounts) or recommend new allocations (for nondiscretionary accounts) as required by changes in market conditions and/or your investment needs and/or objectives.

If you participate in our discretionary portfolio management program, we require you to grant SPC and your IAR discretionary authority to manage your account. Discretionary authorization will allow us to determine the specific securities, as well as the amount of securities, to be purchased or sold for your account without your approval prior to each transaction. Discretionary authority is typically granted either by the client services agreement you sign with our firm or by trading authorization forms. You may limit our discretionary authority (for example, limiting the types of securities that can be purchased for your account) by providing our firm with your restrictions and guidelines in writing. (Our Exclusion/Inclusion Form can be used for such purposes.) However, such restrictions and guidelines may affect the composition and performance of your portfolio and/or our ability to meet your investment objectives. For nondiscretionary accounts we will contact you to obtain consent prior to executing any transactions.

Clients who wish to open a SIGMA Managed Account or a direct-at-fund program account (discussed below) will complete and sign a client services agreement with SPC. (While the same agreement is used for both types of accounts, the applicable terms differ with respect to each account type.) In the case of a SIGMA Managed Account, in the event your IAR dies, becomes permanently disabled, terminates his or her relationship with SPC, or provides you with written notice terminating your relationship, your client services agreement shall continue in full force and effect as between you and us. In determining the disposition of your account, we will, in our sole discretion, elect to take one of the courses of action outlined in the client services agreement. Such courses of action include: (i) providing more limited on-demand nondiscretionary services for a significantly reduced annual fee; (ii) reallocating your account among one or more model portfolios that we may offer; (iii) reallocating your account based on the algorithmic recommendations of a robo-advisor to which we subscribe for advice; (iv) appointing a new IAR to manage your account; or (v) converting your account to a retail account with Fidelity. Alternatively, you can request that we assist you with transferring your account to another investment adviser or provide your name and contact information to one or more IARs within your geographic proximity in order to locate a new representative to service your account. We are presently in the process of developing the options described in (i) through (iii) above and have not yet begun to utilize these options with clients. However, we have included these options in our client services agreement to reserve these options for future use. If and when we begin utilizing these options with clients, we will update this brochure accordingly to describe the options in greater detail, including, but not limited to, the applicable policies, procedures, fees, and conflicts of interest associated with each option.

The client services agreement may be canceled at any time, by either party, for any reason, upon written notice to the other party, as provided in such agreement. For the calendar month in which the client services agreement is terminated, our fee will be prorated and refunded based on the number of days that the client services agreement was in effect during such month.

Charitable Investment Advisor Program

Account holders with more than \$250,000 in a donor-advised fund at Fidelity Charitable are eligible to nominate their IAR to manage some of the account assets for Fidelity Charitable. SPC permits IARs to provide such account management services, however the investment options are generally conservative or moderate in nature. IARs who manage these accounts are required to adhere to the terms and conditions set forth in Fidelity's *Charitable Investment Advisor Program: Investment Policies and Guidelines* as well as the *Fidelity Charitable Policy Guidelines: Program Circular*. For more information, please contact the SPC Department or visit www.FidelityCharitable.org.

Direct-at-Fund Programs

SPC offers limited direct-at-fund programs for clients who are primarily or solely interested in the funds of a particular mutual fund company. A direct-at-fund program is a fee-based discretionary account held with a

single mutual fund company that provides clients with access to mutual fund shares that do not impose additional charges or fees (e.g., sales loads, surrender charges, or 12b-1 fees).

If you retain SPC for portfolio management services through a direct-at-fund program, one of our IARs will meet with you to determine your suitability information. Based upon your suitability information, the IAR who services your direct-at-fund account will utilize an investment management methodology to construct and actively manage a portfolio consisting entirely of shares made available by the mutual fund company sponsoring the direct-at-fund program. Once your IAR constructs an investment portfolio for you, your IAR will monitor your portfolio's performance on an ongoing basis and will rebalance the portfolio as required by changes in market conditions and/or your investment needs and/or objectives.

Direct-at-fund programs are designed for managing client portfolios and accounts on a discretionary basis using the funds of a single mutual fund company. If you participate in a direct-at-fund program, we require you to grant SPC and your IAR discretionary authority to manage your direct-at-fund account. Discretionary authorization will allow us to determine the specific mutual funds to be purchased or sold in your account without your approval prior to each transaction. Discretionary authority is typically granted in both the client services agreement that you sign with SPC as well as the mutual fund company's account application and/or account conversion form. You may limit our discretionary authority (for example, limiting the types of mutual funds that can be purchased in your account) by providing SPC with your restrictions and guidelines in writing. Such restrictions and guidelines may affect the composition and performance of your portfolio and/or our ability to meet your investment objectives.

In the event your IAR dies, becomes permanently disabled, terminates his or her relationship with SPC, or provides you with written notice terminating your relationship, your client services agreement shall continue in full force and effect as between you and us. In determining the disposition of your discretionary managed account, we will, in our sole discretion, elect to take one of the courses of action outlined in the client services agreement. Such courses of action include: (i) reallocating your account among one or more model portfolios that we may offer, or (ii) appointing a new IAR to manage your account. Alternatively, you can request that we assist you with transferring your account to another investment adviser or provide your name and contact information to one or more IARs within your geographic proximity in order to locate a new representative to service your account. We are presently in the process of developing the option described in (i) above and have not yet begun to utilize this option with clients. However, we have included this option in our client services agreement to reserve this option for future use. If and when we begin utilizing this option with clients, we will update this brochure accordingly to describe the option in greater detail, including, but not limited to, the applicable policies, procedures, fees, and potential conflicts of interest associated therewith.

The client services agreement may be canceled at any time, by either party, for any reason, upon written notice to the other party, as provided in such agreement. Direct-at-fund programs are free to choose the timing of when fees will be charged (e.g., quarterly or monthly) and whether such fees will be charged in arrears or in advance. If the client services agreement is terminated, no fee refund will be necessary for fees charged in arrears, while fees charged in advance will be refunded according to the fund platform's stated policies.

Recommendation of Third-Party Investment Advisers

As part of our investment advisory services, we may recommend that you utilize the services of a third-party investment adviser ("TPIA") to manage your entire investment portfolio or a portion thereof. After gathering information about your financial situation and objectives (i.e., your suitability information), we will then recommend that you engage a specific TPIA or investment program. Factors that we take into consideration when making our recommendation(s) include, but are not limited to, the TPIA's historical performance, manager tenure, strategy, methods of analysis, and fees, as well as your financial needs, investment goals, risk tolerance, and investment objectives. Your IAR will periodically monitor the TPIA's performance to ensure its management and investment style remain aligned with your investment goals and objectives.

When recommending the services of a TPIA, your IAR will provide you with the TPIA's disclosure brochure and compensation disclosure document. Certain TPIAs require minimum portfolio conditions as outlined in each TPIA's disclosure brochure. You are never under any obligation to engage the services of any TPIA that we may recommend.

Due to SPC's various business relationships, there are several ways in which a client can establish an account with

a recommended TPIA. The three available options consist of the following:

- *Direct Relationships*. SPC has direct relationships with various TPIAs. A “direct” relationship is one in which SPC has entered into a contractual agreement directly with the TPIA after performing appropriate due diligence on the TPIA. In some instances, SPC functions as a co-advisor providing separate client services from the TPIA. As a result, clients will pay a management fee to the TPIA for its account management services, and pay a separate fee to SPC (that is collected from the client’s account and remitted by the TPIA on SPC’s behalf) for the other services agreed upon between the client and IAR including, but not limited to, meeting with the client at least annually (or more often upon request) to discuss and review the TPIA’s performance, being available during regular business hours to answer the client’s inquiries regarding the TPIA, and periodically monitoring the TPIA’s performance on an ongoing basis. However, in most cases, our agreement with the TPIA calls for SPC to function as the TPIA’s solicitor, within the meaning of Rule 206(4)-3 under the Investment Advisers Act of 1940, as amended (the “Act”). Our role, as the TPIA’s solicitor, would be limited to introducing you to the TPIA, providing basic assistance with establishing an account with the TPIA, and answering questions about the TPIA on an ongoing basis.
- *Envestnet*. Through the Fidelity platform our IARs also have access to model portfolios and TPIAs that have been made available by Envestnet for use with clients. SPC does not have a direct relationship with most of the TPIAs available through Envestnet, nor does SPC act as a solicitor with respect to TPIA accounts opened through Envestnet.
- *Risk Tolerance Software*. Certain TPIAs have partnered with risk tolerance software providers to better automate and streamline the process of determining appropriate client account allocations and placing discretionary trades in client accounts. SPC is currently in the process of establishing relationships with several different software providers through which clients will have access to additional TPIAs. If and when we begin recommending these software providers to clients, we will update this brochure accordingly to describe the options in greater detail, including, but not limited to, the applicable policies, procedures, fees, and conflicts of interest associated with each option.

SPC mitigates TPIA conflicts of interest by reviewing each recommendation to open a TPIA account, along with the recommendation to fund the account with the proceeds from liquidated investments, to ensure that the proposed course of action is suitable and consistent with SPC’s duties of prudence and loyalty.

You will customarily be required to sign an agreement directly with each recommended TPIA. You may terminate your advisory relationship with the TPIA according to the terms of your agreement with the TPIA. You should review each TPIA’s disclosure brochure for specific information on how you may terminate your advisory relationship with the TPIA and how you may receive a refund, if applicable. You should contact the TPIA directly for questions regarding your advisory agreement with the TPIA.

TPIAs are responsible for the specialized portfolio management, portfolio reporting services, best execution review, quarterly reporting, trade error resolution, custodial reconciliations, and implementation of trades within their respective programs.

Financial Planning and Ongoing Consulting Services

We provide financial planning and consulting services on an hourly, fixed fee, project and/or ongoing basis. Services can be tailored to your needs and may be comprehensive in nature or may only focus on certain aspects of your financial situation. The scope of services to be provided will be memorialized in our Letter of Engagement which is the client agreement we use for financial planning and consulting services.

IARs may provide advice and assistance with respect to financial management, risk management, asset allocation, investment research, understanding the financial impact of divorce or marital status, estate planning, investment-related tax issues, retirement planning, education funding, goal setting, or other financial or investment-related needs that you identify. The financial planning process will involve the review of your current financial condition, needs, and goals. At his or her discretion, your IAR may also elect to utilize a client questionnaire to assist with making recommendations. The advice we offer may include recommendations for updates and reviews.

Financial Planning

We offer modular financial plans including:

- Asset Allocation Report
- College Cost Projection
- Insurance Needs Analysis
- Portfolio Review
- Estate Plan Review
- Retirement Plan Review
- Financial Review

Such plans will be developed based on recommendations consistent with your stated objectives and goals. Additionally, we offer more detailed plans which may include one or more of the following:

- Broad-based Financial Plan
- Estate Plan
- High Net Worth Review

Financial planning engagements terminate upon the delivery of services and will not include any reviews, follow-ups, or other services. If other services are desired, you are welcome to secure additional or follow-up services via a new or amended agreement with our firm.

Financial plans are based on your financial situation at the time we present the plan to you and on the financial information you provide to our firm. You must promptly notify our firm if your financial situation, goals, objectives, or needs change.

Ongoing Consulting Services

In addition to financial plans, we also offer ongoing financial consulting services for clients who are interested in receiving continuous assistance with achieving their financial goals and objectives. If you elect this option, your IAR will be available to provide you with ongoing and as-needed financial consultations related to the specific issues that you identify in our Letter of Engagement. Our ongoing financial consulting services can be highly customized to fit your unique needs and situation.

Advice Implementation

You are welcome to implement any recommendations in whole or in part at the financial services firm of your choice. You are also free to use the service provider of your choice for implementation of any advice or recommendations pertaining to non-securities matters (such as insurance). Your IAR is also available to assist with implementation services as well.

Your IAR may suggest that you work closely with your attorney, accountant, insurance agent, and the custodian of your account for implementation of a financial plan. When financial planning or consulting services only focus on certain areas, needs, or are otherwise limited, you should understand that your overall financial and investment needs and objectives may not be comprehensively considered as a result of time and/or service restraints that you place on our services. If you require assistance on issues relating to matters outside of investment advisory issues, such as accounting or legal issues, you should consult your accountant, legal counsel, or other qualified professionals for advice. When providing plan related services, the advice and recommendations are limited to plan offerings.

You are under no obligation to act on our financial planning recommendations. Should you choose to act on any of our recommendations, you are not obligated to implement the financial plan through any of our other investment advisory services. Moreover, you may act on our recommendations by placing securities transactions with any brokerage firm.

In connection with financial planning and/or consulting services, we may render advice relative to variable life/annuity products and/or individual employer-sponsored retirement plan accounts. In such cases, your IAR will either direct or recommend the allocation of assets among the various subaccounts or mutual funds that comprise the investment options available through the variable life/annuity product or the retirement plan. Moreover, your assets will be maintained at the specific insurance company that issued the variable life/annuity product or at the custodian designated by the sponsor of the retirement plan. Please consult SPC's Retirement Plan Program Brochure for additional information regarding the services we offer to retirement plans.

The financial planning Letter of Engagement includes language that permits us to modify or assign the Letter of Engagement by means of certain negative consent procedures. Specifically, we may propose to increase or otherwise modify the fees charged, to modify the services provided, to assign the Letter of Engagement, or to

otherwise modify or amend the Letter of Engagement by giving you at least sixty (60) days advance notice of the proposed modification. The notice will: (i) explain the proposed assignment or modification of the fees, services or other provisions of the Letter of Engagement; (ii) fully disclose any resulting changes in the fees to be charged as a result of proposed modifications to the services or other provisions of the Letter of Engagement; (iii) identify the effective date of the modifications; (iv) explain your right to reject, in writing, the modifications or terminate the Letter of Engagement; and (v) state that pursuant to the provisions of the Letter of Engagement, if you fail to object to the proposed modifications before the date on which the modifications become effective, you will be deemed to have consented to the proposed modifications. If you reject any modification to the Letter of Engagement proposed by us in this manner, we will not be authorized to make the proposed modification without your affirmative consent.

The financial planning Letter of Engagement may be canceled at any time, by either party, for any reason, upon notice to the other party, as provided in the Letter of Engagement. In the event of termination, you will be charged for the portion of work performed, and you will receive a prorated refund of any pre-paid fees which we have not earned. Otherwise, except for ongoing service agreements, the agreement automatically terminates upon completion of the services to be rendered.

Seminars

From time to time IARs may hold seminars. These seminars may include presentations on general investment, securities, or financial planning strategies. We may charge a fee to those in attendance, not to exceed \$100 per attendee. In such cases, our refund or cancellation policy will be clearly outlined in the invitation or announcement. Attendees are welcome, but are never under any obligation, to utilize our other services.

Types of Investments

We do not primarily recommend or utilize one specific type of investment over another because each client has his or her own investment objectives, risk tolerance, needs, and goals. We may recommend investments in mutual funds; index funds; individual securities; exchange-traded funds; money market funds; certificates of deposit; commercial paper; variable life insurance and variable annuities; U.S. Government debt securities, mortgage-backed securities, municipal bonds, and other fixed-income securities; securities options and futures; certain wrap class alternative investments (such as hedge funds and managed futures funds); partnership investments involving real estate, oil and gas, equipment leasing, cable television, fast food franchising, agriculture, raw land, and alternative energy research/development; shares of real estate investment trusts ("REITs"); and leveraged buyouts.

SPC has relationships with certain insurance companies as well as REIT and other alternative investment sponsors whereby SPC acts as a selling agent in connection with the insurance company's offering of fee-based annuities or the sponsor's "best efforts" offering of alternative investments. Due to the nature of this arrangement, clients who purchase annuities or alternative investments through SPC will do so on a net asset value (NAV) basis and pay an ongoing annual advisory fee in lieu of a sales commission. SPC will always perform a suitability analysis and obtain a client's consent before facilitating the client's purchase of such annuities or alternative investments, regardless of whether such annuities or alternative investments will be held in a discretionary account.

Additionally, we may advise you on any type of investment that we deem appropriate based on your stated goals and objectives. We may also provide advice on any type of investment held in your portfolio at the inception of our advisory relationship.

Assets Under Management

As of December 31, 2017, we manage \$3,341,673,488 in client assets on a discretionary basis and \$9,595,750 in client assets on a non-discretionary basis. In addition, we also have placed significant assets with various TPIAs.

Item 5. Fees and Compensation

Compensation for Advisory Business

Portfolio Management Services

Clients who elect to receive asset management services through our SIGMA Managed Account program will pay SPC and their IAR for those services with an ongoing annual advisory fee based on a percentage of assets

under management. We utilize a blended fee schedule to calculate our advisory fee. This is the fee schedule selected in your client services agreement which identifies the specific portions of your account value to be charged at different fee rates. The total value of your account at the end of the billing period is applied to this fee schedule to determine the fees to be assessed against your account for the applicable period. At the time of account opening, clients can select either our "Pricing A" or "Pricing B" option in the client services agreement. The default fee schedules are as follows:

Pricing A		
Account Size	Program Fee	Default Client Fee
\$500,000 or below	0.10% (10 basis points)	2.50%
\$500,001-\$750,000	0.10% (10 basis points)	1.75%
\$750,001-\$1,000,000	0.10% (10 basis points)	1.50%
Greater than \$1,000,000	0.10% (10 basis points)	1.25%

Pricing B		
Account Size	Program Fee	Default Client Fee
\$250,000 or below	0.30% (30 basis points)	2.50%
\$250,001-\$500,000	0.25% (25 basis points)	2.50%
\$500,001-\$750,000	0.20% (20 basis points)	1.75%
\$750,001-\$1,000,000	0.20% (20 basis points)	1.50%
\$1,000,001-\$2,000,000	0.20% (20 basis points)	1.25%
\$2,000,001-\$5,000,000	0.15% (15 basis points)	1.25%
Greater than \$5,000,000	0.10% (10 basis points)	1.25%

For example, assume an account value of \$1,500,000 at the end of a 30-day billing period (e.g., the month of April) and the following "Pricing A" blended fee schedule:

Account Value	Fee
\$500,000 or below	2.50%
\$500,001-\$750,000	1.75%
\$750,001-\$1,000,000	1.50%
Greater than \$1,000,000	1.25%

In this hypothetical example, the blended fee schedule would be applied as follows: The first \$500,000 of the account value will be billed at a rate of 2.50%; the next \$250,000 will be billed at a rate of 1.75%; the next \$250,000 will be billed at a rate of 1.50%; and the remaining \$500,000 will be billed at a rate of 1.25%.

Each of the different fee assessment amounts is added together (and scaled using an "actual/actual" day count convention to reflect the 30-day billing period and a 365-day calendar year) to determine the total account fee for that billing period, as follows:

$$(30 \div 365) \times [(\$500,000 \times 2.5\%) + (\$250,000 \times 1.75\%) + (\$250,000 \times 1.5\%) + (\$500,000 \times 1.25\%)] = \$2,208.90$$

Under the "Pricing A" option, either you or your IAR will pay the ticket charges incurred in connection with trades in your SIGMA Managed Account. You will determine the pricing option at account inception.

- **Wrap Fee Program Account:** If you select either the "Pricing B" option or the "Pricing A" option where your IAR pays all ticket charges, your account will be considered a "wrap fee program" under Rule 204-3(g)(5) of the Act, and therefore will be part of SPC's Wrap Fee Program.
- **Non-Wrap Fee Program Account:** If you select the "Pricing A" option and elect to pay the ticket charges, your account will be regarded as a non-wrap account. Please consult your client services agreement for a detailed description of the various ticket charges you will pay for different securities transactions. A side-by-side comparison sheet outlining the differences between "Pricing A" and "Pricing B" is also available upon request.

SIGMA Managed Accounts established in our Wrap Fee Program present certain conflicts of interest. First, the IAR

managing the account will be required to pay Fidelity ticket charges for client trades. Specifically, for “Pricing A” Wrap Fee Program accounts, the IAR will be required to pay all Fidelity ticket charges. For “Pricing B” Wrap Fee Program accounts, the IAR will be required to pay all Fidelity ticket charges once the number of trades placed in the account exceeds a set limit for the applicable 12-month period; the limit is currently set at 200 trades. This cost to IARs creates a financial disincentive to trade or execute transactions and a conflict of interest known as “reverse churning.” SPC actively monitors for reverse churning using third-party software that alerts compliance staff to inactive or infrequently traded client accounts. When an account is flagged, we follow up with the IAR and inquire further. Additionally, IARs have a further financial incentive to avoid the ticket charge costs associated with trading institutional funds by utilizing more expensive non-transaction fee (“NTF”) funds, which is a conflict of interest.

Second, we retain a greater portion of the Program Fee with respect to “Pricing A” accounts (ten basis points or 0.1%) as compared to “Pricing B” accounts. For “Pricing B” accounts, a portion of the Program Fee represents an additional account charge that we impose; depending on the value of the assets in the account, the charge will range from zero to five basis points (0% to 0.05%). This presents a conflict of interest, because we have a financial incentive to favor the “Pricing A” option over the “Pricing B” option. SPC mitigates this conflict by ensuring that SPC does not intentionally direct or incentivize IARs to favor or recommend one pricing option over another, leaving the ultimate pricing decision up to the client.

Third, Fidelity assesses SPC a minimum charge for each “Pricing B” account. This charge is calculated based upon the value of the “chargeable assets” in the account. NTF funds are treated by Fidelity as “non-chargeable assets,” meaning SPC’s costs decrease when clients hold these more expensive funds instead of lower cost institutional funds. This presents a conflict of interest, as SPC has a financial incentive for clients to purchase more expensive NTF funds in their accounts. SPC mitigates this conflict by ensuring that SPC does not intentionally direct or incentivize IARs to favor, purchase, or recommend the purchase of any particular mutual funds.

Fourth, with respect to the “Pricing B” option, the Program Fee is thirty basis points (0.3%) for smaller accounts and decreases with account size, employing breakpoint pricing. In the event the Program Fee amounts to less than \$25 per month, your IAR is responsible for paying the difference. Consequently, your IAR has a financial incentive to recommend the “Pricing A” option for smaller accounts in order to avoid paying any difference, which is a conflict of interest. However, we address this conflict of interest through disclosure. Additionally, you as the client have the final say with regard to which pricing option is ultimately selected.

The maximum annual advisory fee that can be charged by any IAR for any amount under management is 2.5%. Our advisory fee for SIGMA Managed Accounts is flexible and negotiable, depending on individual client circumstances, but will not exceed this maximum.

Our advisory fee is payable monthly in advance. The fee is based on the value of your account as of the last business day of the previous month. Advisory fees may be waived or offset if our firm and/or our affiliates receive commissions from the purchase, sale, exchange, conversion, or trade of assets held in your account that are equal to or exceed our annual advisory fee. IARs, in their discretion, may provide services without charging advisory fees to certain clients, which may include, but are not limited to, family members and charitable organizations.

In our discretion, we may combine the account values of family members living in the same household to determine the applicable advisory fee. For example, we may combine account values for you and your minor children, joint accounts with your spouse, and other types of related accounts. Combining account values can potentially increase the asset total, which may result in you paying a reduced fee based on the available breakpoints in our fee schedule provided above.

We will either deduct our fee directly from your account through the qualified custodian holding your funds and securities or else we will invoice you directly. We will deduct our advisory fee only when you have given our firm written authorization permitting the fees to be paid directly from your account. Furthermore, the qualified custodian will deliver an account statement to you at least quarterly. These account statements will show all disbursements from your account. You should review all statements for accuracy.

Direct-at-Fund Programs

As a participant in a direct-at-fund program, you will pay SPC and your IAR an annual asset-based investment management fee of 0.5% (fifty basis points). In addition, you will authorize the mutual fund company sponsoring

the direct-at-fund program to deduct this fee from your account (or another of your accounts with the same mutual fund company) and remit the funds to SPC. The calculation of this investment management fee and the frequency and timing of such deductions, as well as any other account expenses and charges such as termination or transfer fees, will be determined in accordance with the instructions and authorizations included in the applicable mutual fund account application and/or mutual fund account conversion form that you sign in connection with your enrollment in the direct-at-fund program.

Recommendation of Third-Party Investment Advisers

When we (through an IAR) recommend a TPIA to a client in our capacity as that TPIA's solicitor, as compensation for our services we receive a referral fee from the TPIA that is typically a portion of the management fee charged by the TPIA (which may include performance-based fees). Our compensation will differ depending upon the individual solicitor agreement we have with each TPIA. Consequently, a conflict of interest arises as a result of our IARs' incentive to recommend TPIAs with whom we have more favorable compensation arrangements over other advisory programs offered by TPIAs with which we have less favorable or no compensation arrangements at all.

Clients who open an account with a TPIA through Envestnet will pay a management fee to the TPIA for its account management services, and pay a separate fee to SPC (that is collected from the client's account and remitted by Fidelity on SPC's behalf) for the other services agreed upon between the client and IAR.

Advisory fees that you will pay to a TPIA with whom you establish an account are determined and payable in accordance with the TPIA's disclosure brochure and/or client agreement. Depending on the TPIA, these fees may or may not be negotiable. You should review the recommended TPIA's disclosure brochure and take into consideration the TPIA's fees along with our fees to determine the total amount of fees you will pay when utilizing the services of the TPIA.

Financial Planning and Ongoing Consulting Services

Our fees for financial planning and consulting services are negotiable based upon the time and effort required and/or the nature and complexity of services. Our hourly fee ranges up to \$300 and a fee for staff time may be billed at \$35 per hour.

For project-based fees, we use an hourly fee and take into account the time, effort, and complexity of services as a guide for determining the fee. No increase in the fees we charge will be effective without prior written notice. We may require an initial partial deposit of the proposed fee with the balance due upon completion of the services to be rendered. Additional fees may apply in the event your circumstances change during the course of our engagement and new advice, recommendations or research are required, or your IAR is required to expend additional effort to provide materially different advice, recommendations, or other services. We will not engage in additional services that result in additional fees without your prior approval.

For modular financial plans, we charge a maximum of \$750 per plan. For more comprehensive plans, fees will be determined on a case-by-case basis in accordance with the scope and complexity of the plan. We may charge additional fees for follow-up services depending upon the nature and complexity of the services requested, in addition to the scope of the engagement. In such cases, we would charge an hourly or project-based fee.

Clients who elect to receive ongoing financial consulting services will be billed quarterly. The fee for such ongoing services is a flat fee rather than an hourly or project-based fee. Consequently, this fee will not be calculated based upon the work your IAR performs. Instead, it is a recurring fee for the specific ongoing services that you retain your IAR to provide.

For other services that do not involve general consultation or planning, we will charge a fee not to exceed 2.5% of the estimated total asset size in connection with the services provided. At the discretion of your IAR, financial planning and consulting fees may be offset, in whole or in part, if you decide to implement the plan by purchasing securities or insurance through your IAR acting in his or her capacity as a registered representative or licensed insurance agent.

We can also provide, on a limited basis, consultations, advice, research, or project assistance relating to subjects which do not involve financial planning per se but still relate to your securities or other investments. For such services, we will charge an hourly, fixed, or project-based fee. The fee is negotiable and will be based upon the time, effort, and complexity of the engagement. In connection with such an engagement, your IAR may recommend the purchase and/or sale of securities, investments, and insurance products. If you elect to

implement these recommendations through your IAR, then in addition to this planning fee your IAR will also receive transaction-based compensation, in the form of commissions, from the resulting transactions. However, you are under no obligation to implement any advice or recommendations through your IAR, SPC, SFC, or Parkland.

PLEASE NOTE THAT ALL OF THE FEES AND COMPENSATION DESCRIBED BELOW IN THE REMAINDER OF THIS SECTION ARE IN ADDITION TO, OR SEPARATE FROM, OUR REGULAR ADVISORY FEES DESCRIBED ABOVE. WE ARE DISCLOSING OUR CONFLICTS OF INTEREST IN CONNECTION WITH OUR DUTY OF LOYALTY.

Compensation for the Sale of Securities or Other Investment Products

Securities

IARs providing investment advice on behalf of SPC generally are registered representatives with either SFC or Parkland. In their capacity as registered representatives, these persons receive commission-based compensation in connection with the purchase and sale of securities, including 12b-1 fees for the sale of investment company products (i.e., mutual funds). Compensation earned by these persons in their capacities as registered representatives is separate from and in addition to our advisory fees. This practice presents a conflict of interest because IARs providing investment advice on behalf of SPC who are registered representatives have an incentive to effect securities transactions for the purpose of generating commissions rather than solely based on your needs. SFC and Parkland mitigate this conflict by reviewing such transactions for adherence to FINRA suitability standards, the requirements of state and federal securities laws, and applicable fiduciary standards under state and federal law. You are under no obligation, contractually or otherwise, to buy or sell securities or investment products through SFC, Parkland, or any person affiliated with SPC.

Insurance

SFC and Parkland are licensed insurance agencies with various state insurance regulators, and many IARs are also licensed as independent insurance agents with the ability to sell certain insurance policies and products (e.g., life insurance, health insurance, long-term care insurance, and annuities). Such insurance agents will earn commissions from selling insurance policies and products to our clients. In addition, SFC and Parkland receive compensation in connection with the sale of fixed annuities, indexed annuities, variable annuities, and variable universal life insurance. Insurance commissions earned in this manner are separate from, and in addition to, our advisory fees. The sale of insurance policies and products presents a conflict of interest because individuals providing investment advice on behalf of our firm who are licensed insurance agents have an incentive to recommend insurance policies and products to you for the purpose of generating commissions rather than solely based on your needs. SFC and Parkland mitigate this conflict by reviewing such transactions for adherence to FINRA suitability standards, the requirements of state and federal securities laws, and applicable fiduciary standards under state and federal law. You are under no obligation, contractually or otherwise, to purchase insurance products through SFC, Parkland, or any person affiliated with SPC.

Outside Business Activities

Many IARs are involved in other outside business activities ("OBAs") unrelated to their association with SFC, Parkland, or SPC. Depending on the circumstances, your IAR's OBAs can create conflicts of interest, either because of the additional compensation that the OBAs provide or because of the time that they require. Your IAR's OBAs, if any, are described in your IAR's Form ADV Part 2B brochure supplement.

Additional Fees and Expenses

Money Market Funds

We utilize unaffiliated money market funds as investment vehicles for the cash balances in all SIGMA Managed Accounts. In such cases, the overall fees charged on managed account values will include these money market balances. This is a conflict of interest, because our management fee is higher than it otherwise would be if we excluded cash/money market positions when calculating our management fee. Because cash balances are not invested in the market and are included in our management fee, we actively monitor for accounts with larger cash positions using third-party software that alerts our compliance staff to significant money market fund allocations. When an account is flagged, we follow up with the IAR and inquire further.

Fund Fees and Expenses

As part of our investment advisory services to you, we will very likely invest, or recommend that you invest, in mutual funds and exchange-traded funds, as these are common investments for client account management.

The fees that you pay to us for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds and exchange-traded funds (which are described in each fund's prospectus) to their shareholders. These fees will generally include a management fee and other fund expenses.

Custodial Fees and Expenses

Account custodians are permitted to charge clients various fees, including, but not limited to, account opening, maintenance, transfer, termination, wire transfer, electronic fund, retirement plan, fiduciary, and applicable third-party fees.

Depending on the securities and/or transaction in question, clients may also be subject to deferred sales charges, oddlot differentials, transfer taxes, and other fees and taxes on brokerage. These charges and fees are typically imposed by the broker-dealer or custodian through whom your account transactions are executed.

To fully understand the total costs you will incur, you should review the custodian's account opening documents, this brochure, the TPIA's brochure (if applicable), the fees and expenses disclosed in the prospectuses for the investments you own, and the fees and expenses of other service providers.

TPIAs and Additional Revenue

We receive additional revenue from Envestnet that is separate from our regular advisory fee, in an amount ranging from zero to five basis points (0% to 0.05%). We receive this additional revenue in connection with clients who open an account with a TPIA through Envestnet using any of the following four options: (i) a Multi-Manager account; (ii) the Advisor Directed Unified Managed Account Program (UMA); (iii) a Mutual Fund Wrap / ETF Wrap account; or (iv) the Model Management program. This additional revenue represents a portion of the Envestnet platform fee. We also anticipate receiving additional revenue of a similar amount in the future from risk tolerance software providers that work with TPIAs, as such additional revenue is often included as part of contract negotiations. For more information regarding the amount of additional revenue we receive, please review the Revenue Sharing Disclosure posted on the www.spc4clients.com website.

Such additional revenue presents a conflict of interest, because our compensation increases whenever clients open accounts with these TPIAs. SPC mitigates this conflict by ensuring that IARs receive none of this compensation, meaning they have no personal financial incentive to recommend such TPIAs. Furthermore, SPC mitigates this conflict by ensuring that SPC does not intentionally direct or incentivize IARs to favor one TPIA over another.

Ticket Charge Mark-ups and Additional Charges in SIGMA Managed Accounts

Clients with non-wrap SIGMA Managed Accounts will pay ticket charges in connection with account transactions. The base ticket charge amounts are periodically negotiated with Fidelity as our custodian. However, in the case of equities and exchange-traded funds, we receive a ticket charge mark-up that Fidelity remits to us in the form of soft dollars. Please see the "Brokerage Practices" section in this brochure for more information.

In addition, whenever an IAR is required to pay a \$7.95 ticket charge in connection with a Wrap Fee Program transaction, a portion of the ticket charge (\$3.00) represents our additional charge that is added to the ticket charge. However, these conflicts are mitigated by two important factors: (1) IARs receive none of this compensation, and (2) we do not intentionally direct or incentivize IARs to favor one pricing option over another. We do not impose an additional account charge for clients who select the "Pricing A" option, as we retain the entire Program Fee in connection with such accounts.

Fidelity 12b-1 Revenue-Sharing Agreement

As a custodian, Fidelity receives 12b-1 fees from various mutual fund companies as a result of mutual funds held in clients' advisory accounts. We have a revenue-sharing agreement with Fidelity whereby we (but not our IARs) receive a portion (40%) of the 12b-1 fees that are remitted to Fidelity by these mutual fund companies. This presents a conflict of interest, because our compensation increases whenever clients acquire these funds in their advisory accounts. SPC mitigates this conflict by ensuring that IARs receive none of this compensation, meaning they have no personal financial incentive to recommend the purchase of such mutual funds. Furthermore, SPC mitigates this conflict by ensuring that SPC does not intentionally direct or incentivize IARs to favor, purchase, or recommend the purchase of any particular mutual funds.

Broker-Dealer Tier Sponsorship Agreements

Our affiliated broker-dealers, SFC and Parkland, have entered into "tier sponsorship" agreements with certain

alternative investment, retirement plan, mutual fund, and annuity product sponsors. These agreements provide the sponsors with certain benefits (e.g., presentation opportunities at corporate conferences) in exchange for paying the broker-dealers a fee that is either flat or variable. In the specific case of alternative investments, our affiliated broker-dealers will also customarily receive marketing and due diligence fees from the product sponsors as a reallowance under the terms of the selling agreement. These agreements are made between the broker-dealers and the product sponsor, and the resulting compensation is disclosed on the broker-dealers' public websites. We are disclosing these arrangements for two reasons. First, certain investments issued by some of these sponsors (e.g., alternative investments) are held in SPC advisory accounts, often times for consolidation purposes when such investments are purchased at NAV, although we receive no direct or indirect compensation from the product sponsors in connection therewith other than occasional meals and entertainment of reasonable value consistent with industry rules and regulations. Second, certain insurance companies offer fee-based versions of their annuities (both variable and fixed) which are intended for use with clients of investment advisers, rather than broker-dealer customers. Although we receive no direct or indirect compensation from the insurance companies in connection with these annuities, other than occasional meals and entertainment of reasonable value consistent with industry rules and regulations, our IARs do recommend such annuities to clients. For more information regarding these tier sponsorship agreements, please review the Revenue Sharing Disclosure posted on the www.sigma4clients.com and www.parkland4clients.com websites.

SPC Tier Sponsorship Agreements

SPC has created a tiered sponsorship program whereby participating TPIAs enter into a revenue-sharing agreement with SPC. These agreements provide TPIAs with certain benefits which include, but are not limited to, the following: greater access to our IARs through joint marketing opportunities, the ability to provide education and training for our IARs, and presentation opportunities at our corporate conferences. SPC receives a fee in exchange for providing these benefits to TPIAs, which presents a conflict of interest. SPC mitigates this conflict of interest by reviewing each recommendation to open a TPIA account, along with the recommendation to fund the account with the proceeds from liquidated investments, to ensure that the proposed course of action is suitable and consistent with SPC's duties of prudence and loyalty.

Please note that our IARs do not receive any portion of the payments that SPC receives from TPIAs. All tier sponsorship fees, which are either flat or variable, are remitted by the TPIA directly to SPC and are not derived from client funds or assets. For more information, please review the Revenue Sharing Disclosure posted on the www.spc4clients.com website.

Other Compensation

Various vendors, product providers, distributors, and others third parties provide SPC with non-monetary compensation by paying some expenses related to training and education, including the expenses of travel and acquiring professional designations. We also occasionally receive payments from such entities to subsidize our own internal training programs. Additionally, certain vendors invite us to participate in conferences or online training and also provide us with access to publications that further IARs' and employees' skills and knowledge. Finally, such entities occasionally provide us with gifts, meals, and entertainment of reasonable value consistent with industry rules and regulations. We do not believe that these benefits create a material conflict of interest given their purpose (e.g., training) or the low amounts involved (e.g., meals). However, we believe it is important to disclose this additional compensation in fulfillment of our duty of loyalty.

Compensation to Associated Persons

Payout Grids

Each IAR's "total production" is calculated by aggregating his or her annual compensation from (1) providing advisory services through SPC and (2) selling securities through SFC or Parkland, our broker-dealer affiliates. An IAR's total production determines his or her payout percentage under our payout grid. (A "payout grid" uses an escalating series of payout percentages according to which the percentage compensation paid to the IAR increases at certain predetermined thresholds.) By using an escalating payout grid with IARs, we attempt to avoid transmitting firm-level conflicts to IARs by setting the payout percentage thresholds according to neutral factors. That is, our payout grid is prospective in nature, rather than retroactive, employing gradual increases, and is not tied to how lucrative different investments are for the firm. Payout percentages are determined solely according to total production and without regard to specific investments or categories of investments.

Forgivable Loans and Bonuses

Our affiliated broker-dealers, SFC and Parkland, may offer new registered representatives either a bonus or a

forgivable loan in order to help defray their transition expenses. The amount of such bonus or forgivable loan, including whether such compensation will even be offered in the first place, is determined by such factors as the individual's regulatory history, past production, and ongoing contractual commitments (e.g., non-solicitation agreements). We are disclosing this compensation because such representatives often choose to associate with SPC as well. In certain circumstances, we may also choose to provide representatives with either a bonus or a forgivable loan, but solely to help defray transition costs.

Succession Plans

We assist our IARs by facilitating succession plans that involve transitioning a client book of business from one IAR (the "seller") to another (the "buyer"). Such transitions often occur when the seller wishes to retire from the industry and "hand off" his or her client accounts (or "book of business") to the buyer. By assisting with such succession plans, we can help ensure that clients do not experience an interruption in service and also avoid a potential decrease in our overall assets under management due to client attrition. Because the seller will reap an additional profit from monetizing his or her client relationships, and will select a buyer based upon financial considerations rather than in a purely disinterested manner, such transitions naturally create a conflict of interest involving potential self-dealing. We mitigate this conflict of interest by reviewing IARs' transition agreements and requiring disclosure to clients informing them that the transition will result in additional compensation to the seller.

Personal Loans

Our affiliated broker-dealers, SFC and Parkland, may offer existing registered representatives a non-forgivable personal loan, at an interest rate that meets or exceeds the Applicable Federal Rate at the time of the loan, in order to assist such individuals with expanding their practices (e.g., purchasing another representative's book of business). The amount and the terms of such non-forgivable loans are determined by such factors as the individual's regulatory history, past production, and prior experience with the firm. We are disclosing this compensation because such representatives are often associated with SPC as well. In certain circumstances, we may also choose to provide representatives with a non-forgivable loan for similar purposes.

Program Fee Sharing

SPC remits two basis points (or 0.02%) of the Program Fee to IARs with more than \$40 million in client assets under management in SIGMA Managed Accounts. This creates a conflict of interest, as IARs have an incentive to recommend discretionary managed accounts to clients in lieu of more traditional nondiscretionary buy-and-hold investments. Furthermore, in connection with a retention agreement involving a large network of financial advisors, SPC remits to the managing partners two basis points (or 0.02%) of the Program Fee derived from the accounts of clients whose IARs are part of the network. We mitigate these conflicts of interest by reviewing each recommendation to open a SIGMA Managed Account, along with the recommendation to fund the account with the proceeds from liquidated investments, to ensure that the proposed course of action is suitable and consistent with our duties of prudence and loyalty.

Item 6. Performance-Based Fees and Side-By-Side Management

Fees based on the performance of an account are calculated based upon a share of capital gains or capital appreciation in the advisory account. We do not charge performance-based fees in connection with SIGMA Managed Accounts or direct-at-fund accounts. However, certain TPIAs we recommend charge performance-based fees to qualified clients, as defined by Rule 205-3 under the Act, and we (and our IARs) will receive a portion of such fees as part of our referral fee if we act as the TPIA's solicitor. IARs may therefore have an incentive to recommend TPIAs that charge performance-based fees over other TPIAs that do not. We mitigate this conflict of interest by reviewing each recommendation to open an account with a TPIA, along with the recommendation to fund the account with the proceeds from liquidated investments, to ensure that the proposed course of action is suitable and consistent with our duties of prudence and loyalty. You should refer to the TPIA's disclosure brochure for further information on any performance-based fees the TPIA may charge and the conflicts of interest that presents.

Item 7. Types of Clients

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

consult SPC's Retirement Plan Program Brochure for information regarding the services we offer to employer-sponsored retirement plans, including pension and profit-sharing plans.

For portfolio management services, we require a minimum account size of \$10,000 for SIGMA Managed Accounts maintained at Fidelity. In our discretion, we may waive these minimums. We may combine account values for you and your minor children, joint accounts with your spouse, and other types of related accounts to meet the stated minimum. In addition, TPIAs may impose their own account minimums.

Item 8. Methods of Analysis, Investment Strategies and Risk of Loss

Methods of Analysis and Investment Strategies

IARs work directly with you to evaluate your stated needs and objectives. IARs attempt to measure a client's stated risk tolerance, time horizon, goals, and objectives through an interview and data-gathering process in an effort to determine an investment plan or portfolio that best fits the client's profile.

Investment strategies may be based upon a number of concepts and determined by the type of client. IARs each provide individualized advisory services to their clients. The investment advisory strategies utilized by our IARs may range from speculative to conservative, but each is designed to meet the varying needs of our clients. IARs determine which portfolios are suitable after working with clients to define their objectives, risk tolerance, and time horizons.

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

IARs may utilize portfolio models which are designed to target specific degrees of investment risk, ranging from conservative to speculative. IARs generally conduct portfolio reviews on a quarterly basis to ensure adherence to the risk objective for each portfolio. IARs may also utilize asset allocation software and historical performance modeling software.

As noted in the "Advisory Business" section above, IARs may recommend to clients the services of TPIAs who offer various investment management platforms. When an IAR recommends and helps place a client with a TPIA, the IAR will review the TPIA's investment strategies and past performance and monitor the TPIA's ongoing performance to the extent available. The methods of analysis and investment strategies utilized by a given TPIA are disclosed in that TPIA's disclosure brochure.

IARs have access to the SPC home office as well as that of SFC and Parkland. IARs may consult with the due diligence staff of our affiliated broker-dealers regarding various investments including mutual funds, alternative investments, variable annuities, and TPIAs.

For financial planning services, IARs generally take a long-term perspective. After your IAR evaluates your short-term cash needs and emergency funds, he or she can then develop investment and insurance strategies to assist you in achieving your stated goals and objectives.

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

- **Charting and Technical Analysis** – Charting analysis involves the gathering and processing of price and volume information for a particular security. This price and volume information is analyzed using mathematical equations. The resulting data is then applied to graphing charts, which are used to predict future price movements based on price patterns and trends. Technical analysis involves studying past price patterns and trends in the financial markets to predict the direction of both the overall market and specific stocks. The risk of market timing based on technical analysis is that charts may not accurately predict future price movements. Current prices of securities may reflect all information known about the security and day-to-day changes in market prices of securities may follow random patterns and may not be predictable with any reliable degree of accuracy.

- **Fundamental Analysis** – Fundamental analysis involves analyzing individual companies and their industry groups, usually through reviewing a company's financial statements, details regarding the company's product line, the experience and expertise of the company's management, and the outlook for the company's industry. The resulting data is then used to estimate the true value of the company's stock compared to the current market value. The risk of fundamental analysis is that information obtained may be incorrect and the analysis may not provide an accurate estimate of earnings, which may be the basis for a security's value. If securities prices adjust rapidly to new information, utilizing fundamental analysis may not result in favorable performance.
- **Cyclical Analysis** – Cyclical analysis is a type of technical analysis that involves evaluating recurring price patterns and trends based upon business cycles. Economic and business cycles may not be predictable and may have many fluctuations between long-term expansions and contractions. The lengths of economic cycles may also be difficult to predict with accuracy. The risk of cyclical analysis is the difficulty in predicting economic trends and consequently the changing value of securities that would be affected by these changing trends.
- **Long-Term Purchases** – Securities purchased with the expectation that the value of those securities will grow over a relatively long period of time, generally greater than one year.
- **Short-Term Purchases** – Securities purchased with the expectation that they will be sold within a relatively short period of time, generally less than one year, to take advantage of short-term price fluctuations.
- **Margin Transactions** – These are securities transactions in which an investor borrows money to purchase a security, in which case the security serves as collateral on the loan.
- **Options Trading/Writing** – A securities transaction that involves buying or selling (i.e., writing) an option. If an investor writes an option, and the buyer exercises the option before it expires, the investor will be obligated to purchase or deliver a specific number of shares at a specific price regardless of the current market value of the underlying security. Conversely, purchasing an option gives the holder the right to purchase or sell a specified number of shares at a specified price until the option expires, regardless of the current market value of the underlying security.

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

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

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

Depending upon his or her investment strategy or methodology, your IAR may use investment strategies that involve the frequent buying and selling of securities in an effort to capture significant gains and avoid significant losses during volatile market conditions. However, frequent trading can negatively affect investment performance, particularly through increased brokerage and other transactional costs and taxes.

You should note that if we effect short-term transactions in an account, such transactions might result in short-term gains or losses for federal and state tax purposes. Our strategies and investments may have unique and significant tax implications. However, unless we specifically agree otherwise in writing, tax efficiency is not our primary consideration in our management of assets. Regardless of account size or any other factors, we strongly recommend that clients continuously consult with qualified tax counsel to ensure compliance with applicable tax laws and IRS regulations.

Options trading is highly speculative and entails more risks than those present when investing in other types of securities. Option prices are generally more volatile than prices of other types of securities. When trading options, clients can run the risk of losing the entire investment in a relatively short period of time. With more risky option strategies, an investor could theoretically have an unlimited risk of loss.

Similarly, leveraged and inverse exchange-traded funds, as well as alternative mutual funds, are more speculative in nature and come with greater risks than traditional exchange-traded funds and mutual funds. If your IAR determines that it is suitable to utilize leveraged or inverse exchange-traded funds or alternative mutual funds in your SIGMA Managed Account, you will be asked to complete and sign our Leveraged and Inverse Exchange-Traded Funds Disclosure Form or Alternative Mutual Fund Disclosure Form, respectively. For more information regarding these products, please visit the FINRA¹ and SEC² websites and look for their investor alerts.

All investments involve risk and investment performance can never be predicted or guaranteed. Account values can fluctuate (perhaps significantly) due to market conditions, manager performance, and other factors. The use of any benchmark or index in connection with investment management services is no guarantee that the performance of the managed investments will experience the same results as the index or benchmark, including the results shown on the various reports that are delivered in connection with the investment management services. It is not possible to invest directly in an index.

Cost Basis Reporting

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

Risk of Loss

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

Recommendation of Particular Types of Securities

As disclosed under the "Advisory Business" section in this brochure, we recommend a variety of investments and we do not necessarily recommend one particular type of security over another since each client has his or her own investment objectives, risk tolerance, needs, and goals.

Item 9. Disciplinary Information

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

Item 10. Other Financial Industry Activities and Affiliations

IARs are generally registered representatives with SFC or Parkland, both of which are affiliated broker-dealers of SPC. Please see the "Fees and Compensation" section in this brochure for more information regarding the

¹ <https://www.finra.org/investors/alerts/leveraged-and-inverse-etfs-specialized-products-extra-risks-buy-and-hold-investors>

² https://www.sec.gov/oiea/investor-alerts-bulletins/ib_altmutualfunds.html

compensation received by registered representatives.

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

Clients should also understand that SPC and its IARs perform advisory and/or brokerage services for numerous other clients with various needs, goals, risk tolerances, and objectives. Consequently, SPC and its IARs will typically give advice or take actions for some clients that differ from the advice given or actions taken for other clients. The timing or nature of actions taken for one client may also be different from that of other clients, resulting in the receipt of more compensation from some clients than others, including as a result of charging higher fees due to the complexity or involvement of the work and services performed. IARs are permitted to charge clients different fees for different levels of service, for example "gold," "silver," and "bronze" advisory service arrangements. Typically, the more "precious" the metal, or the closer the personal relationship between client and IAR, the greater the level of service. However, we do not believe that such different outcomes and levels of service present a material conflict of interest, as they are often driven by client circumstances and cost considerations. Moreover, IARs' activities in this regard are monitored to ensure suitability and consistency with our duties of prudence and loyalty.

SFC and Parkland are also licensed as insurance agencies. Some IARs of our firm are also licensed insurance agents. IARs acting in their capacity as insurance agents will earn commission-based compensation from selling insurance products (e.g., fixed annuities) and policies (e.g., life insurance). SFC and Parkland will also receive compensation from such sales. Insurance commissions are separate from our advisory fees. Please see the "Fees and Compensation" section in this brochure for more information on the compensation received by insurance agents who are affiliated with our firm.

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

Based on your needs and objectives, we may recommend that you utilize the services of a TPIA. If we act as the TPIA's solicitor, we will receive compensation from the TPIA in the event you decide to utilize the TPIA's services. These compensation arrangements present a conflict of interest because we have a financial incentive to recommend the services of such TPIAs. You are not obligated, contractually or otherwise, to utilize the services of any TPIA that we may recommend.

Item 11. Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

Description of Our Code of Ethics

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

Our Code of Ethics is available to you upon request. You can obtain a copy of our Code of Ethics by contacting the SPC Department at (888) 744-6264 or spcinfo@bdops.com.

Agency Cross Transactions

We occasionally execute purchase and sale transactions between two clients (referred to as “agency cross transactions”), provided such transactions comply with our procedures and Rule 206(3)-2 under the Act. In such circumstances, we have a conflicting duty of loyalty to both of the clients for whom we conduct agency cross transactions, and our affiliated broker-dealers (SFC and Parkland) will earn commissions in connection with agency cross transactions.

We have adopted agency cross transaction procedures that are designed to promote fairness among the client accounts we manage and to conform to applicable regulatory principles. We will only conduct an agency cross transaction if a client has consented in advance to such a transaction, either in the client’s account agreement or in a separate written consent. Each agency cross transaction will be effected at the independent current market price of the security. We will send to both clients participating in the agency cross transaction a written confirmation at or before the completion of each transaction containing: (i) a statement of the nature of such transaction; (ii) the date such transaction took place; (iii) an offer to furnish, upon request, the time when such transaction took place; and (iv) the source and amount of any compensation or other remuneration received (or to be received) by us or our affiliates. We will also send the client an annual summary of all agency cross transactions. A client’s written consent authorizing us to effect agency cross transactions on his or her behalf can be revoked by the client at any time by means of written notice to SPC.

Personal Trading Practices

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

A conflict of interest exists in such cases because we have the ability to trade ahead of you and potentially receive more favorable prices than you will receive. To mitigate this conflict of interest, it is SPC’s policy that neither SPC nor any of its Associated Persons shall have priority over your account in the purchase or sale of securities. This policy is enforced by reviewing Associated Person trades to determine whether any Associated Person (i) profited from trading ahead of his or her clients, or (ii) received more favorable pricing than clients on same-day trades. Associated Persons are not permitted to retain any profits from such activities.

Political Contributions

To avoid potential conflicts of interest associated with political contributions, especially with respect to clients that are government or municipal entities, we limit our IARs’ political contributions to the lower *de minimis* amount under Rule 206(4)-5(b)(1) of the Act. Currently, this amount is limited to \$150 for any one official per election.

Item 12. Brokerage Practices

Dual Registration

As discussed herein, most IARs in their respective individual capacities are registered representatives of SFC or Parkland (“dually registered IARs”). All dually registered IARs are subject to FINRA Rule 3280, which restricts registered representatives from conducting securities transactions away from their broker-dealer unless the broker-dealer provides written consent. Therefore, clients are advised that dually registered IARs are restricted to conducting securities transactions through SFC or Parkland (and their clearing firms) unless they first secure written consent to execute securities transactions through a different broker-dealer. Absent such written consent or separation from their broker-dealer, these IARs are prohibited from executing securities transactions through any broker-dealer other than SFC or Parkland (or their clearing firms) under each entity’s internal supervisory policies. The information contained in this paragraph is not applicable to IARs who are not dually registered.

Brokerage Firm and Custodial Choices

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

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

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

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

Fidelity is the custodian that we utilize for SIGMA Managed Accounts. SPC has negotiated ticket charge schedules, account pricing options, and service fees for client accounts custodied at Fidelity. These items were determined based upon the current and expected type and amount of business SPC conducts with Fidelity. However, given the recent industry trend that has seen a decrease in transaction costs in investor accounts, our clients will typically pay ticket charges that are higher than what other qualified broker-dealers would presently charge to effect the same transactions. Nevertheless, when the brokerage and research services provided are taken into account, we believe that such ticket charges are reasonable in relation to the total value received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including, among other considerations, the value of research provided, execution capability, ticket charges, and responsiveness of the broker-dealer.

Consistent with the foregoing, while we will seek competitive rates, we will not necessarily obtain the lowest possible ticket charges for client transactions. While it is likely that you will pay higher ticket charges or transaction fees through Fidelity, we believe they currently offer the best overall value for the ticket charges imposed. Nevertheless, you should carefully evaluate Fidelity's costs and services before opening a SIGMA Managed Account.

Fidelity's current ticket charge schedule is available on request and is also included in the client services agreement. Fidelity generally does not charge its investment adviser clients separately for custody services but is compensated by account holders through ticket charges and other transaction-related or asset-based fees for securities trades that are executed through Fidelity or that settle into Fidelity accounts (e.g., transaction fees are charged for certain no-load mutual funds, whereas ticket charges are imposed for individual equity and debt securities transactions). Fidelity also provides access to many no-load mutual funds without transaction charges and other no-load mutual funds at nominal transaction charges.

Fidelity pays for and provides us with technology platforms and other software in order to enable us (and our IARs) to access Fidelity's brokerage system and streamline our business operations. These systems aid us in providing service to client accounts and include software that makes available client account data, facilitates trade execution, allocates aggregated trade orders, facilitates payment of fees from client accounts, and assists with back office functions such as record-keeping and client reporting.

In certain instances, groups of two or more IARs choose to operate and conduct business from the same SPC branch office and/or form a joint business association spanning multiple branch office in different locations. **You should be aware that if your IAR works out of such an office and/or participates in such a joint business**

association, each of the other IARs in your IAR's office and/or the joint business association will have the ability to see your account information and process trades in your account(s), solely in a ministerial capacity, at the instruction of your IAR. However, authority over your account(s) shall continue to reside solely with your IAR.

Fidelity also offers other services intended to help SPC manage and further develop its advisory business. Such services include, but are not limited to, performance reporting software, financial planning software, contact management systems, third-party research, and investment-related publications, as well as access to educational conferences, roundtable discussions, webinars, practice management resources, consultants, and other third-party service providers who offer a wide array of business-related services and technology with whom SPC can contract directly. Fidelity additionally provides investment research to help IARs make well-informed investment decisions for client accounts.

These services, as well as any other services that Fidelity provides to SPC, are often provided for free or at a discount. The terms of any agreements between Fidelity and SPC may be better or worse than the terms that Fidelity offers to other investment advisers. SPC's ability to negotiate more favorable terms depends upon the type and amount of business that SPC conducts with Fidelity, including the amount of client assets held in Fidelity accounts during a certain timeframe. It is possible that some or all of the products and services Fidelity offers to SPC will not directly benefit you.

Fidelity assists SPC in certain marketing activities. This includes, but is not limited to, providing marketing materials, co-sponsoring client events, and engaging in joint marketing programs. Fidelity also assists IARs in joining the Fidelity platform and in some cases may, at its sole discretion, pay or waive account transfer fees or other charges that clients would otherwise ordinarily incur when changing custodians or service providers.

On occasion, Fidelity makes direct payments to SPC for items such as reimbursing SPC or an IAR for reasonable travel expenses incurred in connection with traveling to a Fidelity-sponsored event, including to assess Fidelity's business practices and operations. Fidelity also pays SPC for performing certain back office administrative, custodial support, and clerical services for Fidelity in connection with client accounts custodied with Fidelity. These payments come in the form of 12b-1 shareholder services which Fidelity receives and shares with SPC, as discussed below under "Additional Compensation."

Additional Compensation

Soft Dollars

We have a written agreement with Fidelity whereby we receive research related services. This agreement is structured in accordance with Section 28(e) of the Securities Exchange Act of 1934, as amended. In connection with this agreement, for trades involving stocks (i.e., equity securities) and exchange-traded funds (ETFs) in non-wrap accounts, SPC receives a ticket charge mark-up which varies based upon a variety of factors, including, but not limited to, the specific securities involved in the transaction, the size of the trade, and the client's account features. The economic benefit from such mark-ups are remitted monthly to SPC in the form of soft dollars; IARs do not receive any direct economic benefit or compensation from such mark-ups. According to our agreement with Fidelity, the soft dollar formula is as follows:

$$\begin{array}{c} \text{Soft Dollar Ratio} \\ 2.65 : 1 \text{ for equities and ETFs (excluding qualified plans)} \end{array}$$

The use of soft dollars directly benefits us, and therefore presents a conflict of interest, because we do not have to create or pay for the research, products, or services acquired using soft dollars. However, any general research acquired using soft dollars is made available for the benefit of all SPC clients. Other soft dollar benefits are available to all IARs and can be used with any SPC clients at their discretion.

Software and Other Benefits

We receive certain added benefits when clients utilize Fidelity to custody their accounts. Such benefits include research, the ability to deduct our advisory fees from clients' accounts, discounts on periodicals or other published materials, complimentary business and compliance newsletters, and various other non-cash services. Additionally, we receive the following benefits from Fidelity: receipt of duplicate client confirmations and bundled duplicate statements; access to a trading desk that exclusively services its investment adviser participants; access to block trading which provides the ability to aggregate securities transactions and then

allocate the appropriate shares to client accounts; and access to an electronic communication network for client order entry and account information.

We also receive from Fidelity, without cost to us, computer software and related systems support which allow us to better monitor client accounts maintained at Fidelity. We receive the software and related support without cost because we render portfolio management services to clients that maintain assets at Fidelity. The software and related systems support both benefit us but do not directly benefit our clients. We endeavor at all times to put the interests of our clients first. Clients should be aware, however, that our receipt of such economic benefits from Fidelity creates a conflict of interest. In particular, these benefits influenced us to select Fidelity as our custodian over other broker-dealers that do not furnish similar software, systems support, or services.

As a result of our receipt of such software, systems support, and services, clients could likely end up paying higher ticket charges than those charged by other broker-dealers. Nevertheless, when the brokerage and research services provided are taken into account, we believe that such ticket charges are reasonable in relation to the total value received.

Fidelity 12b-1 Revenue Sharing Agreement

As noted above in the "Fees and Compensation" section, Fidelity receives 12b-1 fees from various mutual fund companies as a result of mutual funds held in clients' advisory accounts. We have a revenue-sharing agreement with Fidelity whereby we (but not our IARs) receive a portion (40%) of the 12b-1 fees that are remitted to Fidelity by these mutual fund companies. This presents a conflict of interest, because our compensation increases whenever clients acquire these funds in their advisory accounts. SPC mitigates this conflict by ensuring that IARs receive none of this compensation, meaning they have no personal financial incentive to recommend the purchase of such mutual funds. Furthermore, SPC mitigates this conflict by ensuring that SPC does not intentionally direct or incentivize IARs to favor, purchase, or recommend the purchase of any particular mutual funds.

Block Trading

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

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

Trade Errors

In the event a trading error occurs in your account and results in a loss, our policy is to restore your account to the position in which it should have been had the trading error never occurred. Depending on the circumstances, our corrective actions include the following options: (1) canceling the trade, (2) adjusting an allocation, and/or

(3) reimbursing the account. If a trade error results in a profit you will not keep the profit as it will be maintained by the broker-dealer custodian or by SPC.

Item 13. Review of Accounts

Portfolio Management

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

Clients engaging us for portfolio management services must play an active role. We require you to participate in the formation of your investment plan and provide us with needed information to develop investment advice and recommendations. During the course of the engagement, without restriction, you may call your IAR to discuss your portfolio or ask questions, but we recommend that you meet with your IAR no less than annually.

You will receive monthly or quarterly statements from your account custodians, depending on account activity. Additionally, we create quarterly portfolio reports using third-party software which detail the performance of your account and other pertinent information. We make such reports available to clients exclusively on an electronic basis. Any unsupervised portfolio holdings disclosed therein are assets in your account which are not managed on a discretionary basis. These assets ordinarily consist of either legacy positions (e.g., employer stock) or investments which paid the selling broker a commission at the time of sale. Unsupervised portfolio holdings are excluded from consideration when calculating both the management fee as well as the performance figures disclosed in the report. Our Exclusion/Inclusion Form can be used to denote such holdings.

When preparing quarterly portfolio reports, reasonable efforts are made to obtain data which we believe is accurate. However, you should understand that such quarterly reports are provided for informational purposes only and should be compared against the account statements provided by the asset custodian. In the event any discrepancies exist, the official statements presented by the asset custodian (and not the quarterly report) should be deemed correct.

Valuations

Generally speaking, valuations pose potential conflicts of interest for investment advisers because (1) a higher valuation of assets under management usually translates into a higher advisory fee and inflated performance representations, and (2) many securities are difficult to value. However, SPC does not custody your assets and therefore relies upon reputable third-party custodians (e.g., Fidelity) and vendors to provide accurate pricing and valuation data for the securities and assets that we manage, including for the purpose of generating quarterly portfolio reports using third-party software. While SPC believes the pricing and valuation information it receives is accurate, SPC does not actually verify such data for accuracy or completeness. As SPC is not the custodian, SPC is not liable for any damages due to inaccurate data.

Financial Planning and Consulting Services

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

Cybersecurity

SPC and its broker-dealer affiliates have relationships with various vendors and service providers that store, or have access to, confidential and sensitive client information. Such vendors include, but are not limited to, technology companies that provide us with account aggregation software, account statement software, risk tolerance software, and electronic document storage. When negotiating contractual agreements with such third parties, we seek to ensure that provisions are included that require the service provider to abide by industry

standard safeguards in securing confidential and sensitive information. We exercise appropriate and effective oversight of service provider arrangements in accordance with Regulation S-ID (17 C.F.R. § 248.201(e)(4)), and we safeguard the client information in our possession or under our control in accordance with Rule 30 of Regulation S-P (17 C.F.R. § 248.30).

Item 14. Client Referrals and Other Compensation

Referral Program

Our IARs may recommend to clients that they utilize the asset management services of a TPIA for which we act as a solicitor. Consistent with Rule 206(4)-3 of the Act, we will receive compensation from the TPIA in our role as a solicitor in the event you decide to utilize the recommended TPIA's services. Such compensation arrangements present a conflict of interest because we have a financial incentive to recommend the services of such TPIAs to you instead of other TPIAs with which we do not have an agreement. You are not obligated, contractually or otherwise, to utilize the services of any TPIA that is recommended.

From time to time we may elect to utilize solicitors for the purpose of obtaining client referrals to our firm. The solicitors we utilize typically include (1) employees of financial institutions such as banks and credit unions, and (2) professionals such as Certified Public Accountants, Enrolled Agents, and attorneys (collectively, "Solicitors"). In order to receive a cash referral fee from our firm, Solicitors must comply with the requirements of the jurisdiction in which they operate. If you were referred to our firm by a Solicitor, you should have received a copy of this brochure along with the Solicitor's disclosure statement at the time of the referral. If you become a client, the Solicitor that referred you to our firm will receive a percentage of the advisory fee for as long as you remain a client with our firm or until such time as our agreement with the Solicitor expires. You will not pay additional fees because of this referral arrangement. Referral fees paid to a Solicitor are contingent upon your entering into an advisory agreement with our firm. Therefore, a Solicitor has a financial incentive to recommend our firm to you for advisory services. This creates a conflict of interest; however, you are not obligated to retain our firm for advisory services. Comparable services and/or lower fees may be available through other firms. Solicitors that refer business to more than one investment adviser have a financial incentive to recommend advisers with more favorable compensation arrangements.

Other Compensation

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

Item 15. Custody

We directly debit your account(s) for the payment of our advisory fees for SIGMA Managed Accounts custodied at Fidelity. This ability to deduct our advisory fees from your account(s) causes our firm to exercise limited custody over your funds or securities. We do not have physical custody of any of your funds or securities. Your funds and securities will always be held with an outside party such as a bank, broker-dealer, or other independent qualified custodian.

You will receive account statements at least quarterly from the independent qualified custodian holding your funds and securities. The account statements from your custodian will indicate the amount of our advisory fees deducted from your account(s) each billing period. You should carefully review those statements. You should also compare the account statement received from the custodian with any statements or reports you receive from us.

In connection with certain custody requirements under Rule 206(4)-2 of the Act, for SIGMA Managed Accounts custodied at Fidelity we have restricted the Asset Movement Authority ("AMA") on all client accounts. Consequently, all client wire instructions require either a client signature or a standing written instruction to be on file.

If your account is custodied by a TPIA, please refer to the TPIA's Form ADV Part 2A Brochure for disclosures regarding their custody information. If you have a question regarding your account statement, or if you did not receive a statement from your custodian, please contact the SPC Department at (888) 744-6264 or spcinfo@bdops.com.

Item 16. Investment Discretion

Before we can buy or sell securities on your behalf, you must first sign our client services agreement. By signing our client services agreement, you grant our firm discretion over the selection and amount of securities to be purchased or sold for your SIGMA Managed Account or direct-at-fund account without obtaining your consent or approval prior to each transaction. Please refer to the "Advisory Business" section in this brochure for more information regarding our discretionary management services.

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

Item 17. Voting Client Securities

Proxy Voting

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

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

Class Action Lawsuits

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

Item 18. Financial Information

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