

PRIVATE ADVISOR NETWORK, LLC

a Registered Investment Adviser

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This brochure provides information about the qualifications and business practices of Private Advisor Network, LLC (hereinafter “PAN” or the “Firm”). If you have any questions about the contents of this brochure, please contact the Firm at the telephone number listed above. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any state securities authority. Additional information about the Firm is available on the SEC’s website at www.adviserinfo.sec.gov. The Firm is a registered investment adviser. Registration does not imply any level of skill or training.

When a registered investment advisor provides investment advisory services, it is a fiduciary under the Investment Advisers Act of 1940 and has a duty to act in its clients’ best interest and to make full and fair disclosure to its clients of all material facts and conflicts of interest. The purpose of this Part 2A Brochure and individual Part 2B Brochure Supplements is to disclose those material facts and conflicts of interest.

Item 2. Material Changes

In this Item, PAN is required to discuss any material changes that have been made to the brochure since the last annual amendment. There are no such material changes to disclose.

Item 3. Table of Contents

Item 2. Material Changes	2
Item 3. Table of Contents	3
Item 4. Advisory Business	4
Item 5. Fees and Compensation.....	9
Item 6. Performance-Based Fees and Side-by-Side Management	14
Item 7. Types of Clients	15
Item 8. Methods of Analysis, Investment Strategies and Risk of Loss	15
Item 9. Disciplinary Information	20
Item 10. Other Financial Industry Activities and Affiliations	21
Item 11. Code of Ethics	23
Item 12. Brokerage Practices	24
Item 13. Review of Accounts	28
Item 14. Client Referrals and Other Compensation	29
Item 15. Custody	30
Item 16. Investment Discretion	30
Item 17. Voting Client Securities.....	31
Item 18. Financial Information.....	31

Item 4. Advisory Business

PAN offers a variety of advisory services, which include financial planning, consulting, and investment management services. Prior to PAN rendering any of the foregoing advisory services, clients are required to enter into one or more written agreements with PAN setting forth the relevant terms and conditions of the advisory relationship (the “Advisory Agreement”).

PAN filed for registration as an investment adviser in November 2018 and is owned by PAG Holdings, LLC. As of the date of this filing, PAN does not have any assets under management.

While this brochure generally describes the business of PAN, certain sections also discuss the activities of its Supervised Persons (also sometimes referred to as “investment adviser representatives” or “IARs”), which refer to the Firm’s officers, partners, directors (or other persons occupying a similar status or performing similar functions), employees or other persons who provide investment advice on PAN’s behalf and are subject to the Firm’s supervision or control.

Financial Planning and Consulting Services

PAN offers clients a broad range of financial planning and consulting services, which include any or all of the following functions:

- Cash Flow Forecasting
- Trust and Estate Planning
- Financial Reporting
- Investment Consulting
- Insurance Planning
- Retirement Planning
- Risk Management
- Charitable Gift Planning
- Distribution Planning
- Tax Planning

While each of these services is available on a stand-alone basis, certain of them can also be rendered in conjunction with investment portfolio management as part of a comprehensive wealth management engagement (described in more detail below).

PAN does not serve as an accountant or attorney and no portion of PAN’s services should be construed as accounting or legal advice. Certain of PAN’s IARs may be accountants and/or attorneys, in their individual capacities, separate and apart from PAN, and any services or advice rendered in that capacity is not provided by or through PAN.

In performing these services, PAN is not required to verify any information received from the client or from the client’s other professionals (e.g., attorneys, accountants, etc.) and is expressly authorized to rely on such information. PAN recommends certain clients engage the Firm for additional related services, its

Supervised Persons in their individual capacities as insurance agents or registered representatives of a broker-dealer and/or other professionals to implement its recommendations. Clients are advised that a conflict of interest exists for the Firm to recommend that clients engage PAN or its affiliates to provide (or continue to provide) additional services for compensation, including investment management services. Clients retain absolute discretion over all decisions regarding implementation and are under no obligation to act upon any of the recommendations made by PAN under a financial planning or consulting engagement. Clients are advised that it remains their responsibility to promptly notify the Firm of any change in their financial situation or investment objectives for the purpose of reviewing, evaluating or revising PAN's recommendations and/or services.

Investment and Wealth Management Services

PAN manages client investment portfolios on a discretionary or non-discretionary basis. In addition, PAN provides certain clients with wealth management services which include a broad range of financial planning and consulting services as well as discretionary and/or non-discretionary management of investment portfolios.

PAN primarily allocates client assets among various mutual funds, exchange-traded funds ("ETFs"), individual debt and equity securities, options and independent investment managers ("Independent Managers" or "TAMPs") in accordance with their stated investment objectives.

Where appropriate, the Firm also provides advice about any type of legacy position or other investment held in client portfolios. Clients can engage PAN to manage and/or advise on certain investment products that are not maintained at their primary custodian, such as variable life insurance and annuity contracts and assets held in employer sponsored retirement plans and qualified tuition plans (i.e., 529 plans). In these situations, PAN directs or recommends the allocation of client assets among the various investment options available with the product. These assets are generally maintained at the underwriting insurance company or the custodian designated by the product's provider.

PAN works to provide investment advisory services specific to the needs of each client. Prior to providing investment advisory services, an investment advisor representative ("IAR") will discuss with each client, their particular investment objectives and risk tolerances. PAN, through the client's IAR, allocates each client's investment assets consistent with their designated investment objectives and risk tolerances. Clients may, at any time, impose restrictions, in writing, on PAN's services. Each client is advised that it remains his or her responsibility to promptly notify PAN if there is ever any change in his or her financial situation or investment objectives for the purpose of reviewing and revising PAN's previous recommendations and services. PAN and its representatives (including IARs) will maintain channels of communication with clients in order to be available to discuss clients' investments, investment objectives and risk tolerances. The Registrant participates in advisory programs as portfolio manager, advisor, co-advisor or solicitor depending on the program and depending on the needs or direction of its clients. Clients should discuss

with their IAR what roles are appropriate, and what programs are appropriate for their investment objectives and risk tolerances.

PAN also may select other investment advisors for its clients, in particular by advising clients regarding Independent Managers or Third Party Asset Management Programs (hereinafter along with the Independent Managers, “TAMPs”) or by referral arrangements. To the extent PAN utilizes TAMPs, PAN shall provide the TAMP with each client’s particular investment objective and risk tolerance. Any changes in the client’s financial situation or investment objectives reported by the client to PAN shall be communicated to the TAMP within a reasonable period of time.

Use of TAMPs

As mentioned above, PAN recommends or selects other investment advisors for certain clients generally through TAMPs. Through these TAMPs, IARs provide ongoing investment advice to clients that is tailored to the individual needs of those clients. As part of these TAMP services, the IAR typically obtains the necessary financial data from the client, assists the client in determining the suitability of the program, assists the client in setting an appropriate investment objective and risk tolerance and assists the client in opening an account with the TAMP. In addition, depending on the type of program, the IAR may assist the client to select a model portfolio of securities designed by the TAMP or select a portfolio management firm to provide discretionary asset management services. It is the third party investment advisor (and not PAN or the IAR) that has client authority to purchase and sell securities on a discretionary or non-discretionary basis pursuant to investment objective chosen by the client. This authorization will be set out in the TAMP client agreement. The disclosure brochure for the particular TAMP will explain whether clients may impose restrictions on investing in certain securities or types of securities. Clients should refer to the disclosure brochure, client agreement and other account paperwork for each TAMP for more detailed information about the services available under the program.

Retirement Plan Consulting Services

PAN’s IARs may assist clients that are trustees of retirement plans or other fiduciaries to retirement plans (“Plans”) by providing fee-based consulting and/or advisory services. IAR’s perform one or more of the following services, as selected by the client in the client agreement:

- Assistance in the preparation or review of an investment policy statement (“IPS”) for the Plan based upon consultation with client to ascertain Plan’s investment objectives and constraints.
- Acting as a liaison between the Plan and service providers, product sponsors or vendors.

- Ongoing monitoring of investment managers or investments in relation to the criteria specified in the Plan's IPS or other written guidelines provided by the client to representative.
- Preparation of reports describing the performance of Plan investment manager(s) or investments, as well as comparing the performance to benchmarks.
- Ongoing recommendations, for consideration and selection by client, about specific investments to be held by the Plan or, in the case of a participant-directed defined contribution plan, to be made available as investment options under the Plan.
- Training for the members of the Plan Committee with regard to their service on the Committee, including education and consulting with respect to fiduciary responsibilities.
- Assistance in enrolling Plan participants in the Plan, including conducting an agreed upon number of enrollment meetings. As part of such meetings, representatives may provide participants with information about the Plan, which may include information on the benefits of Plan participation, the benefits of increasing Plan contributions, the impact of pre-retirement withdrawals on retirement income, the terms of the Plan and the operation of the Plan.
- Assistance with investment education seminars and meetings for Plan participants. Such meetings may be on a group or individual basis, and may include information about the investment options under the Plan (e.g., investment objectives, risk/return characteristics, and historical performance), investment concepts (e.g., diversification, asset classes, and risk and return), and how to determine investment time horizons and assess risk tolerance. Such meetings do not include specific investment advice about investment options under the Plan as being appropriate for a particular participant.
- Assistance at client's direction in making changes to investment options under the Plan.
- As part of the ongoing investment recommendation service set out above, assistance in identifying investment options in connection with the "broad range" requirement of Section 404(c) of the Employee Retirement Income Security Act of 1974 ("ERISA").
- As part of the ongoing investment recommendation service set out above, assistance in identifying an investment fund product or model portfolio in connection with the definition of a "Qualified Default Investment Alternative" ("QDIA") under ERISA.
- Assistance with the preparation, distribution and evaluation of Request for Proposals, finalist interviews, and conversion support in connection with vendor analysis and service provider support.

- Preparation of comparisons of Plan data (e.g., regarding fees and services and participant enrollment and contributions) to data from the Plan's prior years and/or a benchmark group of similar plans.
- Assistance in identifying the fees and other costs borne by the Plan for, as specified by client, investment management, recordkeeping, participant education, participant communication and/or other services provided with respect to the Plan.
- IAR's may meet with Plan participants, upon reasonable request, to collect information necessary to identify Plan participants' investment objectives, risk tolerance, time horizon, etc. The IAR will provide recommendations to assist the participant with his/her Plan account. Plan participants retain sole discretion over the investment decisions in their accounts and sole responsibility for implementing investment decisions in their accounts.

If the Plan makes available publicly traded employer stock ("company stock") as an investment option under the Plan, IARs do not provide investment advice regarding company stock and are not responsible for the decision to offer company stock as an investment option. In addition, if participants in the Plan may invest the assets in their accounts through individual brokerage accounts, a mutual fund window, or other similar arrangement, or may obtain participant loans, representatives do not provide any individualized advice or recommendations to the participants regarding these decisions. Furthermore, IARs do not provide individualized investment advice to Plan participants regarding their Plan assets.

If a client elects to engage PAN and its IARs to perform ongoing investment monitoring and ongoing investment recommendation services in the client agreement, such services will constitute "investment advice" under Section 3(21)(A)(ii) of ERISA. Therefore, PAN and its IARs will be deemed a "fiduciary" as such term is defined under Section 3(21)(A)(ii) of ERISA in connection with those services. Clients should understand that to the extent PAN and its IARs are engaged to perform services other than ongoing investment monitoring and recommendations, those services are not "investment advice" under ERISA and therefore, PAN and its IARs will not be a "fiduciary" under ERISA with respect to those other services.

If a client elects to engage PAN and its IARs to perform discretionary investment management services in the client agreement, such services will be performed as an "investment manager" under Section 3(38) of ERISA. Therefore, PAN and its IARs will be deemed a "fiduciary" as such term is defined under Section 3(38) of ERISA in connection with those services. Clients should understand that to the extent PAN and its IARs are engaged to perform services other than ongoing investment management, PAN is not acting as an "investment manager" under ERISA and therefore, Registrant and its representatives will not be a "fiduciary" under ERISA with respect to those other services.

Item 5. Fees and Compensation

Financial Planning and Consulting Fees

To the extent requested by a client, PAN may determine to provide financial planning and/or consulting services (including investment and non-investment related matters, including estate planning, insurance planning, etc.) on a stand-alone fee basis. PAN's planning and consulting fees are negotiable, but generally range from \$150 to \$400 on an hourly rate basis, depending upon the level and scope of the service(s) required and the professional(s) rendering the service(s). Prior to engaging PAN to provide planning or consulting services, clients are generally required to enter into a Financial Planning and Consulting Agreement with PAN setting forth the terms and conditions of the engagement (including termination), describing the scope of the services to be provided, and the portion of the fee that is due from the client prior to PAN commencing services. If requested by the client, PAN may recommend the services of other professionals for implementation purposes, including PAN's IARs in their individual capacities as registered representatives of LPL Financial and as licensed insurance agents. The client is under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from PAN. If the client engages any such recommended professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional or the entity it provides the those non-PAN services.

Investment Management Fees

The client can determine to engage PAN to provide discretionary and/or non-discretionary investment advisory services on a fee basis. The annual advisory fee may be negotiated based upon various objective and subjective factors including, but not limited to, the types of assets being managed, the amount of the assets placed under PAN's direct management, the amount of the assets placed under PAN's advisement (assets that are generally managed directly by the client or by other investment professionals engaged by the client, for which PAN provides review/monitoring services, but does not have trading authority), the complexity of the engagement, and the level and scope of the overall investment advisory services to be rendered, and additional assets having been placed with the IAR for management and the likelihood of additional assets being placed with the IAR for management as a result of the IAR having a relationship with an association, organization, group or company. PAN's annual investment advisory fee shall be based upon a percentage (%) of the market value and type of assets placed under PAN's management to be charged quarterly in advance, and IAR's may at their discretion negotiate a fee with a maximum of 2.00%. The IAR may negotiate a fee schedule with breakpoints depending on the assets being managed.

PAN calculates advisory fees on all assets placed under its management, including cash held in advisory accounts. Clients may consent to asset allocations that include certain amounts being held as cash for short

or long-term reasons, or may direct that assets be held in cash based on personal risk tolerance or market conditions. PAN will calculate advisory fees based on total assets in advisory accounts, and all clients and prospective clients should be guided accordingly. Holding large cash balances for more than six months is not an effective investment strategy and PAN discourages clients from using investment accounts in this manner.

If assets are deposited into or withdrawn from an account after the inception of a billing period, the fee payable with respect to such assets is adjusted to reflect the interim change in portfolio value. For the initial period of an engagement, the fee is calculated on a *pro rata* basis. In the event the advisory agreement is terminated, the fee for the final billing period is prorated through the effective date of the termination and the outstanding or unearned portion of the fee is charged or refunded to the client, as appropriate.

To the extent specifically requested by the client, financial planning and consulting services may be provided for an additional fee and the additional services and the charge for those additional services shall be set forth in a separate written agreement with the client. PAN may also agree to charge a client a flat fee – a specific dollar amount for a particular set of services which may be for a specific period of time. PAN may also agree to charge a client an hourly fee for a particular set of services.

Retirement Plan Consulting Fees

Retirement Plan Consulting Fees may be based on a percentage of the assets held in the Plan (up to 1.00% annually), on an hourly basis (up to \$400 per hour), or on a flat rate basis, as negotiated between the Plan and the IAR. Fees will be payable to PAN in advance or in arrears on the frequency (e.g., quarterly, monthly, etc.) agreed upon among the client, PAN, and the IAR. If asset based fees are negotiated, payment generally will be based on the value of the Plan assets as of the close of business on the last business day of the period as valued by the custodian of the assets. However, if the fee is paid by the Plan or the client through a third party service provider, such fee will be calculated as determined by the provider. If the fee is paid prior to the services being provided, the Plan will be entitled to a prorated refund of any prepaid fees for services not received upon termination of the client agreement.

Clients pay the fee by check made payable to PAN. In the alternative, clients also may instruct a Plan's service provider or custodian to calculate and debit the fee from the Plan's account at the custodian and pay such fee to PAN.

Fee Discretion

PAN may, in its sole discretion, negotiate to charge a lesser fee based upon certain criteria, such as anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing/legacy client relationship, account retention and pro bono activities.

Additional Fees and Expenses

In addition to the advisory fees paid to PAN, clients also incur certain charges imposed by other third parties, such as broker-dealers, custodians, trust companies, banks and other financial institutions (collectively “Financial Institutions”). These additional charges include securities brokerage commissions, transaction fees, and custodial fees, fees attributable to alternative assets, fees charged by the TAMPs, margin costs, charges imposed directly by a mutual fund or ETF in a client’s account or portfolio, as disclosed in the fund’s prospectus (*e.g.*, fund management fees and other fund expenses), deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. The Firm’s brokerage practices are described at length in Item 12, below.

For TAMPs, clients pay an advisory fee as set out in the client agreement with the TAMP sponsor. The fee is typically negotiated among the TAMP sponsor, the IAR and the client. The TAMP sponsor may establish a fee schedule or set a minimum or maximum fee. The TAMP fee schedule will be set out in the disclosure brochure provided by the TAMP sponsor. The advisory fee typically is based on the value of assets under management as valued by the custodian of the assets for the account and will vary by program. The advisory fee typically will be deducted from the account by the custodian and paid quarterly in arrears or in advance. The advisory fee is often paid to the TAMP sponsor, who in turn pays a portion to PAN. A TAMP account may be terminated by a party pursuant to the terms outlined in the TAMP client agreement. The TAMP client agreement will explain how clients can obtain a refund of any pre-paid fee if the agreement is terminated before the end of a billing period.

There are other fees and charges imposed by third parties that may apply to investments in TAMP accounts. Some of these fees and charges are described below. The client may be charged commissions, markups, markdowns, or transaction charges by the broker-dealer who executes transactions in the TAMP account. There may be custodial related fees imposed by the custodian of assets for the program account. These additional fees and charges will be set out in the TAMP brochure and the agreements executed by the client at the time the account is opened.

If assets are invested in mutual funds, ETFs or other pooled funds, there are two layers of advisory fees and expenses for those assets. The client will pay an advisory fee to the fund manager and other expenses as a shareholder of the fund. The client will also pay the TAMP advisory fee with respect to those assets. The mutual funds and ETFs available in the programs often may be purchased directly. Therefore, clients could avoid the second layer of fees by not using the advisory services of the TAMP and IAR and by making their own decisions regarding the investment. A mutual fund in a TAMP program account may pay an asset based sales charge or service fee (*e.g.*, 12b-1 fee) to the broker-dealer on the account. PAN and its IARs are not paid these fees for TAMP program accounts.

If client transfers into a TAMP account a previously purchased mutual fund, and there is an applicable contingent deferred sales charge on the fund, client will pay that charge when the mutual fund is sold. If the account is invested in a mutual fund that charges a fee if a redemption is made within a specific time period after the investment, client will be charged a redemption fee. If a mutual fund has a frequent trading policy, the policy can limit a client's transactions in shares of the fund (e.g., for rebalancing, liquidations, deposits or tax harvesting).

If client holds a variable annuity that is managed as part of a TAMP account, there are mortality, expense and administrative charges, fees for additional riders on the contract and charges for excessive transfers within a calendar year imposed by the variable annuity sponsor. If client holds a UIT in a program account, UIT sponsors charge creation and development fees or similar fees. Further information regarding fees assessed by a mutual fund, variable annuity or UIT is available in the appropriate prospectus, which clients may request from the representative.

If the TAMP program is a wrap fee program, clients should understand that the wrap fee may cost the client more than purchasing the program services separately, for example, paying fees for the advisory services of the TAMP and representative, plus commissions for each transaction in the account.

The investment products and services available to be purchased in TAMP program accounts can be purchased by clients outside of a TAMP program account, through PAN or through broker-dealers or other investment firms not affiliated with PAN or the TAMP.

Fee Differentials

PAN participates in several advisory programs which charge varying levels of program fees. When a client invests through an advisory program, an investment advisory fee is deducted from the assets placed in that advisory program. The advisory program retains a portion of the program fee, and a portion of the program fee is paid to PAN and its IARs. The varying levels of program fees may provide an incentive or disincentive for PAN and its IARs to participate in or to recommend a particular advisory program. The recommendation by an IAR that a client select a particular advisory program presents a conflict of interest, as the IAR's compensation provides an incentive to recommend a particular advisory program. Furthermore, PAN allows IARs to determine a client's fee within a range. A client may pay a higher fee than a similarly situated client receiving similar fees depending upon the IAR that client is working with. All clients and prospective clients should be aware of these factors in selecting an advisory program and in negotiating an investment advisory fee.

Direct Fee Debit

Clients provide PAN and/or certain TAMPs with the authority to directly debit their accounts for payment of the investment advisory fees. The Financial Institutions that act as the qualified custodian for client

accounts, from which the Firm retains the authority to directly deduct fees, have agreed to send statements to clients not less than quarterly detailing all account transactions, including any amounts paid to PAN.

Use of Margin, Borrowing or Other Leverage

Clients may be offered an opportunity to utilize margin loans in their investment accounts and may be offered the opportunity to obtain loans or lines of credit based on or secured by the assets held in their investment accounts. When PAN charges a fee based directly or indirectly on the amount of assets under management in an investment account, PAN and its IARs have an incentive to maintain a high level of assets in those accounts, and PAN and its IARs have a conflict of interest when they advise a client to utilize a margin loan or a securities based loan or assist the client to obtain such a loan for some specific purpose, rather than advising the client to or assisting the client with withdrawing funds from such an investment account for that specific purpose.

PAN may utilize leveraged long and short mutual funds and/ or exchange traded funds that are designed to perform in either an: (1) inverse relationship to certain market indices (at a rate of 1 or more times the inverse [opposite] result of the corresponding index) as an investment strategy and/or for the purpose of hedging against downside market risk; and (2) enhanced relationship to certain market indices (at a rate of 1 or more times the actual result of the corresponding index) as an investment strategy and/or for the purpose of increasing gains in an advancing market. There can be no assurance that any such strategy will prove profitable or successful. In light of these enhanced risks/rewards, a client may direct PAN, in writing, not to employ any or all such strategies for his/her/their/its accounts.

Account Additions and Withdrawals

Clients can make additions to and withdrawals from their account at any time, subject to PAN's right to terminate an account. Additions can be in cash or securities provided that the Firm reserves the right to liquidate any transferred securities or declines to accept particular securities into a client's account. Clients can withdraw account assets on notice to PAN, subject to the usual and customary securities settlement procedures. However, the Firm designs its portfolios as long-term investments and the withdrawal of assets may impair the achievement of a client's investment objectives. PAN may consult with its clients about the options and implications of transferring securities. Clients are advised that when transferred securities are liquidated, they may be subject to transaction fees, short-term redemption fees, fees assessed at the mutual fund level (e.g., contingent deferred sales charges) and/or tax ramifications.

Commissions and Sales Charges for Recommendations of Securities or Other Investments

Clients can engage certain persons associated with PAN (but not the Firm directly) to render securities brokerage services under a separate commission-based arrangement. Client can also engage such persons

to purchase other investment products, including insurance, under a similar commission-based arrangement. Clients are under no obligation to engage such persons and may choose brokers or agents not affiliated with PAN.

Under this arrangement, the Firm's Supervised Persons, in their individual capacities as registered representatives of LPL Financial ("LPL"), may provide securities brokerage services and implement securities transactions under a separate commission based arrangement. Supervised Persons are entitled to a portion of the brokerage commissions paid to LPL, as well as a share of any ongoing distribution or service (trail) fees from the sale of mutual funds. PAN may also recommend no-load or load-waived funds, where no sales charges are assessed. Prior to effecting any transactions, clients are required to enter into a separate account agreement with LPL.

A conflict of interest exists to the extent that a Supervised Person of PAN recommends the purchase or sale of securities or other investment products through a commission relationship where that Supervised Person receives commissions or other additional compensation as a result of that recommendation (the "Brokerage Relationship"). Because the Supervised Persons may receive compensation in connection with the sale of mutual funds in the Brokerage Relationship, a conflict of interest exists as such Supervised Persons, may have an incentive to recommend more expensive mutual fund share classes to clients where such Supervised Persons earn more compensation with respect to the sale of such mutual fund share classes. Clients should understand that the investments made in the Brokerage Relationship are not receiving advisory services from the Firm. Therefore, the Firm does not have a fiduciary duty over the Brokerage Relationship recommendations.

When PAN's IARs sell an investment product on a commission basis (including insurance), PAN does not charge an advisory fee in addition to the commissions paid by the client for such product. When providing services on an advisory fee basis, PAN's IARs do not also receive commission compensation for such advisory services. However, a client may engage PAN to provide investment management services on an advisory fee basis and separate from such advisory services purchase an investment product from PAN's IARs on a separate commission basis.

PAN endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by PAN and its IARs in and of itself creates a conflict of interest and may indirectly influence PAN's and/or its IARs' choices for investments, custody and brokerage services.

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

PAN does not provide any services for a performance-based fee (i.e., a fee based on a share of capital gains or capital appreciation of a client's assets).

Item 7. Types of Clients

PAN offers services to individuals, pension and profit sharing plans, trusts, estates, charitable organizations, corporations and business entities.

Minimum Account Requirements

PAN does not generally require an annual minimum fee or asset level for investment advisory services. However, PAN, in its sole discretion, may reduce its annual minimum fee and/or charge a lesser investment management fee based upon certain criteria (i.e. anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, negotiations with client, etc.). PAN may participate in programs sponsored by other entities that require a minimum asset level or that charge a minimum fee, and clients should be aware that the imposition of minimum fees by another entity may result in a higher fee being charged than is described in this brochure, particularly where partial withdrawals by the client reduce asset levels.

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

Methods of Analysis

PAN provides an open architecture platform for IARs. Each IAR will determine the recommended investments in client account. Each IAR will have his or her own methods of analysis and investment strategies. Therefore, clients may have their assets managed differently depending upon their chosen IAR. PAN provides support to, and oversight of, IARs to ensure that each client's assets are managed based upon PAN's fiduciary duty.

PAN anticipates that IARs will utilize one or more of the following methods of security analysis:

- Charting - (analysis performed using patterns to identify current trends and trend reversals to forecast the direction of prices)
- Fundamental - (analysis performed on historical and present data, with the goal of making financial forecasts)
- Technical – (analysis performed on historical and present data, focusing on price and trade volume, to forecast the direction of prices)
- Cyclical – (analysis performed on historical relationships between price and market trends, to forecast the direction of prices)

In addition, PAN anticipates that IARs will utilize one or more of the following investment strategies when implementing investment advice given to clients:

- Long Term Purchases (securities held at least a year)
- Short Term Purchases (securities sold within a year)
- Trading (securities sold within thirty (30) days)

Risk of Loss

As mentioned above, IARs have a great deal of autonomy in managing client assets. Therefore, the specific risks will be dependent upon the specific IARs management. The following list of risk factors does not purport to be a complete enumeration or explanation of the risks involved with respect to the Firm's investment management activities. Clients should consult with their legal, tax, and other advisors before engaging the Firm to provide investment management services on their behalf.

Investment Strategy Risks

PAN's primary investment strategies - Long Term Purchases, Short Term Purchases, and Trading - are fundamental investment strategies. However, every investment strategy has its own inherent risks and limitations. For example, longer term investment strategies require a longer investment time period to allow for the strategy to potentially develop. Shorter term investment strategies require a shorter investment time period to potentially develop but, as a result of more frequent trading, may incur higher transactional costs when compared to a longer term investment strategy. Trading is an investment strategy that requires the purchase and sale of securities within a thirty (30) day investment time period, and involves a very short investment time period. A trading strategy will incur higher transaction costs when compared to a short term investment strategy and substantially higher transaction costs than a longer term investment strategy.

Market Risks

Investing involves risk, including the potential loss of principal, and all investors should be guided accordingly. The profitability of a significant portion of PAN's recommendations and/or investment decisions may depend to a great extent upon correctly assessing the future course of price movements of stocks, bonds and other asset classes. In addition, investments may be adversely affected by financial markets and economic conditions throughout the world. There can be no assurance that PAN will be able to predict these price movements accurately or capitalize on any such assumptions.

Volatility Risks

The prices and values of investments can be highly volatile, and are influenced by, among other things, interest rates, general economic conditions, the condition of the financial markets, the financial condition

of the issuers of such assets, changing supply and demand relationships, and programs and policies of governments.

Cash Management Risks

The Firm may invest some of a client's assets temporarily in money market funds or other similar types of investments, during which time an advisory account may be prevented from achieving its investment objective.

Equity-Related Securities and Instruments

The Firm may take long and short positions in common stocks of U.S. and non-U.S. issuers traded on national securities exchanges and over-the-counter markets. The value of equity securities varies in response to many factors. These factors include, without limitation, factors specific to an issuer and factors specific to the industry in which the issuer participates. Individual companies may report poor results or be negatively affected by industry and/or economic trends and developments, and the stock prices of such companies may suffer a decline in response. In addition, equity securities are subject to stock risk, which is the risk that stock prices historically rise and fall in periodic cycles. U.S. and non-U.S. stock markets have experienced periods of substantial price volatility in the past and may do so again in the future. In addition, investments in small-capitalization, midcapitalization and financially distressed companies may be subject to more abrupt or erratic price movements and may lack sufficient market liquidity, and these issuers often face greater business risks.

Short Sales

PAN IARs may engage in short sales of securities in certain client accounts. Short selling involves the sale of a security that the seller does not own and must borrow in order to make delivery in the hope of purchasing the same security at a later date at a lower price. In order to make delivery to its purchaser, the seller must borrow securities from a third party lender. The seller subsequently returns the borrowed securities to the lender by delivering to the lender securities it previously owned or by purchasing securities in the open market. The seller must generally pledge cash with the lender equal to the market price of the borrowed securities. This deposit may be increased or decreased in accordance with changes in the market price of the borrowed securities. During the period in which the securities are borrowed, the lender typically retains its right to receive interest and dividends accruing to the securities. In exchange, in addition to lending the securities, the lender generally pays the seller a fee for the use of the seller's cash. This fee is based on prevailing interest rates, the availability of the particular security for borrowing and other market factors. Theoretically, securities sold short are subject to unlimited risk of loss because there is no limit on the price that a security may appreciate before the short position is closed. In addition, the supply of securities that can be borrowed fluctuates from time to time. A client's account may suffer significant losses if a security lender demands return of the lent securities and an alternative lending source cannot be found.

Fixed Income Securities

Fixed income securities are subject to the risk of the issuer's or a guarantor's inability to meet principal and interest payments on its obligations and to price volatility.

Mutual Funds and ETFs

An investment in a mutual fund or ETF involves risk, including the loss of principal. Mutual fund and ETF shareholders are necessarily subject to the risks stemming from the individual issuers of the fund's underlying portfolio securities. Such shareholders are also liable for taxes on any fund-level capital gains, as mutual funds and ETFs are required by law to distribute capital gains in the event they sell securities for a profit that cannot be offset by a corresponding loss.

Shares of mutual funds are generally distributed and redeemed on an ongoing basis by the fund itself or a broker acting on its behalf. The trading price at which a share is transacted is equal to a fund's stated daily per share net asset value ("NAV"), plus any shareholders fees (e.g., sales loads, purchase fees, redemption fees). The per share NAV of a mutual fund is calculated at the end of each business day, although the actual NAV fluctuates with intraday changes to the market value of the fund's holdings. The trading prices of a mutual fund's shares may differ significantly from the NAV during periods of market volatility, which may, among other factors, lead to the mutual fund's shares trading at a premium or discount to actual NAV.

Shares of ETFs are listed on securities exchanges and transacted at negotiated prices in the secondary market. Generally, ETF shares trade at or near their most recent NAV, which is generally calculated at least once daily for indexed based ETFs and potentially more frequently for actively managed ETFs. However, certain inefficiencies may cause the shares to trade at a premium or discount to their pro rata NAV. There is also no guarantee that an active secondary market for such shares will develop or continue to exist. Generally, an ETF only redeems shares when aggregated as creation units (usually 20,000 shares or more). Therefore, if a liquid secondary market ceases to exist for shares of a particular ETF, a shareholder may have no way to dispose of such shares.

Use of Independent Managers

As stated above, PAN selects certain Independent Managers to manage a portion of its clients' assets. In these situations, PAN continues to conduct ongoing due diligence of such managers, but such recommendations rely to a great extent on the Independent Managers' ability to successfully implement their investment strategies. In addition, PAN does not have the ability to supervise the Independent Managers on a day-to-day basis.

Reliance on IARs

As discussed herein, a client's IAR is primarily responsible for investments. While the Firm does supervise the IAR and oversee accounts based on general parameters, a client's performance will be highly reliant on that client's IAR to successfully implement their investment strategy.

Master Limited Partnerships (MLPs)

Master Limited Partnerships ("MLPs") are collective investment vehicles, the partnership interests of which are publicly traded on national securities exchanges. MLPs invest primarily in companies within the energy sector that engage in qualifying lines of business, such as natural resource production and mineral refinement. MLPs are therefore subject to the underlying volatility of the energy industry and may be adversely affected by changes to supply and demand, regional instability, currency spreads, inflation and interest rate fluctuations, among other such factors. In addition, MLPs operate as pass-through tax entities, meaning that investors are liable for their pro rata share of the partnership taxes, regardless of the types of accounts where the interests are held.

Options

Options allow investors to buy or sell a security at a contracted "strike" price at or within a specific period of time. Clients may pay or collect a premium for buying or selling an option. Investors transact in options to either hedge (i.e., limit) losses in an attempt to reduce risk or to speculate on the performance of the underlying securities. Options transactions contain a number of inherent risks, including the partial or total loss of principal in the event that the value of the underlying security or index does not increase/decrease to the level of the respective strike price. Holders of options contracts are also subject to default by the option writer which may be unwilling or unable to perform its contractual obligations.

Real Estate Investment Trusts (REITs)

PAN recommends an investment in, or allocate assets among, various real estate investment trusts ("REITs"), the shares of which exist in the form of either publicly traded or privately placed securities. REITs are collective investment vehicles with portfolios comprised primarily of real estate and mortgage related holdings. Many REITs hold heavy concentrations of investments tied to commercial and/or residential developments, which inherently subject REIT investors to the risks associated with a downturn in the real estate market. Investments linked to certain regions that experience greater volatility in the local real estate market may give rise to large fluctuations in the value of the vehicle's shares. Mortgage related holdings may give rise to additional concerns pertaining to interest rates, inflation, liquidity and counterparty risk.

Leveraged Long and Short Mutual Funds and Exchange Traded Funds

As disclosed above, PAN anticipates certain IARs will utilize leveraged long and short mutual funds and/or exchange traded funds that are designed to perform in either an: (1) inverse relationship to certain market indices (at a rate of 1 or more times the inverse [opposite] result of the corresponding index) as an investment strategy and/or for the purpose of hedging against downside market risk; and (2) enhanced relationship to certain market indices (at a rate of 1 or more times the actual result of the corresponding index) as an investment strategy and/or for the purpose of increasing gains in an advancing market. There can be no assurance that any such strategy will prove profitable or successful. In light of these enhanced risks/rewards, a client may direct PAN, in writing, not to employ any or all such strategies for his or her or its accounts.

Use of Margin or Other Leverage

While the use of margin borrowing for investments can substantially improve returns, it may also increase overall portfolio risk. Margin transactions are generally effected using capital borrowed from a Financial Institution, which is secured by a client's holdings. Under certain circumstances, a lending Financial Institution may demand an increase in the underlying collateral. If the client is unable to provide the additional collateral, the Financial Institution may liquidate account assets to satisfy the client's outstanding obligations, which could have extremely adverse consequences. In addition, fluctuations in the amount of a client's borrowings and the corresponding interest rates may have a significant effect on the profitability and stability of a client's portfolio.

Currency Risks

An advisory account that holds investments denominated in currencies other than the currency in which the advisory account is denominated may be adversely affected by the volatility of currency exchange rates.

Interest Rate Risks

Interest rates may fluctuate significantly, causing price volatility with respect to securities or instruments held by clients.

Item 9. Disciplinary Information

PAN has not been involved in any legal or disciplinary events that are material to a client's evaluation of its advisory business or the integrity of its management.

Item 10. Other Financial Industry Activities and Affiliations

This item requires investment advisers to disclose certain financial industry activities and affiliations.

Registered Representatives of a Broker-Dealer

Certain of the Firm's Supervised Persons are, in their individual capacities, registered representatives of LPL ("LPL RRs") and provide clients with securities brokerage services under a separate commission-based arrangement. This arrangement is described at length above.

In the event the client chooses to purchase investment products through a brokerage account with LPL, brokerage commissions will be charged by LPL and a portion will be paid by LPL to the LPL RR. In addition, LPL and the LPL RRs may also receive additional ongoing 12b-1 trailing commission compensation directly from the mutual fund company during the period that the client maintains the mutual fund investment. In the event the client chooses to purchase investment products through a brokerage account with LPL, or custody advisory assets with LPL, certain LPL RRs will receive compensation other than commissions from LPL. Other compensation may include bonuses based on production, stock options to purchase shares of LPL's parent company, reimbursement of fees that the LPL RR pays to LPL for items such as administrative services, and other things of value such as free or reduced-cost marketing materials, payments in connection with the transition from another investment firm to LPL, or attendance at LPL conferences and events. These types of compensation from LPL can be based on overall business production and/or on the amount of assets serviced in LPL advisory programs. Clients are reminded that they are not required to purchase or custody investment products through LPL.

Related Investment Adviser

PAN is under common control with its affiliated SEC registered investment adviser, Private Advisor Group, LLC ("PAG") (SEC# 801-72060). Certain Supervised Persons of PAN also serve in the same or similar capacity for PAG or other otherwise unaffiliated investment advisers. A conflict of interest exists where PAN and the other investment advisers (including PAG) or their IARs recommend the use of the other firms' services to clients because the principals/IARs of each firm benefit financially from such recommendation.

Licensed Insurance Agents

A number of the Firm's Supervised Persons are licensed insurance agents and offer certain insurance products on a fully-disclosed commissionable basis. A conflict of interest exists to the extent that PAN recommends the purchase of insurance products where its Supervised Persons are entitled to insurance commissions or other additional compensation.

Fees from Independent Managers

As discussed above, PAN recommends that certain clients authorize the active discretionary management of a portion of their assets by and/or among certain Independent Managers. The Firm anticipates that in certain circumstances the Firm's compensation will be included in the advisory fee charged by such Independent Managers. There is a conflict of interest to choose such Independent Managers; however, PAN evaluates Independent Managers objectively and not based on the amount of compensation it may receive from a particular Independent Manager.

Related Accountants and Attorneys

PAN does not render accounting or legal services to clients. In the event a client requires accounting or legal services, the firm may recommend a certified public accountant or attorney. Accounting and legal services are rendered independent of PAN and pursuant to a separate agreement between the client and the accounting or law firm. The Firm does not receive any portion of the fees paid by the client to the accounting or law firm and does not receive a referral fee in connection with the accounting services rendered to its clients. However, the Firm anticipates that one or more of the Firm's Supervised Persons will be accountants and/or lawyers and will be entitled to compensation for providing accounting or legal services through a recommendation. There exists a conflict of interest to the extent that the Firm recommends the accounting or legal services its Supervised Persons outside of the Firm.

Related Bank Employees

Certain of the Firm's IARs are employees or affiliates of banks, and may recommend the use or purchase of certain bank products or services. The recommendation by these IARs that a client use or purchase of certain bank products or services presents a conflict of interest, as a bank employee may have an incentive based on his employment to recommend the use or purchase of certain bank products or services rather than on a particular client's need. No client is under any obligation to use or purchase of any bank products or services. Clients are reminded that they may patronize any bank and are not required to use or purchase any banking products or services recommended by the representative. In addition, a representative's employment by a bank does not mean that investments made through him are deposits with the bank, or obligations of the bank or are guaranteed

Related Real Estate Broker

Certain of PAN's IARs also serve as real estate brokers or dealers or as owners or investors in real estate investments. These representatives may recommend the purchase, sale, rental of or investment in real estate. Such advice presents a conflict of interest, as the receipt of commissions may provide an incentive to recommend real estate based on commissions to be received, rather than on a particular client's need. In

addition, holding an ownership interest in real estate investment being offered to a client also presents a conflict of interest. No client is under any obligation to purchase or rent any real estate from or invest in real estate with these representatives. Clients are reminded that they may purchase or rent any real estate recommended by these representatives through other, real estate agents, and that they may invest in other real estate ventures.

Item 11. Code of Ethics

PAN has adopted a code of ethics in compliance with applicable securities laws (“Code of Ethics”) that sets forth the standards of conduct expected of its Supervised Persons. PAN’s Code of Ethics contains written policies reasonably designed to prevent certain unlawful practices such as the use of material non-public information by the Firm or any of its Supervised Persons and the trading by the same of securities ahead of clients in order to take advantage of pending orders.

The Code of Ethics also requires certain of PAN’s personnel to report their personal securities holdings and transactions and obtain pre-approval of certain investments (*e.g.*, initial public offerings, limited offerings). However, the Firm’s Supervised Persons are permitted to buy or sell securities that it also recommends to clients if done in a fair and equitable manner that is consistent with the Firm’s policies and procedures. This Code of Ethics has been established recognizing that some securities trade in sufficiently broad markets to permit transactions by certain personnel to be completed without any appreciable impact on the markets of such securities. Therefore, under limited circumstances, exceptions may be made to the policies stated below.

When the Firm is engaging in or considering a transaction in any security on behalf of a client, no Supervised Person with access to this information may knowingly effect for themselves or for their immediate family (*i.e.*, spouse, minor children and adults living in the same household) a transaction in that security unless:

- the transaction has been completed;
- the transaction for the Supervised Person is completed as part of a batch trade with clients; or
- a decision has been made not to engage in the transaction for the client.

These requirements are not applicable to: (i) direct obligations of the Government of the United States; (ii) money market instruments, bankers’ acceptances, bank certificates of deposit, commercial paper, repurchase agreements and other high quality short-term debt instruments, including repurchase agreements; (iii) shares issued by money market funds; and iv) shares issued by other unaffiliated open-end mutual funds.

Clients and prospective clients may contact PAN to request a copy of its Code of Ethics.

Item 12. Brokerage Practices

Recommendation of Broker-Dealers for Client Transactions

PAN recommends that clients utilize the custody, brokerage and clearing services of Charles Schwab & Co, Inc. through its Schwab Advisor Services division (“Schwab”), National Financial Services LLC and Fidelity Brokerage Services LLC (together with affiliates, “Fidelity”), Pershing Advisor Solutions (“Pershing”), LPL Financial LLC (“LPL”), or TD AMERITRADE Institutional, a division of TD AMERITRADE, Inc. (“TD Ameritrade” and together with the others named in this sentence, “Custodian”) for investment management accounts. The Firm will be on an institutional platform for each of the Custodians. Each of the Custodians is unaffiliated with the Firm.

The final decision to custody assets with Custodian is at the discretion of the client, including those accounts under ERISA or IRA rules and regulations, in which case the client is acting as either the plan sponsor or IRA accountholder. PAN is independently owned and operated and not affiliated with Custodian. Custodian provides PAN with access to its institutional trading and custody services, which are typically not available to retail investors.

Factors which PAN considers in recommending Custodian or any other broker-dealer to clients include their respective financial strength, reputation, execution, pricing, research and service. Custodian enables the Firm to obtain many mutual funds without transaction charges and other securities at nominal transaction charges. The Firm anticipates that certain custodians will agree to reimburse clients for exit fees associated with moving accounts to Custodian. The reimbursement is only available up to a certain amount for all of the Firm’s clients and fees are reimbursed on a first-come-first-served basis so that no clients are favored. The commissions and/or transaction fees charged by Custodian may be higher or lower than those charged by other Financial Institutions.

The commissions paid by PAN’s clients to Custodian comply with the Firm’s duty to obtain “best execution.” Clients may pay commissions that are higher than another qualified Financial Institution might charge to effect the same transaction where PAN determines that the commissions are reasonable in relation to the value of the brokerage and research services 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 Financial Institution’s services, including among others, the value of research provided, execution capability, commission rates and responsiveness. PAN seeks competitive rates but may not necessarily obtain the lowest possible commission rates for client transactions.

PAN periodically and systematically reviews its policies and procedures regarding its recommendation of Financial Institutions in light of its duty to obtain best execution.

Software and Support Provided by Financial Institutions

PAN receives without cost from Custodian administrative support, computer software, related systems support, as well as other third party support as further described below (together "Support") which allow PAN to better monitor client accounts maintained at Custodian and otherwise conduct its business. PAN receives the Support without cost because the Firm renders investment management services to clients that maintain assets at Custodian. The Support is not provided in connection with securities transactions of clients (i.e., not "soft dollars"). The Support benefits PAN, but not its clients directly. Clients should be aware that PAN's receipt of economic benefits such as the Support from a broker-dealer creates a conflict of interest since these benefits may influence the Firm's choice of broker-dealer over another that does not furnish similar software, systems support or services, especially because the support is contingent upon clients placing and/or maintaining a certain level(s) of assets at Custodian. In fulfilling its duties to its clients, PAN endeavors at all times to put the interests of its clients first and has determined that the recommendation of Custodian is in the best interest of clients and satisfies the Firm's duty to seek best execution.

Specifically, PAN receives the following benefits from Custodian: i) access to client confirmations and statements; ii) access to a trading desk that exclusively services its institutional traders; iii) access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts; iv) access to an electronic communication network for client order entry and account information; and v) brokerage services that are related to the execution of securities transactions, custody, research, including that in the form of advice, analyses and reports, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

In addition to the benefits discussed above, the Firm will receive addition Support from each of the Custodians. IARs are given freedom by the Firm over which Custodian to recommend, but the Firm may distribute certain Support to IARs based upon Support provided by that Custodian to the Firm. The additional Support from each Custodian will be individually negotiated, but the Firm expects it to include certain research and brokerage services, including research services obtained by the Custodian directly from independent research companies, as selected by PAN (within specified parameters), funds to be used toward qualifying third-party service providers for research, marketing, compliance, technology and software platforms and services, attendance at national, regional or Firm specific educational events organized and/or sponsored by Custodian, occasional business entertainment of personnel of PAN by Custodian personnel, including meals, invitations to sporting events, including golf tournaments, and other forms of entertainment, some of which may accompany educational opportunities. Other of these products and services assist PAN in managing and administering clients' accounts. These include software and other

technology (and related technological training) that provide access to client account data (such as trade confirmations and account statements), facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts), provide research, pricing information and other market data, facilitate payment of the Firm's fees from its clients' accounts, and assist with back-office training and support functions, recordkeeping and client reporting. Many of these services generally may be used to service all or some substantial number of the Firm's accounts, including accounts not maintained at the Custodian providing the Support. Custodian also makes available to PAN other services intended to help the Firm manage and further develop its business enterprise. These services may include professional compliance, legal and business consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance, employee benefits providers, human capital consultants, insurance and marketing. In addition, Custodian may make available, arrange and/or pay vendors for these types of services rendered to the Firm by independent third parties. Custodian may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to the Firm.

There is no direct link between PAN's participation in the institutional platform of each Custodian and the investment advice it gives to its clients, although PAN receives economic benefits through its participation in the programs that are typically not available to that Custodian's retail investors. Without this arrangement, the Firm might be compelled to purchase the same or similar services at its own expense. These services generally are available to independent investment advisors on an unsolicited basis, at no charge to them so long as a certain amount of the advisor's clients' assets are maintained in accounts at the Custodian providing the Support.

The Custodians generally do not charge separately for custody services but are compensated by account holders through commissions or other transaction-related or asset-based fees for securities trades that are executed through the Custodian or that settle into that Custodian's accounts.

While, as a fiduciary, PAN endeavors to act in its clients' best interests, the Firm's recommendation that clients maintain their assets in accounts at a particular Custodian may be based in part on the benefits received and not solely on the nature, cost or quality of custody and brokerage services provided by the Custodian, which creates a conflict of interest.

Brokerage for Client Referrals

PAN does not consider, in selecting or recommending broker-dealers, whether the Firm receives client referrals from the Financial Institutions or other third party.

Directed Brokerage

The client may direct PAN in writing to use a particular Financial Institution to execute some or all transactions for the client. In that case, the client will negotiate terms and arrangements for the account with that Financial Institution and the Firm will not seek better execution services or prices from other Financial Institutions or be able to “batch” client transactions for execution through other Financial Institutions with orders for other accounts managed by PAN (as described above). As a result, the client may pay higher commissions or other transaction costs, greater spreads or may receive less favorable net prices, on transactions for the account than would otherwise be the case. Subject to its duty of best execution, PAN may decline a client’s request to direct brokerage if, in the Firm’s sole discretion, such directed brokerage arrangements would result in additional operational difficulties or violate restrictions imposed by other broker-dealers (as further discussed below).

Trade Error Policy

PAN reimburses accounts for losses resulting from PAN’s trade errors, but does not credit accounts for such errors resulting in market gains. The gains and losses may be reconciled within PAN’s custodian firm account and PAN or the custodian may retain the net gains and losses.

Commissions or Sales Charges for Recommendations of Securities

As discussed above, certain Supervised Persons in their respective individual capacities are registered representatives of LPL. These Supervised Persons are subject to FINRA Rule 3280 which restricts registered representatives from conducting securities transactions away from their broker-dealer unless the registered representatives give prior notice of such transactions to LPL and, in most circumstances, LPL provides written consent. Therefore, clients are advised that certain Supervised Persons are restricted to conducting securities transactions through LPL if they have not secured written consent from LPL to execute securities transactions through a different broker-dealer. Absent such written consent or separation from LPL, these Supervised Persons are generally prohibited from executing securities transactions through any broker-dealer other than LPL under its internal supervisory policies. The Firm is cognizant of its duty to obtain best execution and has implemented policies and procedures reasonably designed in such pursuit.

Trade Aggregation

Transactions for each client will be effected independently, unless PAN decides to purchase or sell the same securities for several clients at approximately the same time. PAN may (but is not obligated to) combine or “batch” such orders to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among the Firm’s clients differences in prices and commissions or other transaction costs that might not have been obtained had such orders been placed independently. Under this procedure,

transactions will be averaged as to price and allocated among PAN's clients pro rata to the purchase and sale orders placed for each client on any given day. To the extent that the Firm determines to aggregate client orders for the purchase or sale of securities, including securities in which PAN's Supervised Persons may invest, the Firm does so in accordance with applicable rules promulgated under the Advisers Act and no-action guidance provided by the staff of the U.S. Securities and Exchange Commission. PAN does not receive any additional compensation or remuneration as a result of the aggregation.

In the event that the Firm determines that a prorated allocation is not appropriate under the particular circumstances, the allocation will be made based upon other relevant factors, which include: (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, the Firm may exclude the account(s) from the allocation; the transactions may be executed on a pro rata basis among the remaining accounts; or (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.

Item 13. Review of Accounts

For those clients to whom PAN provides investment management services, account reviews are conducted on an ongoing basis by the Firm and its IARs. All investment management clients are advised that it remains their responsibility to advise the Firm of any changes in their investment objectives and/or financial situation. All clients (in person or via telephone) are encouraged to review financial planning issues (to the extent applicable), investment objectives and account performance with the Firm on an annual basis.

PAN may conduct account reviews on an other-than-periodic basis upon the occurrence of a triggering event, such as a change in client investment objectives and/or financial situation, market corrections and client request.

Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the Financial Institution where they have accounts. From time-to-time PAN also provides certain clients with a written periodic report summarizing account activity and

performance. Client should carefully review the statements sent directly by the Financial Institutions and compare them to reports received from PAN.

Account Statements and Reports

Clients are provided with transaction confirmation notices and regular summary account statements directly from the Financial Institutions where their assets are custodied. From time-to-time or as otherwise requested, clients may also receive written or electronic reports from PAN and/or an outside service provider, which contain certain account and/or market-related information, such as an inventory of account holdings or account performance. Clients should compare the account statements they receive from their custodian with any documents or reports they receive from PAN or an outside service provider.

Item 14. Client Referrals and Other Compensation

Client Referrals

In the event a client is introduced to PAN by either an unaffiliated or an affiliated solicitor, the Firm may pay that solicitor a referral fee in accordance with applicable state securities laws. Unless otherwise disclosed, any such referral fee is paid solely from PAN's investment management fee and does not result in any additional charge to the client. If the client is introduced to the Firm by an unaffiliated solicitor, the solicitor is required to provide the client with PAN's written brochure(s) and a copy of a solicitor's disclosure statement containing the terms and conditions of the solicitation arrangement. Any affiliated solicitor of PAN is required to disclose the nature of his or her relationship to prospective clients at the time of the solicitation and will provide all prospective clients with a copy of the Firm's written brochure(s) at the time of the solicitation.

Other Compensation

If PAN introduces a client to another investment advisor or an investment manager, PAN may be paid a referral or solicitor fee. Any such referral fee shall be paid according to a fee disclosure statement provided to the client at the time that the referral is made. When PAN is acting as an unaffiliated solicitor, PAN, at the time of the solicitation, shall disclose the nature of its solicitor relationship, and shall provide each prospective client with a copy of PAN's written disclosure documents and with a copy of a written disclosure statement disclosing the terms of the solicitation arrangement between PAN and the investment advisor or investment manager, including the compensation to be received by PAN.

PAN and its IARs have a financial incentive to recommend clients open accounts with the Custodians because of the Support described above in Item 12. The receipt of any such compensation creates a financial incentive for PAN and the IARs to recommend a specific Custodian to clients.

Item 15. Custody

PAN is deemed to have custody of client funds and securities because the Firm is given the ability to debit client accounts for payment of the Firm's fees. As such, client funds and securities are maintained at one or more Financial Institutions that serve as the qualified custodian with respect to such assets. Such qualified custodians will send account statements to clients at least once per calendar quarter that typically detail any transactions in such account for the relevant period.

In addition, as discussed in Item 13, PAN will also send, or otherwise make available, periodic supplemental reports to clients. Clients should carefully review the statements sent directly by the Financial Institutions and compare them to those received from PAN.

Item 16. Investment Discretion

PAN is given the authority to exercise discretion on behalf of clients. PAN is considered to exercise investment discretion over a client's account if it can effect and/or direct transactions in client accounts without first seeking their consent. PAN is given this authority through a power-of-attorney included in the agreement between PAN and the client. Clients may request a limitation on this authority (such as certain securities not to be bought or sold). PAN takes discretion over the following activities:

- The securities to be purchased or sold;
- The amount of securities to be purchased or sold;
- When transactions are made; and
- The Independent Managers to be hired or fired.

Item 17. Voting Client Securities

PAN does not accept the authority to vote a client's securities (i.e., proxies) on their behalf. Clients receive proxies directly from the Financial Institutions where their assets are custodied and may contact the Firm at the contact information on the cover of this brochure with questions about any such issuer solicitations.

Item 18. Financial Information

PAN is not required to disclose any financial information due to the following:

- The Firm does not require or solicit the prepayment of more than \$1,200 in fees six months or more in advance of services rendered;
- The Firm does not have a financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients; and
- The Firm has not been the subject of a bankruptcy petition at any time during the past ten year