

Krilogy Financial® LLC

600 Emerson Road, Suite 110
St. Louis, Missouri 63141
(314) 884-2800

www.krilogy.com

Client Brochure

This Client Brochure ("Brochure") provides information about the qualifications and business practices of Krilogy Financial ®LLC. If you have any questions about the contents of this brochure, please contact us at (314) 884-2800 or by email at: tlewis@krilogy.com. 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 Krilogy Financial LLC is also available at our website, www.krilogy.com, or on the SEC's website, www.adviserinfo.sec.gov. Krilogy Financial LLC's CRD number is: 149046.

Krilogy Financial® LLC is registered as an investment advisor with the SEC pursuant to the Investment Advisers Act of 1940 (the "Advisers Act"). Registration as an investment advisor does not imply a certain level of skill or training.

Version Date: April 1, 2019

Main Office
600 Emerson Road, Suite 110
St. Louis, Missouri, 63141
www.krilogy.com
(314) 884-2800

Item 2: Material Changes

On an annual basis, this item will be used to provide clients with a summary of all material changes made to the Brochure since the last annual update. Krilogy Financial, LLC (“Krilogy” or “Firm”) will ensure that clients receive a summary of any material changes to this and subsequent Brochures within 120 days of its business’ fiscal year-end. Further, Krilogy will provide clients with a new Brochure as necessary based on changes or new information, at any time, without charge.

Krilogy last filed an amendment on 3/14/2019, in which it made the following material changes:

- Item 4 –
 - Clarification of the firm’s Services it offers to you to align with the firm’s Investment Advisory Agreement
 - Clarification of creation and use of your Investment Policy Statement for management and supervision of your account(s).
 - Clarification on who you are to notify about potential securities restrictions on your account.
 - Krilogy’s addition of a Wrap Fee Program under separate Wrap Fee Brochure
- Item 5 –
 - Clarification on flat fee charges for accounts under the firm’s minimum account size
 - Further Explanation on conflicts related to your advisor’s negotiation of fees and reference to your Advisory Agreement for the specific manner in which fees will be charged.
 - Notification of Krilogy’s ability to charge fees at account opening, if account opening is in the middle of a quarter.
 - Update on calculation of fees to include any accrued interest earned but yet to be paid.
 - Update to Krilogy’s rebate timeline at account termination.
- Item 10 –
 - Updated information regarding the firm’s potential conflicts as it relates to the common employee shared with KCM Tax-Advantaged Total Return Bond Fund, LP as well as Krilogy’s inability to aggregate trades between its clients and the Bond Fund.

Changes between the 3/14/19 and 3/27/19 filing.

- The only changes in this filing are an update to the firm’s Assets Under Management located in Item 4.

Changes between the 3/27/19 filing and this filing:

- Item 12 and 14 disclosure of the receipt of economic benefit from Charles Schwab.

Item 3: Table of Contents

Table of Contents

Item 2: Material Changes.....	ii
Item 3: Table of Contents.....	iii
Item 4: Advisory Business.....	1
Item 5: Fees and Compensation.....	7
Item 6: Performance-Based Fees and Side-By-Side Management	11
Item 7: Types of Clients	11
Item 8: Methods of Analysis, Investment Strategies, and Risk of Investment Loss.....	12
Item 9: Disciplinary Information.....	13
Item 10: Other Financial Industry Activities and Affiliations.....	14
Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.....	16
Item 12: Brokerage Practices	17
Item 13: Reviews of Accounts.....	22
Item 14: Client Referrals and Other Compensation.....	22
Item 15: Custody	24
Item 16: Investment Discretion.....	25
Item 17: Voting Client Securities (Proxy Voting)	25
Item 18: Financial Information.....	25
Item 19: Privacy Policy.....	26

Item 4: Advisory Business

Description of Krilogy Financial and Advisory Business

Krilogy Financial® LLC ("Krilogy") is a federally registered investment adviser with the Securities and Exchange Commission ("SEC") pursuant to the Investment Advisers Act of 1940. Krilogy is the primary operating subsidiary of Krilogy LLC and affiliated to Krilogy Advisors, LLC ("Krilogy Advisors"), Krilogy-The Sher Group, and Krilogy Tax Services, LLC. It is also affiliated through certain common ownership to Krilogy Capital Management Partners, LLC, Krilogy Capital Management, LLC, Krilogy Capital Management Partners II, LLC, Krilogy Capital Management II, LLC see Item 10: Other Financial Industry Activities and Affiliations for further discussion. This brochure provides clients ("client," "you" or "your") with information about Krilogy, the fees charged for our services and our business practices. Please review this Brochure carefully and consult with your tax professional before you decide to invest.

Krilogy was founded in December 2008 by its principal owner Kent Scott Skornia with the principal purpose of providing truly independent service in assisting clients in planning and managing all aspects of their financial affairs. Krilogy maintains its independence in an effort to eliminate a number of potential conflicts of interest in the selection of investments to a client's portfolio. Krilogy provides portfolio management services ("Services") pursuant to your Investment Advisory Agreement ("Agreement") with the firm and upon request may provide additional services that may include financial planning, estate planning consultation, risk management, retirement planning, and business succession planning. to name a few. Given the demands of everyday life, most people benefit from professional assistance in managing their financial affairs. Proper financial advice includes identifying specific goals and objectives, a review of a client's assets, potential income, applicable tax rates, applicable retirement benefit programs, insurance contracts, wills and trust agreements, and other related matters to the extent it applies and the Client is willing to provide. Krilogy takes pride in superior quality and concierge service while helping clients achieve their financial goals and objectives. Krilogy's fees are derived from providing Services as described in this Brochure. The Services provided are specific to the client's needs and requests.

The decision to engage the Services of Krilogy is yours. You should review this brochure carefully and consult with your tax professional before you decide to invest. Krilogy Financial has a separate but affiliated tax planning company, Krilogy Tax Services, LLC for which you may wish to consult. Services provided by Krilogy Tax Services are provided for an additional charge under a separate agreement. Your financial advisor may receive additional compensation from Krilogy Tax for referrals. This amount is a flat amount received based upon reaching a threshold of clients who contract to use Krilogy Tax. The compensation amount is a flat dollar amount that does not change per client after reaching the number of client threshold. The additional potential revenue to the affiliated entity and compensation offered to your financial advisor creates a potential conflict of interest. Krilogy tries to reduce any potential conflict by disclosing the relationship and potential additional cost as well as limiting the compensation to the financial advisor to a flat dollar amount based upon reaching a specific number of clients referred who utilize the service as opposed to per client basis.

If you decide to engage Krilogy's Services, the relationship begins when Krilogy accepts the executed written Agreement between you and Krilogy. Acceptance occurs after designated personnel at Krilogy Main Office review and confirmation that all required provisions, signatures and dates are included within the Agreement and that the firm has a completed risk tolerance questionnaire with a chosen investment objective/profile. Acceptance does not occur upon signature by the client and your financial advisor. Any preliminary discussions or recommendations made before the written Agreement is accepted do not constitute investment advice and should not be relied upon as such. Any recommendations made for accounts for which Krilogy does not receive Fee as described in Item 5 are made as a courtesy and are complimentary meaning that these accounts are not governed by the Agreement between you and Krilogy and Krilogy does not provide ongoing portfolio management advice, including but not limited to investment advice. See Item 5 for further information on Fees. Krilogy will not offer ongoing portfolio management under the Agreement for any accounts that Krilogy does not receive an information feed from the custodian/platform provider.

Before engaging the Services of Krilogy, you should decide if you are comfortable forgoing the day to day management of your account. Clients of Krilogy typically:

- Need advice and guidance when making investment decisions
- Are at ease with a financial professional making their day-to-day investment decisions
- Are willing to follow a disciplined investment strategy
- Are comfortable paying asset-based (percentage) fees for investments and advice rather than individual commissions or sales charges

You should consider a number of factors when evaluating fee-based advisory programs. You may be able to obtain some or all the same or similar investments and/or services available through this and other fee-based advisory programs of another investment adviser. You should consider that, depending on the circumstances, the aggregated fees you pay for the services including investing with Krilogy may be lower or higher than if you purchased the investments or services separately or through another broker-dealer or investment advisor. You may also experience different performance results or tax consequences from what you would by purchasing the investments separately or through another broker-dealer or investment advisor.

Krilogy is comprised of an Investment Committee made up of senior leadership and advisors lead by its Chief Investment Officer. The Investment Committee believes in building portfolios to match the investor's ability and willingness to take risk and do so in a cost-efficient way. The Investment Committee provides a centralized decision-making process. The Investment Committee is responsible for formulating the overall investment strategies and policies for the firm and establishing investment guidelines in furtherance of those policies.

Krilogy is wholly owned by the Krilogy Partners. Kent Skornia, as Krilogy's President, is also ultimately responsible for supervising the firm.

As of market close on March 13, 2019, Krilogy managed \$778,556,209 in discretionary assets and \$235,814,451 in non-discretionary assets with total assets under management of \$1,014,378,660.

Advisory Services

Krilogy provides Services to individual clients based on each client's particular needs for an asset-based fee. Your experience with Krilogy is rooted in the working relationship between you and your Krilogy financial advisor. Advisory services begin with a series of meetings with the prospective client. In these meetings, the financial advisor(s) reviews the client's goals, investment objectives, time horizon and risk tolerance and formulates a plan that addresses some or all of the following: Investment Planning, Risk Management, Financial Management, Financial Independence, Money Management, Tax Loss Planning, and Estate Planning Assistance. Each client's situation is unique and due to client individual circumstances, one client's plan may be more complex than another client's. The financial advisor will periodically meet with and review your plan with you.

As a part of your plan, you will also complete a questionnaire that acts as an investment policy statement (your "IPS"), which includes important information about your account and risk tolerance including your investment objective. Krilogy defined the scoring of certain questions within the questionnaire to help you determine your risk tolerance and corresponding recommended Investment Profile and Objective. The firm's Investment Committee defined the Investment Profile and Objectives that correspond and can be selected by you in your IPS. Selection is premised on your answer to risk tolerance questions and the corresponding selection of your risk. You are able to choose an alternative Investment Profile and Objective if one is available and you are willing to take more or less risk than what was identified based upon your completion of the questions within the Investment Policy Statement. You ultimately decided whether to invest in the recommended Investment Profile/Objective or an alternative. Krilogy will not change your Investment Profile/Objective without your written instruction.

Krilogy portfolio allocations may include mutual funds, equities, bonds, fixed income, debt securities, ETFs, hedge funds, third party money managers, REITs, alternative investments, and government securities. Krilogy may use other securities as well to help diversify a portfolio when applicable. Your portfolio investment's target allocation may utilize one or more of Krilogy's proprietary model portfolios as a result of the recommended Investment Profile and Objective. There is no guarantee that any investment, strategy or model recommended and/or purchased will perform in any particular manner. Past performance is not a guarantee of future results. It is important that you read the prospectus of any security that has one and contact your financial advisor if you determine that you do not wish to be invested within that security. Krilogy and your financial advisor may make changes to your portfolio from time to time that may include changing out securities entirely or changing the amount of your money that is invested in a security or asset class without prior notice. Liquidation may cause a taxable event as well as additional fees and expenses.

Each client is expected to provide complete information in all relevant areas. The process involves a close review of the existing financial position and articulated personal goals of each prospective client. Consideration is given to subjective factors such as a client's prior investment experience, ability and desire to manage their assets, risk tolerance and familiarity with various investment vehicles. Each client's situation is unique and due to individualized circumstances may vary in length and scope, and in certain instances may be foregone in their entirety.

Investment Supervision and Monitoring

Services are based on the recommendations of Krilogy and its advisors. Your financial advisor monitors and evaluates those investments to ensure conformity with the client's Investment Profile and Objective. The firm monitors you overall advisor's management of your portfolio to make sure it remains within the firm's Investment Committee's predefined parameters for each Investment Profile and Objective. Krilogy will request discretionary authority from clients in order to select securities and execute transactions without permission from the client prior to each transaction. However, clients whom choose non-discretionary authority will be responsible for all trading and investment decisions in their account and should not rely solely on the recommendations of Krilogy or their financial advisor in choosing investments. Neither Krilogy nor your financial advisor will have discretionary authority for any trading or investment decisions in your account other than what are defined within the Agreement between you and Krilogy.

Any recommendations made for accounts for which Krilogy does not receive Fee as described in Item 5 are made as a courtesy and are complimentary meaning that these accounts are not governed by the Agreement between you and Krilogy and your financial advisor does not provide ongoing portfolio management advice, including but not limited to investment advice. See Item 5 for further information on Fees. Krilogy will not offer ongoing portfolio management under the Agreement for any accounts that Krilogy does not receive an information feed from the custodian/platform provider.

Securities Limitations and Corresponding Services: Clients may impose restrictions in investing in certain securities in accordance with their values or beliefs by providing those specific restrictions to your financial advisor. However, if the restrictions prevent Krilogy from properly servicing the client account, or if the restrictions would require Krilogy to deviate from its standard suite of services, Krilogy reserves the right to end the relationship. Krilogy may allow the transfer of securities that it would not otherwise recommend or would liquidate at account opening at the specific request of the client. As one example, a client may request that Krilogy continue to maintain securities with a low cost basis that a client has held for a long period. In this instance, Krilogy and its advisor will manage your overall portfolio to account for the specific request or restriction of holding a particular security within your account. However, Krilogy and your advisor may ultimately make changes and liquidate these securities at any time without first giving you notice if they determine that they cannot manage your portfolio to your Investment Profile and Objective. While not required, Krilogy and your investment advisor may endeavor to contact you and assist you in moving the investment from your account under Krilogy's management within a timeframe solely established by Krilogy. Such transactions would be effected without regard to tax consequences or securities redemption fees. You may have to pay redemption fees to a fund company if the security that is a mutual fund is held for only a short time. Krilogy and its advisor may also request that these securities be placed in a separate account from those accounts managed by Krilogy.

IRA Rollover Considerations: As part of Krilogy's Services, it may be recommended that you withdraw assets from an employer's retirement plan and roll the assets over to an individual retirement account (an "IRA") to be managed by Krilogy. You have multiple options when it comes to your employer sponsored retirement plan assets. You may keep the assets within the employer sponsored plan, move to your new employer's employer sponsored plan (if applicable),

roll, roll it over to an IRA, or cash it out (This option may result in tax penalties and consequences for which you should consult your tax advisor). You should know and understand these options before making any decision. Krilogy and your advisor will typically charge its customary Fee outlined in Item 5 – Fees and Compensation. You should review the costs associated with leaving the assets with your employer versus moving the assets to an IRA as part of your independent review and determination of how to handle the assets in your employer retirement plan. Please note that certain, low-expense investment options may be available through an employer's (or former employer's) retirement plan that would not be available to an IRA. Additionally, the cost of investment options and plan services through your employer (or former employer) may still be less expensive than Krilogy's Fees outlined in Item 5. You can request from your employer or plan administrator a copy of the plans 404a-5, which should provide you a breakdown of all costs to you when you participate in your employer's retirement plan. Upon receipt you should review those costs against Krilogy's Fees and expenses with your financial advisor so that you may come to an independent determination on what to do with your assets in your employer's retirement plan. Please note, there may also be other advantages to factor in when determining if you should maintain assets with an employer's (or former employer's) retirement plan. You should weigh these other factors which included but not limited to services and investment options you receive from both your employer retirement plan, your new employer retirement plan (if applicable), and Krilogy when making a determination on what to do.

Custody Services

Krilogy does not provide custody services for your accounts. Your accounts will be maintained at a qualified custodian whom will provide all accounts with written trade confirmations of securities transactions as well as account statement for each month there is activity in the account and/or on a quarterly basis. **Please review your account statements carefully and notify us immediately if you detect an error or a discrepancy.**

Financial Planning Services Only

If the client desires, Krilogy may offer financial planning services only. These financial planning services may include, but are not limited to: investment planning, life insurance; tax concerns; retirement planning; college planning; and debt/credit planning. These services are based on hourly fees and the final fee structure is documented in the Financial Planning Agreement. Financial planning services do not include continuous financial advice and related services. Yours and Krilogy's relationship ends upon providing a final plan.

Institutional Services

Krilogy is engaged by plan fiduciaries to provide both fiduciary and non-fiduciary investment management and advisory services that include but are not limited to plan consulting, participant education and enrollment, investment policy statement development assistance and investment menu selection. Krilogy may act under the Employee Retirement Income Section Act ("ERISA") as either a 3(38) investment manager or a 3(21) investment advisor to a variety of retirement plans.

As a Section 3(21) investment advisor, Krilogy consults with the plan fiduciaries in the development of an Investment Policy Statement designed to reflect the investment objectives,

policies, constraints and risk tolerance of the plan. Krilogy is responsible for making investment recommendations to the plan regarding the fund options made available to plan participants. The plan fiduciaries are ultimately required to exercise their discretion to act upon the investment recommendations made to Krilogy.

As a Section 3(38) ERISA investment manager, Krilogy develops an Investment Policy Statement which is subsequently approved by the plan fiduciaries. As a 3(38) investment manager, Krilogy is responsible for determining the appropriate investment options available to plan participants and provides those option to the third-party administrator and qualified custodian so that they may be available to plan participants. Krilogy performs ongoing monitoring of investment options and implements changes as necessary. Consent of the Plan for investment option changes is not required. Plan fiduciaries will be given notice of changes to existing allocations and/or menu choices; however, Krilogy will implement those changes as promptly as possible in coordination with the third party administrator and plan custodian.

Krilogy may also provide certain plan participant enrollment and educational services. These services are non-fiduciary consulting services. The educational presentations provide assistance to plan participants in how to evaluate their specific goals and objectives and risk tolerance to identify an asset allocation that best suits their goals as well as understanding how asset allocation affects investment results. Krilogy may also provide non-fiduciary consulting services that include facilitating benefit committee meetings and consulting on industry trends.

Krilogy provides investment management and investment consulting services to large institutional clients, endowments, foundations and charitable organizations as well.

Wrap Fee Programs

Krilogy acts as a portfolio manager for and sponsor of a wrap fee program, which is an investment program where the client pays one stated fee that includes management fees, transactions costs, fund expenses, and other administrative fees. However, this Brochure describes non-wrap fee advisory services. Clients utilizing Krilogy's wrap fee portfolio management should see the separate Wrap Fee Program Brochure. Krilogy manages the investments in the wrap fee program but does not manage those wrap fee accounts any differently than it would manage non-wrap fee accounts. Fees paid under the Wrap Fee Program will be given to Krilogy as a management fee.

When considering this program, you should discuss with your Financial Advisor whether other programs including the Wrap Fee Program would be more appropriate. You should consider that, depending on the circumstances, the aggregate fees you will pay for the wrap fee program may be lower or higher than if you purchased the investment or services separately or through another broker-dealer or investment adviser. An important factor to consider is the amount of individual trading activity you have in your accounts and the corresponding brokerage commissions and transaction costs that would be charged depending upon the security if you bought and sold individual securities in a brokerage account. These costs would also be impacted by the advisor and Krilogy's ability to aggregate trades. Other factors to consider include the costs and availability of services, if provided separately, which in turn depends on the prices and specific services offered by different providers. You also may experience different performance results or tax consequences from what you would by purchasing the investment separately or through another broker-dealer or investment advisor.

Other Services

Krilogy and its financial advisors may recommend changes or additions to your health, life disability or long-term care insurance coverage. This service is complimentary and you are free to follow or decline such recommendations. In those instances where you elect to purchase a policy, you are purchasing a policy through Krilogy Advisors, and affiliate of Krilogy Financial and your advisor, in their capacity as a licensed insurance agent. The purchase of insurance is separate and apart from the Services provided under the Agreement between you and Krilogy. Krilogy does not maintain a fiduciary duty as it relates to these recommendations. Krilogy and your advisor have a conflict of interest in your advisor making this recommendation as any purchase of insurance coverage results in additional compensation. Please see "ITEM 5 – Fees and Compensation, Other Forms of Compensation" for additional information regarding commissions received in connection with the sale of insurance products.

Item 5: Fees and Compensation

Methods of Compensation and Fees

When you agree to work with Krilogy, you will incur fees ("Fees") for Krilogy's Service. The Fee may include a minimum annual flat fee charged on a quarterly basis, regardless of the assets you hold in your account, that will transition to fees based on a percentage of Assets Under Management / Assets Under Advisement (AUM/AUA) when you meet the firm's minimum account size requirement. You may also incur internal fees and expenses in mutual funds and ETFs in your account as well. Additionally, the purchase of individual equity, mutual fund, exchange traded fund (ETF), and fixed income securities may result in a transaction charge or a spread from the Custodian. Krilogy's Fees are negotiable upon request to your advisor, and when based upon AUM/AUA, are not to exceed 2.00% excluding any internal fees and expenses in the mutual funds, ETFs or separate asset managers in your account or transaction charges or spreads. Your fee may be higher than what other similarly situated clients pay. The specific manner in which fees are charged by Krilogy is established in your Agreement. The Fees and internal fee and expenses from mutual funds and ETFs as well as any transaction charges or spreads on individual equity and fixed income securities in your account will reduce the overall returns and performance of your account. The Fee increases and decreases with the value of your account.

Krilogy's fees are negotiable upon request and at the discretion of your financial advisor. Your financial advisor receives a portion of the Fee. As a result, your financial advisor has a financial incentive not to negotiate the Fees. If you do not negotiate, your fee may be higher than what other similarly situated clients pay. Upon request to your financial advisor, you may negotiate a "blended" Fee, meaning that the Fee may be calculated by rate tiers that reduce based upon AUM/AUA. As the value of your account increases or decreases, you are charged the percentage rate for each tier that corresponds to this value of your account. As a result, your Fee will increase or decrease with the value of your account.

Fees are based on an annualized schedule of rates that apply to the market value of your account for the Services, including management of the account(s), periodic reviews and reporting. Fees are paid quarterly in advance or on account opening and are based on the net equity value of the client's account on the last day of each calendar quarter or on the date of your Account's funding if you are a new client. In the alternative, if the accounts are opened during the course of a quarter and are not billed at opening, the client will be billed a prorated fee in accordance with the period of time the account was managed during the quarter in arrears that will be collected with the advanced Fees charged for the upcoming quarter. For the purposes of calculating your Fee, the net equity value of the account will include accrued interest earned on securities, e.g. bonds held in your account. Accrued interest means the amount of interest you will be paid on the next coupon date based upon the holding period of the security in your account at the time the Fee is calculated. Additionally, the firm uses the trade date, and not the settlement date of securities purchased or sold from the account and reports the same within your statements. This means that the value of securities with trade dates on the last day of the calendar quarter would be used for calculation of Fees. Unless otherwise specified in the Agreement, Fees are withdrawn directly from the client's accounts with client written authorization. At the sole discretion of Krilogy, the client may be allowed to pay the advisory fee from an alternate account or may be invoiced and billed directly with payments due before the fifteenth of the month following the end of the quarter. Clients may select the method in which they are billed.

Generally, your account will be grouped with your other advisory accounts with Krilogy under one Agreement. Upon request by you to your advisor, your accounts, or accounts of people related to you whom meet certain criteria may be held in the same pricing group. Each account can only be in one pricing group and we will disclose to you the accounts making up your pricing group upon request. Other members of the pricing group will receive the same disclosure upon request. Krilogy's policies on pricing group may be amended from time to time.

Clients may terminate their contracts with 30 days written notice pursuant to the terms of the Agreement. The point of termination is considered the thirtieth day after written notification. In the written request to terminate the contracts, Clients may also request a refund of Investment Management and/or Supervisory Fees paid in advance. Should such a request be made, Krilogy will endeavor to rebate any fees within a reasonable time not to exceed 30 days of request. Otherwise, Krilogy will rebate any fees within ninety (90) days of the date of termination. Refunds will be given on a prorated basis, based on the number of days remaining in a quarter at the point of termination. If you terminate and sell the assets in your account, your proceeds will be available upon settlement of the trades generated to complete the liquidation. Settlement is typically three business days following the trades. Because bond markets may be less liquid, these investments may be more difficult to liquidate, especially during periods of extreme market volatility. Therefore, you may experience delays or adverse price fluctuations when liquidating these securities. Account liquidation may cause a taxable event as well as additional fees and expenses. Clients may terminate their contracts without penalty, for full refund, within 5 business days of signing the advisory contract. Advisory fees are withdrawn directly from the client's accounts with client written authorization.

Financial Planning Only Fees

Depending upon the complexity of the situation and the needs of the client, the hourly fee for these services is between \$250 and \$400. Krilogy may also agree to financial planning services on a flat fee basis. The fees are negotiable and the final fee schedule will be identified within of the Financial Planning Agreement. Fees are paid in arrears upon completion. Because fees are charged in arrears, no refund is necessary. Clients may terminate their contracts without penalty within five business days of signing the advisory contract.

Institutional Clients

Fees are assessed based on assets under supervision. Annualized fees are set forth in the client's engagement agreement. Fees for these clients generally range from 25 to 75 basis points and are negotiated on an individual plan basis.

Third Party Fees: Management fees, Internal Fees and Expenses

Clients are responsible for the payment of all third party fees (i.e. custodian fees, third party manager fees, mutual fund fees, etc.). Those fees are separate and distinct from the fees and expenses charged by Krilogy. You will not see a separate entry on your account statement showing these fees and expenses. Krilogy considers several factors when selecting a mutual fund share class, which may include but is not limited to the eligibility criteria set by mutual fund companies and the overall cost structure of the share class. Even so, the Clients should not assume they will be invested in the share class with the lowest expense ratio. Generally, Krilogy attempts to select institutional, advisory, fee-based share classes or load waived A share classes, when available. Krilogy and its advisors do not receive money or compensation from these third parties for the internal fees and expenses charged.

Mutual funds and ETFs have internal management fees and ongoing expenses for operating the funds (internal fees and expenses) that are deducted from the fund's assets, which have the effect of reducing the fund's net asset value ("NAV"). The prospectus for each mutual fund and ETF will describe the internal fees and expenses. Internal fees and expenses are in addition to the Fee described above and vary depending on the particular mutual fund or ETF. Additionally, third party managers may also charge management fees and expenses separate and apart from Krilogy's Fee for management of certain assets within your account. In addition, if a client engages a third-party investment adviser to manage the client's account(s), the client will pay the fees and expenses set forth in the client's agreement with the investment adviser.

If you purchased or sold securities prior to entering into a relationship with Krilogy, you may have incurred fees for those purchases and sales that are wholly unrelated to Krilogy's Fee, but may reduce your overall return and performance. Additionally, Krilogy may sell/liquidate securities at the beginning of your relationship with the firm that were purchased with or at the recommendation of a previously unrelated party. The sale or liquidation of securities may result in a taxable consequence or redemption fee. Such transactions would be effected without regard to tax consequences or redemption fees. If the securities are mutual funds, certain mutual funds may also impose redemption fees if the mutual fund was held for only a short time (typically anywhere from 30 days to 12 months). The prospectus and statement of additional information will describe whether the fund company has a redemption charge and whether there are instances when the redemption fees will be waived.

Other Fees

Clients, including Institutional clients, will typically bear expenses in connection with account transactions and investment activities, including brokerage costs and securities transactions fees. Please see Item 12 below for more detailed discussion of brokerage expenses and practices.

Payment of Fees for Services

Fees are deducted directly from the client's accounts with client written authorization and paid using the cash portion of the account which may include cash or assets invested in a money market fund. If there is insufficient cash or assets invested, Krilogy is authorized to sell a sufficient amount of securities to pay the Fee. Such transactions to pay Fees would be effected without regard to tax consequences or securities redemption fees or brokerage transaction fees (see above Third Party Fees).

However, Fees may be invoiced and billed directly to the client with payments due before the fifteenth of the month following the end of the quarter. Clients may select the method in which they are billed.

Hourly Financial Planning fees are paid via check in arrears upon completion. Because fees are charged in arrears, no refund is necessary.

Comparing Costs and Expenses

It is important to understand that you could forgo the Services provided by Krilogy and buy and sell many of the same securities within your account either on your own in a broker-dealer account, through another investment advisor, broker or agent not affiliated with Krilogy. In doing so, you may pay sales charges or commissions, a portion of which would be paid to the agent or representative to the broker. Some financial advisors of Krilogy are also registered representatives of Saxony Securities, Inc. ("dually registered representatives") for the limited purpose of offering brokered variable annuity products for clients as appropriate or offering Institutional Services to its Employer Plan Fiduciaries as defined above. Saxony Securities is responsible for supervising these activities. Sales of securities through the broker-dealer are not governed by the Agreement. The sale of these products is on a suitability basis, Krilogy and its advisors do not maintain a fiduciary obligation to its client in these sales.

Clients should be aware that these services pay a commission and involve a possible conflict of interest, as commissionable products can conflict with the fiduciary duties of a registered investment adviser. The sale of these products is on a suitability basis. Krilogy and its advisors seek to provide advice that is in the best interest of the client, but do not maintain a fiduciary obligation to its client in these sales. Krilogy seeks to reduce the potential conflict by fully informing, herein that Krilogy does not intend to act as a fiduciary in those sales. Clients are in no way required to implement the plan through any representative of Krilogy in their capacity as a registered representative.

If you were working with a registered representative or agent of a broker, to buy and sell securities in your account that person will typically earn more in upfront fees and commissions. Certain advisors of Krilogy are registered representatives at an unaffiliated broker, Saxony Security for the limited purposes of offering variable annuity products for a commission that is in addition to your Fee. Beyond the variable annuity offering, these advisors are not offering to buy and sell securities on a commission basis in lieu of the asset-based fee basis. In the alternative, a fee-based financial advisor like Krilogy and its financial advisors will typically earn more over time. This may create a financial incentive and potential conflict of interest to your financial advisor whom is registered both with Krilogy and Saxony Securities, Inc. The firm seeks to reduce that conflict through this disclosure, providing services on a level fee basis. See below for further discussion of Other Forms of Compensation/Insurance Commissions.

Other Forms of Compensation/Insurance Commissions

Insurance services are non-advisory services that may be offered to the client through Krilogy Financial affiliate, Krilogy Advisors and a client's Krilogy financial advisor whom is a state-licensed insurance agent. Krilogy Advisors and your financial advisor whom are licensed insurance agents are eligible to receive commissions for the sale of insurance products, including those recommended to Krilogy Financial clients. This presents certain conflicts of interest because your financial advisors and Krilogy's affiliate, Krilogy Advisors receive commissions for the sale of insurance products, which creates an incentive to recommend the purchase of insurance products that pay them commissions over other investments and insurance products that pay either lower or no commissions. Krilogy and your financial advisor address this conflict by providing this disclosure to you. Clients may purchase insurance products recommended by Krilogy or your financial advisor through other agents that are not affiliated with Krilogy. Krilogy's Fees will not be reduced to offset the payment of insurance commissions to Krilogy Advisors or the Krilogy financial advisor. Actual commissions vary, depending upon, among other things, the type and value of the policy purchased, as well as the issuing agency or insurance company.

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

Krilogy does not accept performance-based fees or other fees based on a share of capital gains on or capital appreciation of the assets of a client.

Item 7: Types of Clients

Krilogy generally provides Services to the following Types of Clients:

- Individuals
- High-Net-Worth Individuals
- Trusts and Estates
- Institutional - Pension and Profit Sharing Plans and
- Corporations or Business Entities

- Charitable Foundations and not-for-profit endowments

Krilogy can decline to provide Services for any reason, including if we do not believe the client's desired investment strategy is appropriate for the client. As a general rule, you should not engage Krilogy's Services if you want to engage in day trading or actively trade in mutual funds and/or ETFs.

Minimum Account Size: There is an account minimum, \$250,000, which may be waived by the investment advisor, based on the needs of the client and the complexity of the situation. However, a client whom does not meet the account minimum may be required to pay a flat fee for Services. Krilogy monitors the total value of your account. If the value falls below the initial investment minimum, we may, in our discretion, discontinue Services and delink your account from Krilogy's master account.

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

Krilogy is comprised of an Investment Committee made up of senior leadership and advisors lead by its Chief Investment Officer. Broadly, the Investment Committee is responsible for formulating the overall direction of the firm's investment philosophy and policies. The Investment Committee also manages the firm's investment models, that may be utilized by your financial advisor. Your financial advisor monitors and evaluates investments to ensure conformity with the client's Investment Profile and Objective. The firm monitors your advisor's overall management of your portfolio to make sure it remains within the firm's Investment Committee's predefined parameters for each Investment Profile and Objective.

Methods of Analysis

Krilogy and its financial advisors' methods of securities analysis may include varying degrees of both quantitative and qualitative work.

The main sources of information include both proprietary and third party research and analytical tools, financial media, corporate rating services, annual reports, prospectuses, filings with the Securities and Exchange Commission, company press releases. Further research and due diligence practices are implemented by the Investment Advisor consistent with his or her investment process and implementation of the client's agreed upon investment strategy.

Investment Strategies

The investment strategy for a specific client is based upon the objectives stated by the client during consultations and in conformity with the client's Investment Profile and Objective(s) may include long-term purchases, short-term purchases, trading, short sales, margin transactions, and option writing. Certain clients with applicable Investment Profile and Objectives may include strategies that are considered risky and more complex such as the use of alternative investments,

including non-registered investments; reverse convertible notes; leveraged ETF's; index-linked CDs and other structured products.

Generally speaking, the firm seeks to manage your accounts over full market cycles. Long term trading is designed to capture market rates of both return and risk. Frequent trading, when done, can affect investment performance, particularly through increased brokerage and other transaction costs and taxes. Short term trading and options writing generally hold greater risk and clients should be aware that there is a chance of material risk of loss using any of those strategies.

Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.

Risks of Specific Securities Utilized

Krilogy primarily utilizes individual equities, bonds, mutual funds and ETFs for client accounts. The values of these securities will fluctuate due to various market conditions and other factors including but not limited to liquidity, currency, economic and political risks. Market movements and conditions, particular recommendations and other factors may result in significant differences between the account performance and any goals set forth in the Investment Profile and Objectives or otherwise made known to Krilogy.

Krilogy generally seeks investment strategies that do not involve significant or unusual risk beyond that of the general domestic and/or international equity markets. However, it may utilize options writing. Options writing generally hold greater risk of capital loss and clients should be aware that there is a chance of material risk of loss using any of those strategies.

All investment strategies and investments involve risk, and the value of your account will fluctuate in value. As a result, your account may be worth more or less than the amount of money you invested. Diversification does not guarantee a profit or protect against a loss. You should consider the investment objectives, risks, and charges and expenses of each security before deciding to engage in Krilogy's Services. By utilizing Krilogy's Services, there is also no guarantee of a profit or protection of loss.

Past performance is not a guarantee of future returns. Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.

Item 9: Disciplinary Information

There are no legal or disciplinary events that are material to a client's or prospective client's evaluation of this advisory business or the integrity of our management.

Item 10: Other Financial Industry Activities and Affiliations

The following is a summary of Krilogy's material relationships or arrangements with other entities that participate in the financial industry:

Krilogy is affiliated with Krilogy Capital Management Partners, LLC, (the "Bond Fund General Partner"), a North Carolina limited liability company, who serves as the general partner of the KCM Tax-Advantaged Total Return Bond Fund, LP. (the "Bond Fund Partnership") and Krilogy Capital Management, LLC (the "Bond Fund Investment Manager"). Krilogy is affiliated with Krilogy Capital Management Partners II, LLC, (the "Equity Fund General Partner"), a Missouri limited liability company, who serves as the general partner of the KCM Catapult Large Cap Growth Equity Fund, LP. (the "Equity Fund Partnership") and Krilogy Capital Management II, LLC (the "Equity Fund Investment Manager"). Under both the Equity and Bond Fund Partnership Agreements the general partner is primarily responsible for the management of the Partnership. The general partner has delegated the investment management responsibilities for the respective Partnership to the respective Investment Manager. The General Partners and Investment Managers of the respective Partnership are not registered as an investment adviser under the Investment Advisers Act of 1940. As amended (the "Advisers Act"). The Partnerships are not registered as an investment company under the Investment Company Act of 1940, in reliance upon Section 3(c)(1) thereof. Both the Bond and Equity Partnership investment are only suitable for sophisticated investors (a) who do not require immediate liquidity for their investments, (b) for whom an investment in the Partnership does not constitute a complete investment program and (c) who fully understand and are willing to assume the risks involved in the Partnership's investment program.

For those Clients where either or both the Equity and Bond Partnership may be suitable, Krilogy and its advisors may recommend holding the Partnership(s) in the Client's portfolio as part of its Service. While the Equity and Bond General Partner of the respective Partnerships do not charge a management fee with respect to the Partnership investment, the General Partner will receive an annual performance profit allocation on the last date of each fiscal year (the "Performance Allocation"). **Any Client that invests in one or both of the Partnerships is subject to paying the Performance Allocation. The Performance Allocation is in addition to Krilogy's Fees charged for the holding of the Partnership(s) in your portfolio under Krilogy's management.** The above disclosures regarding the Partnership are not an offer to sell or the solicitation of an offer to buy the respective Partnerships. You should fully review the Partnership's Private Placement Memorandum ("PPM") carefully before investing in either Partnership. Clients are advised to consider the investment objectives, risk, charges and expenses before investing.

Partners in Krilogy also maintain an ownership interest in both the Bond and Equity General Partner and the Investment Advisor to the Partnerships. These individuals will receive a pro-rata portion of the Performance Allocation, to the extent there is one. **This creates a potential conflict of interest for Krilogy because certain representatives and agents that maintain ownership in Krilogy and the Bond and Equity General Partner have an incentive to recommend the purchase of the Partnership versus another investment to Clients due to the potential increase compensation received. This incentive is in addition to the Fees charged to you for the holding of the Partnership(s) in your portfolio managed by Krilogy.** Krilogy seeks to mitigate this conflict through both disclosure in the Brochure, separate disclosure you are required to sign, and additional policies and procedures both designed to set limitations on size of ownership as well as review the investment recommendation and purchase prior to purchase. Outside of the

common owners of Krilogy and the General Partnership, other Krilogy advisors do not receive additional compensation beyond the Fees discussed in Item 5. While there is no conflict in the way of compensation, your advisor may still have a potential conflict of interest in the recommendation of these investments due to his/her interpersonal relationships with Krilogy partners. Krilogy has sought to remove any potential conflict by removing any additional compensation potential as well seeking to have its advisors honor their fiduciary duty to do what is in the best interest of the client. Clients interested in investing in the Partnership would receive a disclosure document for review and execution indicating will be provided a disclosure document that sets forth

Additionally, Krilogy and the Bond Investment Manager, while separate entities, have a common employee, who is the Director of Fixed Income, that maintains an ownership interest in the Bond General Partnership and Bond Investment Manager. This ownership interest and dual employment relationship creates a potential conflict of interest. Specifically, the potential conflict occurs in the rare instance where a Krilogy client and the Bond General Partnership seek to purchase a similar financial instrument (e.g. a municipal bond with the same maturity) and there is not enough of the financial instrument available to satisfy both. Filling the Bond Partnership needs ahead of a Krilogy Client could result in the employee indirectly receiving increased compensation through his ownership share of the the fees earned by Bond General Partnership. Krilogy seeks to address these conflicts by disclosing the ownership interest in the Partnership to Krilogy Clients. Also, to the extent possible, Krilogy and the employee seeks to avoid the purchase of the same securities or maturities. Note, even if there is enough supply of a particular security available, the Bond General Partnership and Krilogy are separate entities that have separate trading relationships with custodians and broker-dealers. As a result, the Bond General Partnership and Krilogy are not able to aggregate the purchases of the security between Partnership and Krilogy clients, and trades for accounts custodied at different custodians/brokers-dealers may be executed at different times and different prices. Regardless of supply, the Bond General Partnership may get a better price on that Bond due to a number of factors that include: because of a multitude of factors that include quantity purchased. When there is not enough supply of a specific financial instrument, Krilogy will see to obtain a fair and equitable basis that may include filling a Krilogy Client request for a financial instrument prior to the Bond Partnership.

Krilogy is affiliated with Krilogy Tax Services, LLC. ("Tax Services") through certain common ownership interest by Krilogy partners. Tax Services provides tax planning and preparation services. These services may be offered to both Krilogy clients and non-clients at an additional cost. Krilogy advisors may receive additional compensation based upon the number of client referrals to Tax Services. **The recommendation by a Krilogy advisor creates a potential conflict of interest because its representatives and agents have an incentive to recommend the use of Tax Services to clients due to the potential increase compensation received. Additionally, the common ownership interest creates a potential conflict of interest to clients of Krilogy because the partners of Krilogy with a common ownership interest will receive additional compensation from the profitability of Tax Services.**

Krilogy Advisors, a Krilogy affiliate and certain Krilogy financial advisors whom offer the sale of insurance are state-licensed insurance agents with various insurance agencies and/or companies. Krilogy Advisors and Krilogy Financial Advisors whom are licensed insurance agents are eligible

and from time to time receive commissions for the sale of insurance products, including those recommended to Krilogy Financial clients. **Clients should be aware that these services pay a commission and involve a possible conflict of interest, as commissionable products can conflict with the fiduciary duties of Krilogy and its financial advisors whom are acting as insurance agents because it creates an incentive to recommend the purchase of insurance products that pay them commissions over other investments and insurance products that pay either lower or no commissions with other insurance companies.** Clients may purchase insurance products recommended by Krilogy or your financial advisor through other agents that are not affiliated with Krilogy.

Additionally, from time to time, Krilogy receives compensation from an insurance agency for client referrals. That compensation is then split between Krilogy and its financial advisor who made the referral. This creates a conflict of interest because the Firm has an incentive to direct clients to the insurance agency over others that do not provide a referral fee.

Some financial advisors of Krilogy may also be registered representatives with Saxony Securities, Inc. While the financial advisor is a licensed registered representative to the broker-dealer, he or she maintains this licensing for the sole and limited purpose of offering variable annuity products or Institutional Services as outlined in Item 4, when appropriate. Otherwise, Krilogy and its financial advisors do not offer Services as outlined in Item 4, above through Saxony Securities. Clients should be aware that these services pay a commission and involve a possible conflict of interest, as commissionable products can conflict with the fiduciary duties of a registered investment adviser. Krilogy strives to always act in the best interest of the client; including the sale of commissionable products to advisory clients. Clients are in no way required to implement the plan through any representative of Krilogy in their capacity as a registered representative.

Krilogy may utilize un-affiliated third-party money managers to assist in the management of client's assets. The compensation paid to these entities, as well as the fees and charges to the client will be outlined in the account documentation specific to the client.

Krilogy may pay referral fees to professionals and/or organizations that refer clients to us pursuant to such arrangements. Any such arrangement is structured in a manner designed to comply with the requirements of the Advisers Act, and each solicited client is notified of the referral arrangement including the referral fees that Krilogy will pay to the solicitor.

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

Krilogy has adopted a Code of Ethics pursuant to Rule 204(A-1) under the Advisers Act. Krilogy has established a Code of Ethics to ensure that our employees and advisors ("associates"):

- Act with integrity and in an ethical manner with you and all of our clients;

- Place your and all of our clients' interests first and, if at all possible, avoid activities or interest that might interfere with making investment decisions that are in the best interest of clients;
- Conduct personal trading in compliance with our Code of Ethics, avoid potential conflicts of interest and make sure they do not abuse the faith and trust you have placed in them;
- Comply with all applicable rules, regulations and laws; and
- Do not use any material nonpublic information they may receive as a result of their employment with Krilogy.

Our Code of Ethics prohibits our access persons from taking advantage of clients in their personal trading activities.

Some Krilogy associates are deemed "access persons" under our Code of Ethics because they may have access to nonpublic information regarding either the securities, including transactions placed in a client's accounts or changes to the firm's investment models. Access persons are required to submit to the chief compliance officer, or his or her delegate, a list of any securities they own and securities transactions they made for any account they control. Specifically, the firm monitors trading of access persons and prohibits trading in non-exempt market orders prior to fifteen minutes before market close.

Clients may request a copy of our Code of Ethics by request to your Financial Advisor or on our website at www.krilogy.com.

You should know that Krilogy associates and/or their family members are permitted to buy or sell securities for themselves that may also be recommended to clients. This practice could create a conflict of interest if associates placing trades for their own accounts were to place a trade before our clients and receive a better price on a security. This conflict may be addressed in a number of ways which include, when possible, aggregating these trades along with other trades, which may include trades for your account, to execute simultaneously at an "average price" with all other accounts as well as internal supervisory reviews of financial advisors. The trading reviews look for improper trading activities that may conflict with the best interest of a client.

With the exception of those security and affiliates identified within Item 10 above, Krilogy does not recommend that clients buy or sell any security in which a related person to Krilogy has a material financial interest.

Item 12: Brokerage Practices

Krilogy does not maintain custody of your assets that we manage, although we may be deemed to have custody of your assets if you give us authority to withdraw assets from your account (see Item 15: Custody, below). Your assets must be maintained in an account at a "qualified custodian," generally a broker-dealer or bank. Krilogy primarily utilizes Charles Schwab & Co., Inc. ("Schwab"), a registered broker-dealer, member SIPC, to serve as qualified custodian for the client's assets and to execute securities transactions on its institutional platform. However, clients

retain sole authority to select a different custodian, Krilogy has the right to terminate its relationship with the client pursuant to the terms of the Agreement or to recommend a different custodian. We are independently owned and operated and are not affiliated with Schwab or any other custodian.

We seek to recommend or use a custodian that will hold your assets and execute transactions on terms that are, overall, most advantageous when compared with other available providers and their services. We consider a number of factors in recommending a custodian/broker for a client, which typically include:

- Combination of transaction execution services along with asset custody services;
- Capacity to execute, clear and settle trades, and facilitation of transfers and payments to and from accounts;
- Availability of investment research/tools that assist us in making investment decisions for client accounts;
- Competitiveness of the price of those services;
- Reputation, financial strength and stability of the provider;
- Breadth of investment products made available and quality of services;
- Access to a broader range of mutual funds only available to institutional investors;
- The providers prior service to us and our other clients; and
- Availability of other products and services that benefit us, as discussed below.

Custody and Brokerage Costs

Krilogy maintains an institutional brokerage services relationship with Schwab that provides trading, custody, reporting and other services, some of which are not typically available to retail customers. Schwab provides both custodian and brokerage services. Schwab will hold your assets in a brokerage account and buy and sell securities when we or you instruct them to. While we primarily utilize Schwab as a custodian/broker for our client's assets, you will decide whether to do so and will open your account with Schwab or another custodian directed by you by entering into an account agreement directly with them. When executing that account agreement with Schwab or another custodian, you will give the firm certain authorities that include trading and money movement authority on either a discretionary or non-discretionary basis.

Schwab generally does not charge a separate fee for custody services but is compensated by charging commissions or other fees on trades that it executes or that settle into your Schwab account. In addition to commissions and asset-based fees, Schwab charges a "trade away" fee for each trade executed by a different broker-dealer but where the security purchased or funds from the securities sold are deposited (settled) into the client's account. Because of these "trade away" fees, in order to minimize client transactions costs, we have the client's custodian/broker execute most trades from the client's account. Certain trades (for example, many mutual funds and ETFs) may not incur Schwab commissions or transaction fees. Schwab is also compensated by earning interest on the uninvested cash in your account in Schwab's Cash Features Program. You should inquire Schwab about their trade practices and trade costs you may incur in carefully considering Schwab as a custodian and broker. Krilogy does not engage in principal or proprietary trading. However, Krilogy and its advisors may recommend and/or a client may purchase securities of

Krilogy affiliates, please see Item 10 – Other Financial and Industry Activities and Affiliations. Krilogy will never charge a premium or commission on transactions, beyond the actual cost imposed by the custodian.

Products & Services Available to Us From Schwab

Schwab Advisor Services is Schwab's business serving independent investment advisory firms like ours. They provide us and our clients with access to its institutional brokerage – trading, custody, reporting and related services – many of which are not typically available to Schwab retail customers. Schwab also makes available various support services. Some of those services help us manage or administer our clients' accounts while others help us manage and grow our business. Schwab's support services are generally available on an unsolicited basis, at no charge to advisors. None of the products or services described in this Brochure are provided in consideration of brokerage commissions directed to the custodian/broker. Certain other custodian/brokers in addition to Schwab also provide these services.

Services that Benefit Client

Schwab's institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through Schwab include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients. Schwab's services described in this paragraph generally benefit clients or their account(s).

Services that May Not Directly Benefit Clients

Schwab also makes available to us other products and services that benefit us but may not directly benefit the client or their account(s). These products and services assist us in managing and administering our clients' accounts. They include investment research, both Schwab's own and that of third parties. We may use this research to service all or some substantial number of our clients' accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab also makes available software and other technology that:

- provides access to client account data (such as duplicate trade confirmations and account statements);
- facilitates trade execution and allocate aggregated trade orders for multiple client accounts;
- provides pricing and other market data;
- facilitates payment of our fees from our clients' accounts; and
- assists with back-office functions, recordkeeping and client reporting.

Schwab also offers other services intended to help us manage and further develop our business enterprise. These services include:

- educational conferences and events;
- technology, compliance, legal, and business consulting;
- publications and conferences on practice management and business succession; and

- access to employee benefits providers, human capital consultants and insurance providers.

Schwab may provide some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to us. Schwab may also discount or waive its fees for some of these services or pay all or a part of a third party's fees.

Irrespective of direct or indirect benefits to our client through Schwab, we strive to enhance the client's experience, help reach their goals and put their interests before that of our firm or its associated persons.

The availability of these services from Schwab benefits us because we do not have to produce or purchase them. Schwab has also agreed to pay up to \$20,000 in a one-time benefit to be used towards technology, research, marketing, and compliance consulting products and services that Krilogy would otherwise have to pay as a result of the expectation of a dollar value of end client statement equity in Schwab client accounts within the next twelve months. None of the products or services described above are provided in consideration of brokerage commissions directed to Schwab. However, this does create an incentive to recommend that you maintain your account with Schwab, based on our interest in receiving Schwab's services that benefit our business and Schwab's payment for services for which we would otherwise have to pay rather than based on your interest in receiving the best value in custody services and the most favorable execution of your transactions. This is a potential conflict of interest. We believe, however, that our selection of Schwab as a custodian and broker is in the best interests of our clients. Even so, our selection is primarily supported by the scope, quality and price of Schwab's services and not Schwab's services that benefit only us. Other custodians/brokers may provide these services as well.

Best Execution

Krilogy generally relies upon Schwab or the client's custodian/broker to execute most of the trades requested for the client's account. Given the general nature of these arrangements—including pre-negotiated brokerage costs; operational methodologies that must be employed to trade accounts custodied with these brokers; and additional trade away charges for trades executed through a different broker-dealer—it is often infeasible or impracticable for Krilogy to trade these accounts with broker-dealers other than those at which the accounts are maintained.

Schwab or the client's custodian/broker is required to seek best execution for all trades it places in your accounts, which means that Schwab has full authority to execute trades with those broker-dealers that they believe are capable of providing the best qualitative execution under the circumstances. In addition to commissions and asset-based fees, Schwab may charge a "trade away" fee for each trade executed by a different broker-dealer but where the securities purchased or funds from the securities sold are deposited (settled) into the client's Schwab account. Krilogy may locate certain fixed income securities for purchase through another broker-dealer depending upon Schwab's fixed-income inventory and direct the trade between Schwab and another broker. Krilogy primarily engages in this activity when it is implementing an investment grade municipal bond laddering strategy for specific clients. These fees for this activity are in addition to the commission or other compensation you pay the executing broker-dealer including third party fees outlined in Item 5: Fees and Compensation. Typically, trading away may result in more costs

because of the additional commissions, markups, markdowns, or “spreads” paid to the market makers and the executing-broker.

Client Directed Brokerage

In the alternative, clients may select a different custodian and broker with the approval of Krilogy. Krilogy’s approval is limited to whether the alternate custodian and broker’s systems and technology can interact with Krilogy’s systems. Even so, the use of the alternate custodian may limit Krilogy’s ability to provide any of its services at any time, with or without notice. Krilogy relies upon these custodians/ broker to execute trades for the client’s account. In doing so, Krilogy cannot be responsible for whether the custodian achieves most favorable execution of client transactions if clients choose to direct brokerage. This may cost clients’ money because without the ability to direct brokerage, Krilogy may not be able to aggregate orders to reduce transactions costs resulting in higher brokerage commissions and less favorable prices. The client may also pay higher execution charges, commissions, markups, markdowns, spreads, and other fees including but not limited to custodian and other account fees.

Aggregation Orders:

Krilogy maintains the ability to request aggregation of securities transactions across accounts and does so frequently as part of its rebalancing process. The goal of this process is to attempt to achieve better pricing for clients by purchasing larger blocks in groups. Trades placed in this way will be allocated over participating client accounts and each account will receive the same average transaction price.

Krilogy does not enter into client referral agreements with any broker-dealer or third party in exchange for using that broker-dealer or third party. Krilogy does participate in Schwab’s SAN program, wherein Schwab does not provide referrals in exchange for using Schwab as a broker-dealer but does receive compensation which is more fully described in Item 14, Client Referrals and Other Compensation.

In certain circumstances, a trade error may occur in your account. Krilogy endeavors to ensure that clients are not disadvantaged by trade errors in any way. A trade error is an error in the placement, execution or settlement of a client’s trade. If a trader error is caused by the activity of Krilogy, it is Krilogy’s policy to restore your account to the position it would have been in had the trade error not occurred. However, in those instances in which we cannot restore your account to the position it would have been in had the trade error not occurred, Krilogy will work with you to ensure that your account is otherwise made whole. If the trade error results in a gain, Krilogy will give the client the option to keep the gain, or donate the gain to charity through the firm’s Custodian. A trade error gain is typically not paid to Krilogy.

Schwab or your custodian will provide all accounts with written trade confirmation of securities transactions and account statements. You will also receive mutual fund and ETF prospectuses, when applicable. **Please review your account statements from Schwab or your custodian carefully and notify us immediately if you detect an error or discrepancy.** Krilogy will provide you quarterly performance reports upon request.

Item 13: Reviews of Accounts

Client accounts are reviewed as often as necessary, always keeping in mind the best interests of the client. The individual client's financial advisors are the chief advisors and are instructed to review clients' accounts with regards to their investment policies and risk tolerance levels no less frequently than annually. Additional client account reviews may be triggered by client request, changes in market conditions, new information about an investment, or other pertinent events.

When your financial advisor manages your investment account your custodian will maintain custody of the investment assets, in most cases. The Custodian where the client assets are held provides account statements directly to clients at their address of record, at least quarterly. In addition, Krilogy will provide access to separate, supplemental portfolio reporting on demand, typically via electronic access, if client elects to opt in to access the system and receive information electronically.

Should events in your life lead to changes in your financial situation or investment objectives, you should contact your financial advisor immediately. If changes result in a change in your investment objective you will be asked to complete a new Investment Policy Statement.

Our supervision and monitoring does not substitute for your own continued review and monitoring of your account(s) and performance of your investments. Krilogy believes that records provided by your Custodian would be the most accurate. However, Krilogy does not do an independent audit of those records to verify. Any reports provided by Krilogy are believed to be accurate and based upon data provided by your custodian. However, if there are any discrepancies you should rely upon your custodian's record. You should review performance reports, trade confirmation (as applicable), account statements and other information you receive from Schwab or your custodian/broker and Krilogy. If you have any questions, please discuss them with your financial advisor.

Item 14: Client Referrals and Other Compensation

We receive an economic benefit from Schwab in the form of the support products and services it makes available to us and other independent investment advisors whose clients maintain their accounts at Schwab. In addition, Schwab has also agreed to pay for certain products and services for which we would otherwise have to pay once the value of our clients' assets in accounts at Schwab reaches a certain amount. In some cases, a recipient of such payments is an affiliate of ours or another party which has some pecuniary, financial or other interests in us (or in which we have such an interest). These products and services, how they benefit us, and the related conflicts of interest are described above (see Item 12 – Brokerage Practices). Otherwise, Krilogy does not receive any economic benefit, directly or indirectly from any third party for advice rendered to Krilogy clients with the exception as set forth in Item 10: Other Financial and Industry Activities and Affiliations.

Additionally, Krilogy may enter into written arrangements with third parties to act as solicitors for the Adviser's investment management services.

For instance, Krilogy receives client referrals from Charles Schwab & Co., Inc. ("Schwab") through Krilogy's participation in Schwab Advisor Network® ("the Service"). The Service is designed to help investors find an independent investment advisor. Schwab is a broker-dealer independent of and unaffiliated with Krilogy. Schwab does not supervise Advisor and has no responsibility for Krilogy's management of clients' portfolios or Advisor's other advice or services. Krilogy pays Schwab fees to receive client referrals through the Service. Krilogy's participation in the Service may raise potential conflicts of interest described below.

Krilogy pays Schwab a Participation Fee on all referred clients' accounts that are maintained in custody at Schwab and a Non-Schwab Custody Fee on all accounts that are maintained at, or transferred to, another custodian. The Participation Fee paid by Krilogy is a percentage of the fees the client owes to Krilogy or a percentage of the value of the assets in the client's account, subject to a minimum Participation Fee. Krilogy pays Schwab the Participation Fee for so long as the referred client's account remains in custody at Schwab. The Participation Fee is billed to Krilogy quarterly and may be increased, decreased or waived by Schwab from time to time. The Participation Fee is paid by Krilogy and not by the client. **Krilogy has agreed not to charge clients referred through the Service fees or costs greater than the fees or costs Krilogy charges clients with similar portfolios who were not referred through the Service.**

Krilogy generally pays Schwab a Non-Schwab Custody Fee if custody of a referred client's account is not maintained by, or assets in the account are transferred from Schwab. This Fee does not apply if the client was solely responsible for the decision not to maintain custody at Schwab. The Non-Schwab Custody Fee is a one-time payment equal to a percentage of the assets placed with a custodian other than Schwab. The Non-Schwab Custody Fee is higher than the Participation Fees Advisor generally would pay in a single year. Thus, Krilogy will have an incentive to recommend that client accounts be held in custody at Schwab.

The Participation and Non-Schwab Custody Fees will be based on assets in accounts of Krilogy's clients who were referred by Schwab and those referred clients' family members living in the same household. Thus, Krilogy will have incentives to encourage household members of clients referred through the Service to maintain custody of their accounts and execute transactions at Schwab and to instruct Schwab to debit Krilogy's fees directly from the accounts.

For accounts of Krilogy's clients maintained in custody at Schwab, Schwab will not charge the client separately for custody but will receive compensation from Krilogy's clients in the form of commissions or other transaction-related compensation on securities trades executed through Schwab. Schwab also will receive a fee (generally lower than the applicable commission on trades it executes) for clearance and settlement of trades executed through broker-dealers other than Schwab. Schwab's fees for trades executed at other broker-dealers are in addition to the other broker-dealer's fees. Thus, Krilogy may have an incentive to cause trades to be executed through Schwab rather than another broker-dealer. Krilogy nevertheless, acknowledges its duty to seek best execution of trades for client accounts. Trades for client accounts held in custody at Schwab may be executed through a different broker-dealer than trades for Krilogy other clients. Thus,

trades for accounts custodied at Schwab may be executed at different times and different prices than trades for other accounts that are executed at other broker-dealers.

All compensation with respect to the foregoing will be fully disclosed to each Client to the extent required by applicable law. All such referral activities will be conducted in accordance with Rule 206(4)-3 under the Advisers Act, where applicable.

Krilogy may also receive other economic benefits from Schwab in the form of support products and services previously described in Item 12: Brokerage Practices.

Krilogy's financial advisors are eligible to participate in the firm's travel award program which includes eligibility to attend the firm's annual domestic or international trip. The financial advisor becomes eligible based upon client service of existing accounts and the amount of new assets the advisor brings under the Krilogy's management over a defined period. The conflict of interest associated with this program is the same as the conflict to the advisor of recommending the firm's services since the advisor stands to benefit if he retains you as a client. This conflict is mitigated once you become a client as the advisor and the firm seek to provide Services in your best interest and the advisor and firm are not compensated differently based upon the advisor's recommendations to you, other than as identified above in the "Financial Industry Activities and Affiliations" section.

Krilogy financial advisors may receive compensation for referral of clients to affiliate Krilogy Tax Services, LLC for tax planning and preparation. Compensation is dependent upon the number client referrals successfully engaged by Krilogy Tax Services, LLC.

Item 15: Custody

Krilogy does not maintain physical custody of client assets; rather, all client assets are held by the client's qualified custodian. Under government regulations, Krilogy is generally deemed to have custody of your assets held by the qualified custodian as a result of the access granted to Krilogy by the client. For example, clients authorize us to instruct Schwab to deduct our advisory fees directly from your account. Alternatively, a client may grant a standing letter of authorization (SLOA) to aid you in facilitating on demand requests for moving money in and out of an account to specific parties or accounts that you designate. Krilogy has no ability to move money beyond the specific SLOA you grant. Granting this standing authorization to allow Krilogy to assist in on demand money movements to and from your account, creates custody under SEC Rule 206(4)-2. The firm follows certain safe harbors with the assistance of your custodian to avoid the regulatory requirement of an independent audit on these accounts. In those situations, the qualified custodian maintains actual custody of your assets.

Additionally, Krilogy is generally deemed to have custody of some client assets held by a qualified custodian chosen by the client as a result of the access granted to Krilogy by the client. For instance, this may occur with clients for whom seek Krilogy's advice in their employer-based retirement accounts, e.g. 401(k). As a result, Krilogy undergoes a surprise audit annually by an

independent public accountant for certain retirement-based accounts, e.g. 401(k) as required by relevant regulations.

Clients will receive account statements directly from the custodian at least quarterly. They will be sent to the email or postal mailing address you provided to your custodian. Krilogy urges clients to compare the account statements they receive from the custodian with those they received from Krilogy.

Item 16: Investment Discretion

Krilogy manages client accounts on discretionary and non-discretionary basis. In non-discretionary relationships, Krilogy will consult with the client prior to each trade to obtain approval. The discretionary investment and trading authority you give to Krilogy can be exercised by us at any time and without prior notice to you. The client may be required by the qualified custodian to execute a limited power of attorney granting Krilogy authority over their account(s) for trading purposes. The capacity in which Krilogy acts will be outlined in the Agreement executed by the client. Should you decide to engage Krilogy's Services, you will sign the Agreement indicating that you agree to all of its terms and conditions. You cannot change or amend the Agreement.

Item 17: Voting Client Securities (Proxy Voting)

Krilogy will not ask for, nor accept voting authority for client securities. Clients will receive proxies directly from the issuer of the security or the custodian. While the Custodian, may allow you to direct such requests to Krilogy, Clients should not request that the custodian forward this information to Krilogy for handling. Clients should direct all proxy questions to the issuer of the security.

Item 18: Financial Information

Krilogy does not require nor solicit prepayment of more than \$1,200 in fees per client, six months or more in advance and therefore does not need to include a balance sheet with this brochure.

Neither Krilogy nor its management have any financial conditions that is likely to reasonably impair our ability to meet contractual commitments to clients.

Krilogy has never been the subject of a bankruptcy petition.

Item 19: Privacy Policy

Investment Advisers are required by law to inform their clients of their policies regarding privacy of client information. We are bound by professional standards of confidentiality that are even more stringent than those required by law. Federal law gives customers the right to limit some but not all sharing of personal information. Below is more information regarding the extent you can limit the information. Federal law also requires us to tell you how we collect, share, and protect your personal information.

Types of Non-public Information (NPI) Krilogy Collects

We collect nonpublic personal information about you either directly from you or a third party you're your authorization. We collect this information when you open an account under our management or give us your contact information; seek advice about your investments or tell us about your investment or retirement portfolio, or open enter into an investment advisory agreement with the firm. This information assists Krilogy and your advisor in providing comprehensive and personalized financial services.

The NPI can include but is not limited to your social security number; date of birth; banking information and financial account numbers and/or balances, a list of assets, transaction history, statements of net worth; sources of income; credit card numbers or other debt related information; types of insurance products; business relationships, and estate planning documents. When you are no longer our customer, we may continue to share your information only as described in this notice.

Krilogy's Use of Information

Krilogy does not disclose any nonpublic personally identifiable information about its clients to other parties or service providers except at the specific direction of the client or as required or permitted by law to perform Krilogy's everyday business for you. Pursuant to existing law, Krilogy may disclose client personally identifiable information to/for:

- To affiliated and non-affiliated third-party services providers, including but not limited to tax planners, tax preparation services, retirement services, or individual portfolio management services for everyday business purposes;
- Non-affiliated third-party services providers who provide services directly to Krilogy, including but not limited to, data storage and analysis, portfolio reporting and management and custodial administration;
- Non-affiliated entities with whom Krilogy has entered into a joint marketing agreement to publicize certain service offerings; and
- For our affiliates' everyday business purposes – information about your transactions and experiences.

DEFINITIONS: Affiliates – companies related by common ownership or control. They can be financial and nonfinancial companies; Non-affiliates – companies not related by common ownership or control. They can be financial and nonfinancial companies; Joint marketing – a formal agreement between non-affiliated financial companies that together market financial products or services to you.

Clients may opt out of sharing information for joint marketing to other financial companies, to our affiliates and to non-affiliates. If you are a new customer we may begin sharing your

information on the day you sign our agreement. When you are no longer our customer, we may continue to share your information as described in this notice. However, you can contact us at any time to limit our sharing.

Federal law allows you the right to limit only the sharing of your NPI related to:

- Sharing for affiliates' everyday business purposes – information about your creditworthiness;
- Affiliates from using your information to market to you; or
- Sharing with non-affiliates to market to you.

State laws and individual companies may give you additional rights to limit sharing. Please notify us immediately at the address, telephone number, or at info@krilogy.com if you have any questions or wish to limit sharing.

Protecting the Confidentiality of Current and Former Client's Information

To protect your personal information from unauthorized access and use, we use security measures that comply with federal law, which included but are not limited to:

- Personal service – Your advisor knows you and the activity that taking place in your account. This personal service helps protect your financial information.
- Fraud Prevention – computer safeguards including firewalls, encryption and detection through our IT vendor and secured physical access to the firm's buildings and files.
- Training – We are continually training our employees on how to safeguard client information.

Krilogy does not share client information with third parties without the consent of the client except under the circumstances described above or under the following circumstances:

- As necessary, to maintain and service the client account or to provide certain requested or authorized third party services requested by the client (e.g. tax preparer/CPA, attorney);
- As required by regulatory authorities or law enforcement officials having jurisdiction over Krilogy, or otherwise required by applicable law; and
- To prevent fraud, unauthorized transactions, false claims or other potential liability to either you or Krilogy.

Steps You Should Take to Protect your Privacy

You should take the following steps in order to help protect your NPI and privacy:

- Passwords – Don't use the same password for all your online accounts. Choose hard-to-guess passwords, and change them periodically. Don't share them with others (verbally or in writing) or post them where others can see.

- Anti-virus software – Make sure you have anti-virus and anti-malware software, and keep it up-to-date.
- Websites – Scam artists are very good at creating authentic looking websites. Make sure the site you visit is legitimate – check to see that contact information is present and the phone number actually goes to the company in question. Before sharing personal information online, look for “https” at the beginning of the URL to ensure the site is secure.
- Public Computers – Be wary of accessing your financial information from a computer in a public place, such as the library. Someone may have installed malicious software that can capture the websites you visit as well as any user IDs or passwords.
- Unprotected Networks – You should also avoid accessing sensitive information when using unprotected or unsecured Wi-Fi networks, such as those available in public places – even when using your own computer, tablet or mobile device.
- Awareness – Staying informed about your accounts and investments is key to identifying possible breaches. Be sure to read your statements and other communication from Krilogy and the custodian holding your accounts and log on to your accounts regularly.

Additional Privacy Policy Disclosures:

Please understand that you maintain a relationship with other financial service providers, including but not limited to, custodians of your assets, and insurance carriers for which you may have entered into an insurance contract. The providers have separate privacy policies for which you should know and understand.

Krilogy does engage a third party service provider to shred confidential documents and records prior to disposal. Krilogy also maintains processes to destroy electronic data on any computer or other devices that are taken out of service in order to prevent the data from being read or reconstituted.

Krilogy’s Privacy Policy remains in effect at all times even after the client relationship is terminated.