

Arbor Point Advisors, LLC Participant Retirement Program Wrap Fee Brochure (Part 2A Appendix 1 of Form ADV)

This Brochure provides information about the investment advisory services of Arbor Point Advisors, LLC. If you have any questions about the contents of this brochure, contact us at 402-399-9111. The information in this brochure has not been reviewed or approved by the U.S. Securities & Exchange Commission, any state regulatory agency or self-regulatory organization.

Additional information about Arbor Point Advisors, LLC is available on the SEC's website at www.adviserinfo.sec.gov. You can view our firm's information on this website by searching for Arbor Point Advisors, LLC or our firm's CRD number: 165127. Registration as a registered investment advisor does not imply a certain level of skill or training.

July 19, 2019

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ITEM 2. MATERIAL CHANGES

The last annual amendment to the Arbor Point Advisors, LLC (APA) Form ADV Part 2A and Part 2A Appendix was filed March 29, 2019. No material changes have occurred since then.

Our current Form ADV Part 2A will be available to existing and prospective clients 24 hours a day through the SEC's Investment Advisor Public Disclosure website. We may update this Brochure at any time and if we make any material changes we will provide you either (i) a copy of our Form ADV Part 2A that includes or is accompanied by a summary of material changes or (ii) a summary of material changes that includes an offer to provide a copy of the current Form ADV Part 2A. We urge you to carefully review all subsequent summaries of material changes as they will contain important information about any significant changes to our advisory services, fee structure, business practices, conflicts of interest and disciplinary history.

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ITEM 4. SERVICES, FEES AND COMPENSATION

Advisory Business

Ownership

Arbor Point Advisors, LLC (also referred to as "we," "our," "us," "APA" and "Arbor Point Advisors" throughout this Brochure) is a majority-owned subsidiary of Securities America Financial Corporation (SAFC). SAFC is a wholly-owned subsidiary of Ladenburg Thalmann Financial Services, Inc. (LTFS). LTFS provides a diverse array of financial products and services through a number of subsidiaries and is listed on the NYSE Amex Exchange under the symbol LTS. LTFS has several other affiliates registered as investment advisors, an investment company, insurance companies, broker/dealers and a trust company. LTFS is a holding company primarily engaged in business through its subsidiaries. Refer to the section *Other Financial Industry Activities and Affiliations* for details.

NorthStar Financial Services Group, LLC (NorthStar) owns a minority interest (less than 25%) in APA.

Firm Description

Arbor Point Advisors has been registered with the U.S. Securities and Exchange Commission (SEC) since September 2012. The investment advisory services of Arbor Point Advisors are provided to clients (sometimes referred to as "you" or "your") through an appropriately licensed and qualified individual who is an investment advisor representative of Arbor Point Advisors (referred to as your "investment advisor representative," "IAR" or "representative" throughout this Brochure). Arbor Point Advisors' investment advisor representatives may also be registered representatives of Securities America, Inc. (SAI), a full-service broker/dealer, member FINRA and SIPC, and affiliated with Arbor Point Advisors.

Your investment advisor representative typically is not an employee of Arbor Point Advisors but rather an independent contractor of Arbor Point Advisors. Your investment advisor representative is limited to providing the services and charging investment advisory fees in accordance with the descriptions detailed in this Brochure. However, the exact services you receive and the fees you will be charged will be specified in your advisory services agreement.

Types of Services Offered

We provide a diverse range of advisory programs and services, which includes investment supervisory services. We define investment supervisory services as giving you continuous advice or making investments based on your individual needs. When we provide investment management services, you have the ability to impose restrictions on the accounts we manage for you, including specific investment selections and sectors. We work with you on a one-on-one basis through interviews and questionnaires to determine your investment objectives and suitability information. We will not enter into an investment advisor relationship with a prospective client whose investment objectives may be considered incompatible with our investment philosophy or strategies or where the prospective client seeks to impose unduly restrictive investment guidelines.

We also offer a range of services that do not involve providing continuous advice, such as financial planning and retirement plan services as well as referrals to third party money managers. Financial planning services include written plans that can be comprehensive or segmented as well as consultation services on areas of concern to the client. Our representatives also provide advisory services to qualified retirement plans that can be fiduciary or non-fiduciary in nature. These retirement plan services can be provided on a discretionary or non-discretionary basis. In addition, APA offers clients access to professional third-party money managers that create and implement model portfolios with a variety of investment strategies and risk levels. All of these services are more fully described in the Arbor Point Advisors, LLC Firm Brochure (Part 2A of Form ADV).

Our representatives may also provide educational seminars and workshops covering various financial and investment topics. These seminars can be provided to the general public or to larger groups, such as corporations. No

individualized advice is provided to participants. Seminars can be provided at no cost or a fee may be charged to participants (i.e., to help cover expenses incurred in presenting the seminar). If fees are charged, all fees and payment provisions are fully disclosed prior to the seminar being presented.

Once you've decided to establish an advisory account, you will need to complete certain account opening documents that provide information regarding the custodian's name, address and manner in which the funds or securities are maintained. If you wish to use our investment advisory services, you generally will sign a client services agreement describing the services provided to you.

Participant Retirement Program

Participants in an employer sponsored retirement plan (Plan) can retain APA and its representatives (collectively, "advisor" or "us") to provide investment advisory services with respect to their tax-exempt retirement plan account assets custodied and maintained through the Participant Retirement Program. Generally, APA considers the Participant Retirement Program to be a wrap fee program. In a wrap fee program, advisory services as well as transaction and other services are provided for one fee that is calculated based on the value of the assets under management. Advisory services can include portfolio management or advice regarding selecting other investment advisors while other services can include, for example, brokerage, custody and performance review. We receive a portion of the wrap fee for the investment management services we provide. Our firm and the representatives do not manage wrap fee accounts from other programs.

Under the Participant Retirement Program, you elect to have APA manage your contributions to the Plan, any contributions by your employer or Plan sponsor on your behalf and any other additions to the Plan on behalf of or attributable to you (collectively "Plan Assets"). Through its representatives, APA provides advice with respect to Plan Assets in your account only, including additions, substitutions and proceeds. APA is not responsible for the actions or non-actions of predecessor investment advisors, managing any assets other than the Plan Assets allocated to your account, or the administration of the Plan. In managing your account, APA can, but is not required to, consider any other securities, cash or other investments owned by you.

You maintain the ability to impose reasonable restrictions on the management of your account, including the ability to instruct us to not purchase certain investments or securities. Your representative will contact you at least annually to discuss any changes or updates regarding your financial situation, risk tolerance, investment objectives, investment time horizon or restrictions you may wish to impose on the account.

At no time will APA act as custodian of the Plan or have direct access to the Plan's funds and/or securities. Fidelity Institutional Wealth Services maintains custody of all of the Plan Assets in your account and will process the orders for securities transactions in your account in its broker/dealer capacity as your representative enters such orders.

The client agreement can be terminated at any time for any reason; however, services will continue until either party gives written notice of termination to the other party. Closing the account will cause the agreement to be terminated. Termination is effective upon receipt of notice, although transactions in progress will be completed in the normal course of business. Terminating the agreement will not affect either party's liabilities or obligations arising out of transactions initiated prior to termination or the provisions regarding arbitration, all of which will survive any expiration or termination of the agreement.

Upon termination, you have the exclusive responsibility to monitor the securities in your account, and we will have no further obligation to act or provide investment services with respect to those assets. If you terminate the agreement within five business days of signing it, you will receive a full refund of all fees and expenses. If the agreement is terminated more than 5 days after its execution, any prepaid, unearned management fees will be calculated and promptly refunded based upon the number of days remaining in the billing period after the termination date.

Retirement Services

Our representatives also provide services to clients' retirement accounts, such as individual retirement accounts (IRAs) and retirement plans. Our services to IRA clients include those described above. Please note: a client leaving an employer typically has four options (and may engage in a combination of these options):

- (i) Leave the money in the former employer's plan, if permitted
- (ii) Roll over the assets to the new employer's plan, if one is available and rollovers are permitted
- (iii) Rollover to an IRA
- (iv) Cash out the account value (which could, depending upon the client's age, result in adverse tax consequences)

Our representatives can recommend an investor roll over plan assets to an IRA which our representative would manage. As a result, we can earn an asset-based fee. In contrast, a recommendation that a client or prospective client leave his or her plan assets with his or her old employer or roll the assets to a plan sponsored by a new employer will generally result in no compensation to us (unless we are engaged to monitor and/or consult on the account while maintained at the existing plan). Therefore, our representatives can have an economic incentive to encourage an investor to roll plan assets into an IRA that we will manage or encourage an investor to engage us to monitor and/or consult on the account maintained at the existing plan.

There are various factors that we can consider before recommending a rollover, including but not limited to:

- (i) The investment options available in the plan versus the investment options available in an IRA
- (ii) Fees and expenses in the plan versus the fees and expenses in an IRA
- (iii) The services and responsiveness of the plan's investment professionals versus ours
- (iv) Strategies for the protection of assets from creditors and legal judgments
- (v) Required minimum distributions and age considerations
- (vi) Employer stock tax consequences, if any

The following exception to the early withdrawal penalty applies only to distributions from a qualified retirement plan other than an IRA: distributions made to you after you separated from service with your employer if the separation occurred in or after the year you reached age 55. No client is under any obligation to rollover plan assets to an IRA managed by us or to engage our representative to monitor and/or consult on an account maintained at an existing plan. Please note that a recommendation to roll assets out of an employer-sponsored plan into an IRA will most likely result in more expenses and charges than if the assets were to remain in the plan.

You should speak to your representative to address any questions that a client or prospective client may have regarding its prospective engagement and the corresponding conflict of interest presented by such engagement.

Administrative Services Provided by Orion Advisor Services, LLC

Arbor Point Advisors has engaged Orion Advisor Services, LLC ("Orion") to utilize its technology platforms to support data reconciliation, performance reporting, fee calculation and billing, research, client database maintenance, payable reports, website administration, models, trading platforms and other functions related to the administrative tasks of managing client accounts in the Participant Retirement Program. Due to this arrangement, Orion has access to client accounts, but does not serve as an investment advisor to Arbor Point Advisors clients.

Orion charges Arbor Point Advisors a fee for each account administered by Orion. The annual fee is paid from the portion of the management fee retained by Arbor Point Advisors. Refer to *Brokerage Practices* for more details.

Orion's parent company, NorthStar Financial Services Group, LLC, maintains a minority ownership interest in Arbor Point Advisors. Such interest can create a conflict of interest when Orion works with Arbor Point as any decision to utilize Orion's services is therefore not based solely on the services Orion provides.

Fees and Compensation

Fees for management services programs are based on the complexity of your financial situation, services provided, experience and standard fees charged by your investment advisor representative and the nature and total dollar asset value of the assets maintained in your account. You and your representative can negotiate the fee, meaning fees can vary from client to client. The exact fee charged or fee schedule used is disclosed to you prior to services being provided.

Commissions and/or transaction ticket fees charged by the broker/dealer are billed directly to your account by the broker/dealer. APA does not receive any portion of such commissions or fees from you or the broker/dealer. In addition, you can incur certain charges imposed by third parties other than APA in connection with investments made through your account including, but not limited to, mutual fund sales loads, 12b-1 fees and surrender charges, variable annuity fees and surrender charges, IRA and qualified retirement plan fees and charges imposed by the broker/dealer-qualified custodian(s) of your account. Management fees charged by APA are separate and distinct from such fees, including fees and expenses charged by investment company securities that may be held in your account. APA does not receive any portion of such fees. A description of these fees and expenses are available in each investment company's security prospectus. The ongoing management fee for investment management services can cost more than if the assets were held in a traditional brokerage account. In a brokerage account, you are charged a commission for each transaction, and the representative has no duty to provide ongoing advice with respect to the account. If you plan to follow a buy and hold strategy for the account or do not wish to receive ongoing investment advice or management services, you should consider opening a brokerage account rather than an advisory account. Fees charged in our programs may be more than the cost of purchasing the same services separately. Fee charges vary among our program, and you may be able to obtain similar services for a lesser fee from other advisors.

Our firm can also invest a portion of your assets in mutual funds, exchange traded funds, variable annuities or other investments and charge a management fee on your assets invested in these securities. Therefore, you can pay two levels of fees for management of your assets, one directly to our firm and one indirectly to the managers of the mutual funds, exchange traded funds, variable annuities or other investments held in your portfolios. The underlying portfolio assets may be bought directly through the mutual fund company or variable annuity company. You could generally avoid the second layer of fees by making your own decisions regarding the mutual fund, exchange traded fund, variable annuity investment or other investments. However, in that case, you would not receive the investment management services provided by your representative.

APA will not impose an asset-based advisory fee on unit investment trusts (UITs) and variable annuities that were subject to an up-front load or sales charge and sold by an SAI representative at the time of purchase. Any variable annuity that had an asset-based advisory fee prior to June 9, 2017, can continue to be charged. Variable annuities that were purchased with an advisory share class (e.g., I shares) can be linked for the purpose of collecting a management fee and/or exercising discretion. Please consult with your representative if you have any questions regarding this policy.

In addition, APA will exclude the value of any investment it designates as an "alternative investment product" from an asset-based advisory fee if you purchased it in a commission-based account through a registered representative of SAI and then transferred it to an advisory account. However, if an alternative investment product was purchased at net asset value ("NAV") (in other words, purchased with no commission), then that alternative investment product can be subject to an asset-based advisory fee.

Representatives can receive either an advisory fee or a commission, but not both. If an advisor received an upfront commission or is receiving ongoing trail commissions or 12b-1 fees, the advisor cannot charge an additional advisory

fee. In addition, advisors using third-party money managers for funds held directly with the product sponsor cannot receive an additional solicitor's fee if they received an upfront commission, ongoing trails or 12b-1 fees. Representatives can charge advisory fees and/or receive solicitor's fees for advisory class products that do not pay upfront commissions or ongoing trails, such as institutional mutual fund share classes and advisory share class variable annuities.

Representatives can recommend that products on which they previously received a commission be converted to a fee-based advisory account. This recommendation can be deemed to be a conflict of interest, and we manage the conflict through written disclosure to you and by imposing reasonable controls designed to monitor for this activity. Mutual funds moved from a commission account to a fee-based advisory account will be converted to a lower-cost share class. Recently purchased A share mutual funds, however, cannot be transferred to fee-based accounts. Other commissionable products can be transferred in-kind to an advisory account (i.e., equities and ETFs) but will have a look-back period, and recently received commissions will be reimbursed to the client. We do not allow the systematic conversion of recently purchased commission-based products to fee-based advisory accounts. "Recently purchased" is defined as a minimum of 90 days with a best practice of 12 months; this time can be extended back further to address the best interest standard.

In addition to an asset-based advisory fee, you can incur brokerage commissions, transaction charges and other fees, including "ticket charges," related to the purchase and sale of stocks, bonds and other securities. More specifically, stocks, bonds and other securities traded in advisory accounts can be subject to commissions, mark-ups and mark-downs. With respect to mark-ups and mark-downs, they are paid to market makers and neither APA nor SAI receive any portion of the mark-ups or mark-downs.

APA representatives will either absorb commissions, transaction charges and other fees (in other words, the representative pays the commissions, transaction charges or other fees) or the commissions, transaction charges and other fees will be in addition to the investment management fee (in other words, you pay these commissions, transaction charges or other fees). However, commissions, transaction fees and other fees that are charged to you prior to the holdings being in an advisory account will not be waived or credited toward the investment management fee. Please contact your representative for more information about commissions and transaction charges.

While APA (or an entity on its behalf) has designed reasonable controls to monitor for the accuracy of advisory fees, we also encourage you to check the accuracy of your advisory fee billings.

Fees in the Participant Retirement Program

You pay management fees to APA and your representative pursuant to the provisions of a client fee schedule, with a maximum 3% annual fee charged. The fee can be a fixed percentage fee on the total assets in your account or a tiered fee schedule whereby the percentage-based fee is lowered as assets in your accounts increase. The exact fee charged or fee schedule used is disclosed to you prior to services being provided.

Fees are negotiated based on the complexity of your financial situation, the investment services to be provided, the experience and standard fees charged by your representative and the nature and total dollar value of the Plan Assets maintained in your account. The management fee covers only the investment management services provided by us and does not include brokerage commissions or other costs associated with the purchase and sale of securities, custodial fees, interest, taxes or other account expenses.

APA retains up to 25 basis points (.25%) of the annual fee charged to your account for the administrative and support services we provide. Although not required, we may bundle your related accounts to achieve a break on management fees. Account bundling does not reduce our administrative fee; each account is priced separately for purposes of the administrative fee. Account bundling can be done on accounts with the same fee schedule and with clients in the same immediate family or under the same qualified plan. When accounts are bundled, the total average daily balance (ADB) or total period ending balance (PEB) for all of the bundled accounts is used to determine the applicable fee percentage from the client fee schedule. This percentage is then applied to each account and a fee charged to each respectively.

Fees are calculated at the beginning of each period (monthly or quarterly) based on either the ADB or the PEB of the account assets under management for the previous period. Frequency (monthly or quarterly) and basis (ADB or PEB) will be disclosed in the fee schedule. Management fees will be billed either in advance or arrears, as disclosed in the fee schedule, with the exception of the initial fee. The initial fee is billed in arrears based on the number of days that services are provided during the first billing period. APA retains the right to change the basis (ADB or PEB) upon which the management fee is calculated and/or the timing of billing (advance or arrears). At its discretion, APA and/or our representative may exclude certain assets from the calculation of management fees.

If your account has not maintained adequate cash in the account to pay management or other fees, APA reserves the right to direct Fidelity Institutional Wealth Services to liquidate, at any time, a portion of the other Plan Assets to cover the charges. You should review the documents establishing the Fidelity account for details on the tax reporting treatment of deducting management fees.

Depending upon the investment services provided, assets in excess of a threshold amount (as determined from time to time by APA), deposited into or withdrawn from the account by you may be charged or refunded a pro-rated portion of the management fee based on the number of days during the billing period the assets were held in the account.

Compensation for the Sale of Securities or Other Investment Products

Your representative receives compensation as a result of your participation in our programs or for providing advisory services to you. Fees for investment supervisory services may vary and may be more than the cost of purchasing the same services separately. You may be able to obtain similar services for a lesser fee from other advisors not affiliated with APA or SAI. The amount of compensation APA or your representative can receive in a particular program can be more than would be received if you participated in other APA programs or paid separately for investment advice, brokerage and other services. For example, we have a conflict of interest by only offering those third-party money managers that have agreed to pay a portion of their advisory fee to us and have met the conditions of our due diligence review. In addition, we can have an incentive to recommend a money manager that agrees to allocate a higher portion of the total fee to our firm over other money managers that allocate a lower percentage to our firm. There may be other third-party money managers that are suitable for you and/or may be more or less costly. No guarantees can be made that your financial goals or objectives will be achieved. Further, no guarantees of performance can be offered.

The amount of compensation APA or your representatives receives in a particular program or for a particular service can be more than would be received if you participated in other APA programs or paid separately for investment advice, brokerage and other services. Your representative is not under any obligation to promote or use one money manager over another. You may want to consider the following factors when determining the reasonableness of the fees charged:

- The cost of developing investment strategies and managing the assets.
- The cost of producing performance reports covering the managed assets.
- The cost of administrative, marketing and website services.
- Transaction and custody costs or other miscellaneous fees, taxes or charges, as well as commissions or mark-ups and mark-downs on the buy and sale of securities. Neither APA nor SAI receive any portion of mark-ups or mark-downs but market makers may receive this type of compensation.
- The value of the services provided in assisting you in designing, establishing and monitoring the managed assets.
- The cost of the additional administrative, marketing, asset management and other support services that may be provided in the management of a program account.

Your representative may also be a registered representative of SAI and able to effect securities transactions and receive commissions in that separate capacity. Your representative may also be licensed as an insurance agent and

sell insurance products for commissions in that separate capacity. SAI registered representatives have the discretion to determine the amount of commission charged to clients on products other than mutual funds or insurance products.

Representatives generally waive any securities commissions from recommended securities transactions affected in the Participant Retirement Program. In addition, your representative can reduce his or her advisory fee to offset commissions received when transactions are effected. Load mutual funds and bonds may be bought in some managed accounts on an exception basis at your direction.

In determining the amount of any commissions charged, SAI registered representatives will take into account the Financial Industry Regulatory Authority's (FINRA's) 5% guideline policy, the type of security involved, the availability of the security in the market, the price of the security and the amount of money involved in the transaction.

Clients are not obligated to engage APA representatives to implement advisory recommendations. If clients elect to implement transactions, they are not obligated to engage APA representatives who can be separately licensed in their separate capacity as SAI registered representatives and/or licensed insurance agents when implementing recommendations. Implementing any or all recommendations is solely at clients' discretion.

Commissions charged for securities and/or insurance products may be higher or lower than commissions you may be able to obtain if transactions were implemented through another broker/dealer or insurance broker. You may buy the same investment product from a non-affiliated broker or implement securities transactions without the services offered by the representative. In that case, you would not receive the services provided by your representative.

Receiving compensation from a variety of sources can be considered a conflict of interest. In addition to the advisory fees disclosed in your advisory agreement or commissions you pay for the purchase of securities and insurance products, your representative can receive additional compensation (including bonuses and non-cash compensation) for selling certain securities or other investment products. Examples of non-cash compensation include receiving due diligence and/or marketing allowance payments from certain sponsors. While the arrangements with each sponsor can vary, each product sponsor can pay a due diligence or marketing allowance fee based upon the amount of assets held at the sponsor or on the gross amount of each sale, depending upon the product. In certain cases, additional payments are paid or directed to APA or SAI for selling these products. This can create a conflict of interest based on the amount of compensation APA or SAI receives when recommending one investment product over another. As a result, certain incentives and conflicts of interest may exist for your representative if you buy certain products or services recommended by him or her. We encourage you to review this ADV closely and discuss any conflicts of interest with your representative.

With respect to advisory services provided under the Participant Retirement Program Agreement, affiliates of APA can provide securities brokerage, recordkeeping or other retirement services to plans and receive variable compensation for these services. A conflict of interest may arise where APA recommends the retirement services of those affiliates.

SAI, our employees, and your representative can benefit from the compensation paid to us and can directly or indirectly receive a portion of those fees, commissions or other compensation paid by retirement services clients. Those clients may also use other products or retirement services available from or through us and in such case pay additional compensation. This practice creates a potential conflict of interest that can give us and your representative an incentive to recommend advisory retirement services based on the compensation received. Additionally, fees and commissions may also be higher for some brokerage products, services or retirement services. The remuneration and profitability to us, our representatives and affiliates resulting from transactions involving some accounts can be greater than the remuneration and profitability resulting from other advisory accounts, products or retirement services. We manage this conflict through written disclosure to you and by imposing reasonable controls designed to address the suitability of advisor products offered to you. We may also offset or refund additional compensation when required by law.

Other Fees

Investment advisor representatives can sell various investment products offered by subsidiaries of LTFS. Representatives can make referrals for investment banking services and trust services through LTFS and/or its subsidiaries. SAFC, the parent of SAI and APA, is a wholly-owned subsidiary of LTFS and, therefore, a potential conflict of interest can exist when representatives recommend these products or services. Due to the interrelationship of these entities, conflicts of interest can arise that are not readily apparent to you. Through SAI and LTFS, SAFC can engage in marketing re-allowance or sponsorship arrangements with third parties, sub-advisors and brokerage firms to promote the distribution of investment products, including variable annuity and insurance products, mutual funds, managed accounts and customized portfolios. These additional engagements may not necessarily result in additional assets under management with our firm. Representatives are under no obligation to sell these products or to meet any selling quotas related specifically to these products. We encourage you to review this Brochure closely and discuss any potential conflicts of interest with your representative.

An outside third-party money manager recommended by our firm can use our broker/dealer affiliate, SAI, and investment advisor representatives, who can also be SAI registered representatives, to implement recommended transactions for separate compensation, provided that the use of SAI is consistent with the manager's obligation of best execution. We recognize your unrestricted right to select and choose any broker or dealer you wish, except in situations where we or a recommended manager is given discretionary authority over your account. However, no manager is under any obligation to use our broker/dealer affiliate for any securities transactions.

Representatives can receive fees for referring you to Premier Trust for trust services. Representatives can also receive fees for referring you to Ladenburg Thalmann for investment banking services or Ladenburg Thalmann Asset Management's \$ymbil Program. These fees can be paid on an ongoing basis and can continue even if your relationship with the representative and/or Securities America is terminated.

Your representative and APA can refer you to a third-party lending institution if you wish to obtain a loan using your securities as collateral. APA can receive a fee for such a referral; any fee received will not reduce your advisory management fee. Additionally, similar securities-based loans may be available to you for a lower overall cost from other providers. If the assets securing the loan are in an advisory account, the management fee is still being assessed to the entire account, plus any interest charged by the third-party lender.

Certain securities, such as over-the-counter stocks and fixed income securities are traded primarily in "dealer" markets. In such markets, securities are directly purchased from, or sold to, a financial institution acting as a dealer or "principal." Dealers executing principal trades typically include a "mark-up," "mark-down," and/or spread in the net price at which transactions are executed. Your representative can recommend certain bond trade transactions on a discretionary or non-discretionary basis using the Ladenburg Thalmann Fixed Income desk. In these instances, our affiliate, Ladenburg Thalmann & Co. (LTCO) executes a transaction for a security traded in the dealer markets; LTCO will either execute the transaction as agent through a dealer unaffiliated with LTCO or as principal in accordance with applicable law. Those accounts covered under the *Employee Retirement Income Security Act of 1974*, as amended (ERISA) are exempt from principal transactions. Clients in our advisory program may not pay commissions or separate transaction charges to LTCO in connection with these transactions; however, the client will bear the cost (including any mark-up, mark-down, and/or spread) imposed by the dealer as part of the price of the security. Thus, the dealer will receive compensation in connection with most principal trades. APA has a conflict of interest in using an LTCO to execute principal transactions because LTCO will receive compensation in connection with the trade as dealer, which is in addition to the advisory program fee. For more information about how this conflict of interest is addressed, see the *Policy Regarding Engaging in Principal Trading Involving Advisory Accounts* section below.

Offerings and Special Transactions

Clients can purchase securities through broker/dealers in initial public offerings, secondary offerings and special purpose acquisition company transactions. An affiliate of our firm can act as an underwriter or manager for such offerings and, as such, will receive compensation equal to either all or a portion of "gross spread" (the difference between the price the client pays for the security and the price at which it purchased the securities). Our firm can also receive a portion of the gross spread as a member of the selling syndicate. The advisory fee is not reduced to offset this compensation. The amount of the gross spread is described in the relevant prospectus, offering circular or official statement.

Our firm can share a portion of payments received from a mutual fund or in connection with an initial public offering, a secondary offering, and/or a private placement with your investment advisor representative. This conflict of interest is heightened when your representative recommends securities where our firm is a member of the selling syndicate because your investment advisor representative typically receives more compensation in connection with these securities than in connection with other types of securities. Your representative can also have a heightened conflict of interest when recommending funds that pay compensation because he or she can receive a portion of that compensation. Your investment advisor representative can favor certain clients when offering initial public offerings, secondary offerings and other follow-on offerings. Trade allocation is determined on a basis that is fair, reasonable and equitable to those selected clients and that meets the clients' investment objectives. Factors such as the size of the account and the account's investment objectives can be taken into account when allocating investments. When an order is only partially filled, the security is allocated to accounts pro-rata to the allocation of the original order quantities. Commission and transaction costs are allocated to each account pro-rata.

With respect to initial public offerings, secondary offerings and other follow-on offerings, an allocation pro-rata to the original order quantity is applied where demand exceeds supply. Where it is not possible to apply this policy in any particular trade, efforts will be made to allocate the next investment opportunities so that clients participating in the offerings over time, irrespective of account size, receive equitable treatment in the filling of orders.

Performance-Based Fees and Side-by-Side Management

Performance-based fees are defined as fees based on a share of capital gains on or capital appreciation of the assets held in a client's account. Arbor Point Advisors and your representative do not charge or accept performance-based fees for investment management services.

We do not provide side-by-side management of mutual funds and other assets.

ITEM 5. ACCOUNT REQUIREMENTS AND TYPES OF CLIENTS

Types of Clients

We generally provide investment advice to:

- (1) Individuals
- (2) High net worth individuals
- (3) Banks or thrift institutions
- (4) Pension and profit sharing plans
- (5) Charitable organizations;
- (6) Corporations or business entities
- (7) State and municipal governmental entities

Account Minimums

There is no minimum requirement for the Participant Retirement Program.

Methods of Analysis and Investment Strategies

Our investment advisor representatives use various methods of analysis and investment strategies. Therefore, methods and strategies will vary based on the advisor representative providing advice. Models and strategies used by one advisor representative may be different than strategies used by other representatives.

Some investment advisor representatives may use just one method or strategy while others may rely on multiple strategies. SAA does not require or mandate that a particular investment strategy be implemented by its advisor representatives. Further, SAA has no requirements for using a particular analysis method and advisor representatives are provided flexibility (subject to SAA supervision and compliance requirements) when developing their investment strategies.

The following sections provide brief descriptions of some of the more common methods of analysis and investment strategies that are used by SAA investment advisor representatives.

Methods of Analysis

Security analysis methods can include (1) fundamental analysis, (2) technical analysis and (3) cyclical analysis.

- **Fundamental** – This is a method of evaluating a security by attempting to measure its intrinsic value by examining related economic, financial and other qualitative and quantitative factors. Fundamental analysts attempt to study everything that can affect the security's value, including macroeconomic factors (like the overall economy and industry conditions) and individually specific factors (like the financial condition and management of a company). The end goal of performing fundamental analysis is to produce a value that an investor can compare with the security's current price in hopes of figuring out what sort of position to take with that security (underpriced = buy, overpriced = sell or short). Fundamental analysis is considered to be the opposite of technical analysis. Fundamental analysis is about using real data to evaluate a security's value. Although most analysts use fundamental analysis to value stocks, this method of valuation can be used for just about any type of security.

The risk associated with fundamental analysis is that it is somewhat subjective. While a quantitative approach is possible, fundamental analysis usually entails a qualitative assessment of how market forces interact with one another in their impact on the investment in question. It is possible for those market forces to point in different directions, thus necessitating an interpretation of which forces will be dominant. This interpretation may be wrong and could therefore lead to an unfavorable investment decision.

- **Technical** – This is a method of evaluating securities by analyzing statistics generated by market activity, such as past prices and volume. Technical analysts do not attempt to measure a security's intrinsic value but instead use charts and other tools to identify patterns that can suggest future activity. Technical analysts believe that the historical performance of stocks and markets are indications of future performance.

Technical analysis is even more subjective than fundamental analysis because it relies on proper interpretation of a given security's price and trading volume data. A decision might be made based on a historical move in a certain direction that was accompanied by heavy volume; however, that heavy volume may only be heavy relative to past volume for the security in question, but not

compared to the future trading volume. Therefore, there is the risk of a trading decision being made incorrectly, since future trading volume is an unknown. Technical analysis is also done through observation of various market sentiment readings, many of which are quantitative. Market sentiment gauges the relative degree of bullishness and bearishness in a given security, and a contrarian investor utilizes such sentiment advantageously. When most traders are bullish, then there are very few traders left in a position to buy the security in question, so it becomes advantageous to sell it ahead of the crowd. When most traders are bearish, then there are very few traders left in a position to sell the security in question, so it becomes advantageous to buy it ahead of the crowd. The risk in utilization of such sentiment technical measures is that a very bullish reading can always become more bullish, resulting in lost opportunity if the money manager chooses to act upon the bullish signal by selling out of a position. The reverse is also true in that a bearish reading of sentiment can always become more bearish, which may result in a premature purchase of a security.

- Cyclical – This method analyzes the investments sensitive to business cycles and whose performance is strongly tied to the overall economy. For example, cyclical companies tend to make products or provide services that are in lower demand during downturns in the economy and in higher demand during upswings. Examples include the automobile, steel, and housing industries. The stock price of a cyclical company rises just before an economic upturn begins and fall just before a downturn begins. Investors in cyclical stocks try to make the largest gains by buying the stock at the bottom of a business cycle, just before a turnaround begins.

While most economists and investors agree that there are cycles in the economy that need to be respected, the duration of such cycles is generally unknown. An investment decision to buy at the bottom of a business cycle may actually turn out to be a trade that occurs before or after the bottom of the cycle. If done before the bottom, then downside price action can result prior to any gains. If done after the bottom, then some upside price action may be missed. Similarly, a sell decision meant to occur at the top of a cycle may result in missed opportunity or unrealized losses.

The main sources of information include (1) financial newspapers and magazines, (2) inspections of corporate activities, (3) research materials prepared by others, (4) timing services, (5) annual reports, prospectuses and filings with the Securities and Exchange Commission and (6) company press releases.

Your representative has access to third party vendors that provide programs or software to analyze individual securities. We also offer your advisor access to third party vendors that provide support services in portfolio design and strategy implementation. One of our affiliates, LTCO, provides research designed to help clients capitalize on inefficiencies in the market. Their institutional quality research provides their partners with value-added insights that enables their decision-making processes, informs their strategies and allows them to address critical market issues. Your representative may use the services of LTCO in addition to other third-party services made available. Refer to the section titled *Other Financial Industry Activities and Affiliations* for more information about our affiliates.

At the request of Arbor Point Advisors or SAI, Ladenburg Thalmann Asset Management may provide model allocations, including strategy performance and standard deviation information. These model allocations are selected based upon criteria established by Arbor Point Advisors or SAI. Your investment advisor representative can use this information in constructing your portfolio. Ladenburg Thalmann Asset Management may also provide your investment advisor representative with research information pertaining to exchange traded funds traded in the United States.

Investment Strategies

Various investment strategies can be employed in our programs and when providing advisory services, including (1) long-term purchases (securities held at least one year), (2) short-term purchases (securities sold within a year), (3) trading securities (securities sold within 30 days), (4) short sales, (5) margin transactions and (6) option writing (including covered options, uncovered options or spreading strategies).

A specific investment strategy or investment policy is determined for you focusing on your specific goals and objectives. Investment strategies and philosophies used in our managed programs or when providing advisory services vary based on the advice provided by your representative. Models and strategies used by one representative can be different than models and strategies used by other representatives. Some representatives limit their advice to mutual funds and others provide advice on a full range of securities that include equities, mutual funds, options, fixed income and other types of investments. Some representatives will develop models or strategies that are generally applied to their clients while other representatives will develop individualized portfolios for each client.

Your representative is responsible for developing and determining the investment strategies that will be used when managing your accounts. He or she is responsible for monitoring your portfolios and, when appropriate, reallocating the portfolios based on changing market conditions, changes in your individual circumstances or other factors. If your account is managed on a discretionary basis, reallocations are implemented without prior notice to you. If the account is managed on a non-discretionary basis, you will be consulted prior to any securities being reallocated.

If your individual situation changes, you should notify your representative, who will assist you in revising the current portfolio and/or prepare an updated client profile so that he or she can determine if a different model portfolio would be appropriate to your new situation. You may also directly contact the third-party advisor managing the account.

It is important that you understand the concept and risks inherent in exchanging an investment from one position to another. Some investment decisions result in profit and others in losses. APA and your representative cannot guarantee that the objectives of any investment program will be achieved. Furthermore, it is important that you understand that exchanging one mutual fund for shares of another mutual fund is treated as a sale for federal income tax purposes, and that capital gains or losses may be realized unless you are eligible for tax deferral under a qualified retirement plan.

In limited circumstances, your representative or a third-party money manager may engage in a strategy involving frequent trading. You should consider the following points before entering into an advisory relationship where such trading occurs:

- Active trading can be extremely risky and is not appropriate for someone with limited resources and limited investment trading or trading experience and low risk tolerance. You should be prepared to lose all of the funds that you invest in securities. You should not invest funds necessary to meet your regular, on-going personal needs. In particular, you should not fund this type of trading with retirement savings, student loans, second mortgages, emergency funds, funds set aside for purposes such as education or home ownership, or funds required to meet your living expenses.
- Active trading may result in few or no profits and, worse, may lead to large financial losses very quickly. Active trading requires in-depth active knowledge of the securities market and of sophisticated and disciplined trading techniques and strategies. Also, you must compete with professional, licensed traders employed by securities firms and other knowledgeable, experienced and well-trained traders. You should have appropriate knowledge and experience before engaging in active trading. You should be familiar with a securities firm's business practices, including the operation of the firm's order execution systems and procedures. Under certain conditions, you may find it difficult or impossible to liquidate a position quickly at a reasonable price.

Your success will be affected by strengths and weaknesses and the methods and practices of the brokerage firm in executing trades. You should develop an intimate knowledge of these matters before you engage in an active trading strategy.

- Active trading may involve aggressive trading, and you can, generally, expect to pay commissions, ticket and transaction charges on each trade. The total daily commissions you pay on your trades will add to your losses or significantly reduce your earnings. For instance, assuming each trade costs \$16 and an average of 29 transactions are conducted per day, you would need to generate an annual profit of \$111,360 just to cover trading costs.
- Active trading can result in tax consequences due to shorter-term purchases and sells. You may want to consult your tax professional for advice. Your portfolio may tend to be more volatile with shorter term or more active trading.

Risk of Loss

Investment portfolios, programs, models, asset allocations or strategies entail the risk of loss, and values and returns fluctuate over time. While we seek to limit any losses, there have been periods of loss in the past, and there will likely be others in the future. APA and the representatives emphasize investment returns, particularly over shorter time periods, that depend on trends in the various investments markets. Thus, our investment management services are generally suitable only for long-term investment objectives or strategies, rather than for short-term trading purposes. Diversification does not guarantee a profit or guarantee to protect you against loss, and there is no guarantee that your investment objectives will be achieved. These programs, portfolios, models, asset allocations and strategies are not FDIC insured and the investments in them may lose value. All investment programs have certain risks that are borne by you. Our investment approach constantly keeps the risk of loss in mind. You face the following investment risks:

- **Market Risk:** This type of risk is caused by external factors independent of a security's particular underlying circumstances. Markets can, as a whole, go up or down on various news releases for no understandable reason at all. This sometimes means that the price of specific securities can go up or down without any real reason and take some time to recover any lost value. Adding securities does not help to minimize this risk since all securities may be impacted by market fluctuations.
- **Short-Term Trading Risk:** These types of transactions may result in short-term gains or losses for federal and state tax purposes, which may be taxed at a higher rate than long-term strategies. APA and your representative attempt to invest your assets in a tax efficient manner, but you should consult with your tax professional regarding transactions in your account.
- **Investment Term Risk:** If you require us to liquidate your portfolio during a period in which the price of the security is low, you will not realize as much value as you would had the investment had the opportunity to increase or regain its value (as investments frequently do) or had we been able to reinvest in another security.
- **Short Sales Risk:** Short sales are motivated by the belief that a security's price will decline, enabling it to be bought back at a lower price to make a profit. The maximum gain on a short sale is limited but the maximum loss is theoretically infinite. Short sales also involve significant expenses, dividend responsibilities, possible regulatory prohibitions and critical timing considerations that impact potential profitability.
- **Margin Risk:** If you engage in margin transactions then you are borrowing funds to purchase securities using loans for which your portfolio serves as collateral for repayment. Use of margin increases a portfolio's risk as price swings are amplified and, if the value of your securities declines, you can lose more funds than you originally deposited. The lender or custodian may be required to cease trading or liquidate securities

to meet a margin call or credit line demand. When using margin as a strategy, you can lose more than your original investment.

- **Option Risk:** An option holder runs the risk of losing the entire amount paid for the option in a relatively short period of time, reflecting the nature of the option as a wasting asset becoming worthless when it expires. If you don't sell an option in the secondary market or exercise it prior to expiration, you will lose your entire investment in the option.
- **Interest-Rate Risk:** Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates raise yields on existing bonds become less attractive, causing their market values to decline.
- **Reinvestment Risk:** This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e., interest rate). This primarily relates to fixed income securities.
- **Inflation Risk:** The risk is that the rate of inflation will exceed the rate of return on an investment. The investment value itself does not decline but its relative value does.
- **Currency Risk:** Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- **Political Risk:** Most investments have a global component, even domestic stocks. Political events anywhere in the world may have unforeseen consequences to markets around the world.
- **Regulatory Risk:** Changes in law and regulations from any government can change the value of a given company and its accompanying securities. Certain industries are susceptible to government regulation. Changes in zoning, tax structure or laws impact the return on these investments.
- **Business Risk:** These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They generally carry a higher risk of profitability than an electric company which may generate much of its income from a steady stream of customers who buy electricity no matter what the economic environment is like.
- **Concentrated Investment Risk:** Certain investment strategies may be concentrated in a specific sector, industry or individual security. In this case, your portfolio will be more likely to sharply increase or decrease in value with changes in the market. This strategy is more volatile because the risk associated with each security represents a large percentage of your overall portfolio.
- **Liquidity Risk:** Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.
- **Financial or Default Risk:** Excessive borrowing to finance a business' operations increases the risk of profitability because the company must meet the terms of its obligations and service its debts in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value. Ratings provided by several ratings services help to identify those companies with more risk.
- **Risk Specific to Sub-Advisors and Other Managers:** If we invest some of your assets with another advisor (including private placement), there are additional risks. For example, the other manager may not be as qualified as we believe them to be, the investments those managers use may not be as liquid as we would normally use, or the managers' risk guidelines may be more liberal than we would normally employ.

Past performance is not indicative of future results. Therefore, you should never assume that future performance of any specific investment or investment strategy will be profitable. Investing in securities (including stocks, mutual funds,

and bonds, etc.) involves risk of loss. Further, depending on the different types of investments there may be varying degrees of risk. You should be prepared to bear investment loss including loss of original principal. There is no guarantee that your investment objectives will be achieved.

Our firm and our affiliated entities make no promises, representations, warranties or guarantees that any of its services rendered will result in a profit to you. Our firm and our affiliated entities do not guarantee the future performance or any specific level of performance, the success of any investment decision or strategy our firm and any of our affiliated entities may use or the success of our overall management. You should understand that investment decisions made for you by our firm or any of our affiliated entities are subject to various market, currency, economic, political and business risks and that those investment decisions will not always be profitable. You should understand that APA, our representatives and our affiliated entities will not be liable for any loss incurred with respect to your account, except where such loss directly results from such party's negligence or malfeasance. Nothing in this section is intended to be a waiver of any right of action you may have under applicable securities laws or your rights in the event APA, your representative or our affiliated subsidiaries breach any fiduciary duty owed to you.

APA monitors accounts based on standard deviation thresholds. For information about these thresholds, please visit www.securitiesamerica.com under Investors/Investor Information.

ITEM 6. PORTFOLIO MANAGER SELECTION AND EVALUATION

In the Participant Retirement Program, your representative can serve as the portfolio manager and is selected by you at the time you enter into an agreement with our firm to manage your account. In this case, your representative manages your portfolio and determines which investments are bought, sold, reallocated or redeemed. Refer to *Investment Analysis* for more information. In other cases, your portfolio manager can be another individual or entity unaffiliated with our firm. In that case, another party you select manages your portfolio and determines which investments are bought, sold, reallocated or redeemed.

ITEM 7. CLIENT INFORMATION PROVIDED TO PORTFOLIO MANAGERS

The principal source of information used by your representative is the data provided by you, such as your personal data, assets and liabilities, income expectations, short-term and long-term financial goals, risk tolerance associated with goals and other relevant information. This information is collected as part of the new account form, subsequent account updates. Your representative uses this information to make decisions to buy, sell, redeem or reallocate the portfolios based on changing market conditions, client specific changes to their suitability and financial information. Should you wish to update your suitability and financial information, or place or update any reasonable restriction on the account, please contact your representative. Your representative will then evaluate whether or not to change your investment portfolio based on the updated information.

ITEM 8. CLIENT CONTACT WITH PORTFOLIO MANAGERS

There are no restrictions on your ability to consult with your representative.

ITEM 9. ADDITIONAL INFORMATION

Disciplinary Information

APA has no legal or disciplinary events that are material to a client's or prospective client's evaluation of our business or integrity. In the normal course of business, our parent company, SAFC, and some of its subsidiaries are involved in legal, regulatory and arbitration proceedings, including class actions, concerning matters arising in connection with the conduct of its activities.

Other Financial Industry Activities and Affiliations

Financial Industry Activities

Arbor Point Advisors conducts activities with some affiliates who are "related persons" as defined on the SEC's Form ADV Instructions. These activities can be material to our investment advisory business or our advisory clients. These affiliates include companies under common control with us by virtue of their status as subsidiaries of Securities America Financial Corporation. Securities America Advisors, Inc. and Securities America, Inc. are wholly-owned subsidiaries of Securities America Financial Corporation, as more fully described below. Arbor Point Advisors is a majority-owned subsidiary of Securities Financial Corporation; NorthStar Financial Services Group, LLC owns a minority interest (less than 25%)

Securities America, Inc.

SAI is a full-service, introducing broker/dealer, member of FINRA and SIPC. Investment advisor representatives of Arbor Point Advisors can also be registered representatives with SAI. All commission-based brokerage transactions are processed by SAI and cleared by National Financial Services, LLC (NFS) or Pershing, LLC (Pershing). NFS and Pershing are not affiliated with APA or SAI. When placing securities transactions through SAI in their capacity as registered securities representatives, APA investment advisor representatives are allowed to earn sales commissions. OSJ managers (supervisors) who are responsible for the direct supervision of your representative can receive a percentage of commissions or fees as an override to compensate them for their supervisory services. This can be perceived as a conflict of interest. However, your representative and his or her supervisor maintain their independence through their commitment to meeting their client duties and regulatory obligations. Paying an override, fee or commission is not the determining factor when making a recommendation or providing investment advice. You should discuss any conflict of interest with your representative prior to following any recommendation or investment advice. You are under no obligation to purchase products or services recommended by your representative.

SAI is also a licensed insurance agency and the associated persons of SAI and APA can also be independently licensed to sell insurance products through various insurance companies. When acting in these capacities, commissions are paid to SAI for selling these products.

The compensation received from SAI can create a conflict of interest whenever an associated person recommends an insurance or investment product through SAI. You are under no obligation to purchase insurance products or services recommended by your representative.

Securities America Advisors, Inc.

APA is under common ownership with another investment advisor firm, Securities America Advisors, Inc. (SAA), which is also owned by SAFC. APA's principal office and place of business is the same as SAA, and we share officers and home office employees with SAA. In addition, some of our investment advisor representatives can also be licensed with SAA. Although our services are similar to those provided by SAA, our investment advisor representatives do not provide advisory services for SAA or utilize the programs sponsored by SAA.

Other Financial Industry Affiliates

SAFC is a wholly-owned subsidiary of Ladenburg Thalmann Financial Services. Ladenburg Thalmann Financial Services provides financial products and services through subsidiaries and several of those are registered as investment advisors, broker/dealers and insurance companies or agencies. Affiliates also include an investment company and a trust company.

Other companies owned by Ladenburg Thalmann Financial Services and thus affiliated with Arbor Point Advisors are:

Ladenburg Thalmann Asset Management, Inc. (LTAM) Registered Investment Advisor	100% owned by LTFS
Ladenburg Thalmann & Co., Inc. (LTCO) Broker/Dealer	100% owned by LTFS
Ladenburg Capital Agency Inc. Insurance Company	100% owned by LTFS
Ladenburg Thalmann Annuity Insurance Services LLC Insurance Company	100% owned by LTFS
Ladenburg Thalmann Alternative Inc. Investment Advisor (exempt from registration)	100% owned by LTFS
Triad Advisors, LLC Registered Investment Advisor, Broker/Dealer & Insurance	100% owned by LTFS
Triad Hybrid Solutions, LLC Registered Investment Advisor	100% owned by LTFS
Highland Capital Brokerage Insurance Company	100% owned by LTFS
Investacorp, Inc. Broker/Dealer	100% owned by LTFS
Investacorp Advisory Services, Inc. Registered Investment Advisor	100% owned by LTFS
Securities Services Network, LLC Broker/Dealer	100% owned by LTFS
SSN Advisory, Inc. Registered Investment Advisor	100% owned by LTFS
Premier Trust, Inc. Trust Company	100% owned by LTFS
KMS Financial Services, Inc. Registered Investment Advisor & Broker/Dealer	100% owned by LTFS
Valor Insurance Agency, Inc. Insurance Company	100% owned by LTFS

LTAM, Investacorp Advisory Services, Triad Hybrid Solutions, LLC, Triad Advisors, LLC, KMS Financial Services, Inc. and SSN Advisory, Inc. are SEC registered investment advisors and are wholly-owned subsidiaries of LTFS. Ladenburg Thalmann Alternative Inc. is also an investment advisor but is exempt from registration due to its limited regulatory assets under management. We are also affiliated with LTCO, Investacorp, Inc., Triad Advisors, LLC, KMS Financial Services, Inc. and Securities Service Network, LLC, which are registered full-service broker/dealers. Triad Advisors, LLC is also a licensed insurance entity as are Ladenburg Capital Agency, Inc., Highland Capital Brokerage and Valor Insurance Agency, Inc. Ladenburg Thalmann Annuity Insurance Services LLC is a full-service processing and marketing firm for fixed and equity-indexed annuities.

Due to the interrelationship of these entities, conflicts of interest may arise that are not readily apparent to the client. In the course of its business operations, SAFC, through its subsidiaries and through LTFS, can engage in marketing

reallowance or sponsorship arrangements with third parties, sub-advisors and brokerage firms to promote the distribution of investment products. These investment products can include variable annuity and insurance products, mutual funds, managed accounts and customized portfolios.

SAI and its registered representatives and APA, SAA and their investment advisor representatives can receive compensation for directing clients to products or services of affiliated Ladenburg companies. In addition, this has potential to, but may not necessarily, result in additional assets under management with our firm. LTFS can receive earnings from the internal fees of the recommended securities as well as earnings from a portion of the investment advisory fee received by our firm. Therefore, a potential conflict of interest can exist when representatives recommend these products. To address these potential conflicts of interest, APA has policies and procedures in place to ensure any investment products recommended are suitable for clients, are in clients' best interests and are selected to help meet clients' financial goals and objectives. Refer to the section titled "Compensation for the Sale of Securities or Other Investment Products" for more information.

Arbor Point Advisors also has an indirect relationship with CLS Investments, LLC (CLS), a registered investment advisor. CLS's parent company, NorthStar Financial Services Group, LLC (NorthStar) owns a minority interest in APA and certain officers and managers of NorthStar and/or CLS may also be involved in the operations or management of APA. In addition, NorthStar is the sole indirect owner of FTJ Fundchoice, LLC (FTJ), a registered investment advisor, making FTJ an affiliate of CLS. CLS has model portfolios available in FTJ's Strategist Program and Arbor Point Advisors representatives may use these model portfolios when providing services to their clients. NorthStar is also the parent company of Orion Advisor Services, LLC, and both FTJ and Arbor Point Advisors use Orion's technology platforms for back office support services. These direct and indirect affiliations between Arbor Point Advisors, NorthStar, Orion and FTJ can create a conflict of interest.

Your investment advisor can refer you to LTCO for investment banking services and receive a finder's fee if he or she is also a registered representative of SAI.

Your investment advisor representative can recommend Premier Trust to provide trust and administrative services. Premier Trust provides full disclosure with respect to its trust and administrative services and related costs.

LTFS is a publicly traded company and has a substantial financial and reputational interest in assuring new and/or additional shares of their securities are being purchased. Our investment advisor representatives can recommend LTFS securities on a non-discretionary basis. Because of our affiliation with LTFS, we can have an incentive to recommend investment in these offerings rather than investment based on a client's needs. To address this conflict, APA has policies and procedures in place to make sure LTFS securities are recommended only to clients for whom they are suitable given each clients' investment objectives and assets.

Furthermore, because of our affiliation with LTFS, clients might infer a recommendation is being made based on private information known to our investment advisor representative because of the affiliation. Representatives generally do not have access to material non-public information concerning LTFS or its securities. Any recommendation based on such material non-public information would be considered insider trading and a violation of industry regulations. Should representatives become aware of such information they are prohibited from using it in any way. Clients should understand any recommendation to purchase LTFS securities must be based solely on the client's financial needs.

Your investment advisor representative can also recommend clients invest in securities issued in an initial public and secondary offering (new issue) transactions for which LTCO, an affiliated broker/dealer, acts as a manager, an underwriter and/or a member of the selling syndicate or APA or SAI acts as a member of the selling syndicate. Our firm has a conflict of interest when recommending these securities for several reasons. First, our affiliated broker-dealer, LTCO, receives all or a portion of the gross spread – the difference between the price paid by the client for the security and the price LTCO purchases the security for -- in connection with such sales. This gross spread is generally 7% but may be higher or lower in connection with certain offerings. If our firm is a member of the selling syndicate, we also receive a portion of the gross spread. If your representative is also an SAI registered representative, he or she generally receives a portion of this compensation in that separate capacity. In addition, LTCO has a substantial financial

and reputational interest in assuring the offering is successful by having a large number of the securities purchased. Finally, in connection with certain offerings, LTCO has an obligation to purchase and resell a certain number of securities. Thus, because of our affiliation with LTCO, we have incentives to recommend these investments in these offerings for these reasons, rather than based on a client's needs. To address these conflicts, we have policies and procedures in place to make sure securities in initial public offerings are recommended only to clients for whom they are suitable given the client's investment objectives and assets. In addition, clients are generally given transaction specific disclosure prior to the client's decision to invest in such securities.

Recommendations made to purchase these investments create a conflict of interest because LTAM and SAI generally receive more compensation in connection with the purchase of these funds than they do in connection with the purchase of other funds. In addition, these funds pay fees in connection with services or distribution, such as 12b-1 fees. These fees are paid to SAI as broker/dealer. To the extent allowed by applicable law, your investment advisor representative may receive part of the compensation paid to SAI in his or her capacity as an SAI registered representative. SAI and Arbor Point Advisors have policies and procedures to address such conflicts of interest. These additional engagements have the potential to, but may not necessarily, result in additional revenue to our firm or an affiliate.

Our principal executive officers, other employees and representatives can be separately licensed as registered representatives and registered principals of SAI and/or agents or brokers of various insurance companies. As such, these individuals are able to effect securities transactions and can receive separate compensation when doing so. These individuals can spend the majority of their time involved in all or a portion of these activities.

The majority of APA's representatives are independent contractors and not employees of APA or SAI. Some representatives can be employees of APA or our affiliated broker/dealer. Representatives may own, operate, be employed by or otherwise maintain affiliations with other business entities such as insurance agencies, law firms, real estate or mortgage companies, financial planning firms, investment advisors and/or accounting firms. Many of these representatives market their services under a different marketing name and/or as an outside business activity.

Arbor Point Advisors conducts its business through a network of independent investment advisor representatives who operate offices located throughout the United States. The representatives may operate under their own business name(s) or "doing business as" names (DBAs). These business names, DBAs and logos may appear on their sales and marketing materials and the representatives may offer and provide other services through those business names and DBAs. However, the representatives must disclose on all materials and correspondence that advisory services are offered through Arbor Point Advisors, LLC. All sales and marketing materials used by the representatives are reviewed and approved by Securities America home office personnel. The business names, DBAs and logos used by the representatives are separate from and are not owned or controlled by Arbor Point Advisors. Information about the representatives' other businesses can be found in their respective Form ADV Part 2B Supplemental Brochure, which also contains more detailed information about their educational backgrounds, business experience and disciplinary history (if any).

Other Affiliations

Banking or Thrift Institution

Our brokerage affiliate, SAI, markets its services through banks and thrifts. In some circumstances, investment management services are also marketed through these banks and thrifts, provided that such marketing is done in compliance with applicable SEC and state regulations.

Accounting Firm

Representatives may be separately licensed as accountants and may offer accounting services to advisory clients for separate and typical compensation. You are not obligated to use any of these individuals to provide accounting services.

Law Firm

Representatives may be separately licensed as attorneys and, as such, may offer to provide legal advice for separate and typical compensation. You are not obligated to use any of these individuals to provide legal services.

Insurance Company or Agency

Some principal executive officers, investment advisor representatives and other employees of our firm are agents and/or brokers of various insurance companies. Some individuals are able to effect insurance and/or annuity transactions if you elect to have insurance recommendations implemented. In this separate capacity, your investment advisor representative can suggest that you purchase disability insurance, life insurance, annuities or other insurance products. If you do so and elect your representative to implement transactions, he or she can receive commissions. Receiving commissions in this separate capacity creates an incentive for your representative to recommend those products and so he or she can have a conflict of interest and the advice rendered to you could be biased. You are under no obligation to implement any insurance or annuity transaction through your investment advisor representative.

We have arrangements that are material to our advisory business with related persons who are insurance companies or agencies. SAI, our broker/dealer affiliate, is also a licensed insurance agency and may receive commissions in connection with the sale of fixed insurance products by registered representatives who are licensed to sell these products. SAI, in addition to receiving commissions on the sale of these insurance products, receives payments from certain insurance sponsors for marketing, training and distribution support. None of these additional payments are paid or directed to any registered representative/insurance agent who sells these products. The registered representative/insurance agent does not receive a greater or lesser commission for sales of these insurance products from which our broker/dealer affiliate receives revenue sharing payments. However, the marketing, educational and distribution activities paid with revenue sharing could potentially lead a registered representative/insurance agent to focus more on products offered by insurance sponsors that make revenue sharing payments to our broker/dealer affiliate, than those of sponsors that do not make such payments when recommending insurance products to their clients.

Pension Consultant

Representatives may be separately engaged in providing pension-consulting services. If you are in need of these services, you may engage these individuals for separate and typical compensation. You are not obligated to use any of these individuals to provide this service. In addition, representatives may establish relationships with outside parties that provide pension-consulting services. In such instances, representatives may refer you to pension consultants and may receive a solicitor referral fee. Such arrangements are fully disclosed to you at the time of referral.

Real Estate Broker or Dealer

Representatives may be separately licensed as real estate agents. As such, these individuals will, for a separate commission or fee, provide real estate brokerage and/or appraisal services for clients who require these services. You are not obligated to use these individuals for real estate services.

Recommendation or Selection of Other Investment Advisors for Our Clients and Compensation Received

For a discussion of our compensation arrangements involving the recommendation or selection of other investment advisors for our clients, refer to the section titled *Client Referrals and Other Compensation*.

Board of Directors

Members of the Securities America Board of Directors serve as board members for several of our affiliated companies. There may be a perceived conflict of interest. You should be aware that the Board of Directors does not make decisions for our firm without following the process set forth in our firm's by-laws.

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

Our Approach to Conflicts of Interest

Conflicts of interest that can arise in the course of providing investment management services are described throughout this Brochure, as are some of our policies and procedures designed to address specific conflicts of interest, such as our Code of Ethics and personal trading practices.

We have a compliance program in place that is intended to identify, mitigate and, in some instances, prevent actual and potential conflicts of interest, ensure compliance with legal and regulatory requirements and ensure compliance with client investment guidelines and restrictions. Our compliance program includes written policies and procedures we believe to be reasonably designed to prevent violations of applicable law and regulations.

We maintain various committees which provide oversight and review of compliance across functional boundaries, including several operating committees whose membership is comprised of personnel from the impacted business area(s). These committees receive input from compliance and legal personnel as appropriate to help ensure compliance with some of these policies and procedures. Some of the key committees (or subcommittees) supporting our compliance program efforts include those committees (or subcommittees) responsible for trading, best execution and new products.

Code of Ethics

We have established a Code of Ethics to comply with the requirements of Section 204A-1 of the *Investment Advisers Act of 1940* (Advisers Act) reflecting our fiduciary obligations and those of our supervised persons and requiring compliance with federal securities laws. Our Code of Ethics covers all individuals who are classified as "supervised persons." Arbor Point Advisors officers, directors, investment advisor representatives and their associated persons are classified as supervised persons. We require our advisory affiliates and their supervised persons to consistently act in their clients' best interests in all advisory activities. We impose certain requirements on our advisory affiliates and supervised persons to ensure they meet the firm's fiduciary responsibilities to their clients. The standard of conduct required is higher than ordinarily required and encountered in commercial business and includes compliance with applicable federal securities laws and regulations and with the Code of Ethics. Under the Code of Ethics, supervised persons are required to report their personal securities holdings and transactions, may be required to pre-clear certain investments or may be restricted with respect to the timing of certain investments or prohibited from making certain investment. All supervised persons are required to conduct all personal trades through designated broker/dealers unless an exception has been granted.

This response is only intended to provide you with a summary description of our Code of Ethics. If you wish to review our Code of Ethics in its entirety, a copy can be obtained by calling us at (800) 747-6111 or writing to the RIA Compliance Department at Arbor Point Advisors, 12325 Port Grace Blvd., La Vista, NE, 68128.

Participation or Interest in Client Transactions

Representatives can sell mutual fund, unit investment trust and insurance products offered by subsidiaries of LTFS. Therefore, a potential conflict of interest may exist when APA representatives recommend these products because LTFS stands to receive earnings from the internal fees of the recommended securities as well as earnings from a portion of the investment advisory fee received by our firm. Representatives are not under any obligation to sell these products or to meet any selling quotas related specifically to these products. Refer to the *Other Financial Industry*

Activities and Affiliations section, review this ADV closely and discuss any potential conflicts of interest with your representative.

When our representatives recommend third-party money managers to you, those managers determine the brokers to be used for client trades. In certain circumstances, and when consistent with the manager's fiduciary obligation of best execution, trades may be affected through SAI and its registered securities representatives, who receive separate compensation for implementing these transactions. You should review the third-party money manager's disclosure documents to determine if these managers block trade, negotiate commissions and/or obtain volume discounts. Refer to the section titled *Other Financial Industry Activities and Affiliations*.

Policy Regarding Engaging in Agency Cross Transactions in Advisory Accounts

It is APA's policy to prohibit agency cross transactions where representatives act as brokers for both buying and selling a single security between two different clients and are compensated through an agency commission or principal mark-up for the trades. If we adopt a different policy in this area, we will observe all rules and regulations in accordance with the disclosure and consent requirements of Section 206(3) of the *Advisers Act*. Additionally, we are aware that such transactions can only occur if we can ensure that we meet our duty of best execution for the client.

Policy Regarding Engaging in Principal Trading Involving Advisory Accounts

LTCO, our affiliate, acts as a dealer with respect to certain securities and, as such, may execute transactions for APA clients as principal unless the account is covered under *ERISA*. Principle transactions are prohibited in *ERISA* accounts. As a dealer, LTCO may receive a "mark-up," "mark-down," and/or spread in the net price at which principal transactions are executed. This compensation is in addition to other compensation paid to APA and its affiliates under your advisory program. Thus, APA has a conflict of interest in deciding to execute trades through LTCO on a principal basis. APA has policies in place to address this conflict of interest. After receiving disclosures about a specific principal transaction with LTCO, clients have the opportunity to reject the transaction before it is completed, to the extent required by applicable law. In addition, APA has policies and procedures in place to assure clients receive best execution with respect to principal trades, regardless of whether the trade is executed by LTCO or an unaffiliated dealer.

Personal Trading

APA, our representatives and our supervised persons can buy, sell or hold a position in securities identical to the securities recommended to you, at or about the same time they or a related person buys or sells the same securities for their own or a related person's account. It is APA's policy that no supervised person will put his or her interest before your interests. APA and our representatives may not trade ahead of any client or trade in a way that would cause the supervised person to obtain a better price than the price a client would obtain.

Pre-Clearance and Restricted Securities Policy

Due to our affiliation with another investment company, investment advisors and broker/dealers, we maintain a Restricted and Pre-Clearance Equity List which may limit our firm and the investment advisor representative's ability to transact in certain equities on your behalf in a discretionary advisory program. Your representative may not be able to place certain transactions or may experience delays in submitting certain transactions on your behalf based on any pre-clearance or pre-approval requirements implemented by the firm. You may receive a worse price than what you might receive if you placed the transaction through another investment advisor representative not affiliated with SAI and not subject to any trading restrictions. These trading restrictions are subject to change without notice.

Insider Trading Policy

APA and our supervised persons may come into possession of material non-public information which, if disclosed, might affect an investor's decision to buy, sell or hold a security. Under applicable law, our firm and our supervised persons are prohibited from improperly disclosing or using such information for their personal benefit or for the benefit of any other person, regardless of whether such other person is a client. Accordingly, should APA or our supervised persons come into possession of material non-public information with respect to any company, we and they are

prohibited from communicating such information to, or using such information for the benefit of, our respective clients. We have no obligation or responsibility to disclose such information to, nor responsibility to use such information for the benefit of, our clients when following policies and procedures designed to comply with law.

APA and our affiliated entities have adopted an "Insider Trading Policy" in accordance with Section 204A of the *Advisers Act* which establishes procedures to prevent the misuse of material non-public information by our firm and our supervised persons. If your investment advisor representative maintains a personal investment account with another advisory firm or broker/dealer, he or she must make arrangements with that outside firm or broker/dealer to send statements to SAI at least quarterly. The representative must complete an annual certification concerning his or her personal securities activities and provide such additional information about personal trading activities as may be required under the Insider Trading Policy and the Code of Ethics. Supervised persons who violate this policy may be subject to sanctions imposed by our firm.

Policy Governing Contributions to Local and State Elected Officials and Candidates

APA requires that its covered associates seeking to make a political contribution to or volunteer for a state or local candidate, political action committee or political party pre-clear their contributions or activity through the firm. We do not require our supervised associates to pre-clear contributions to federal candidates unless the candidate is currently a state or local government official running for federal office. However, we do require supervised persons to notify us of any contributions made to or volunteer activity done on behalf of federal candidates, political action committees or political parties. APA and your representative will also be subject to local and state pay-to-play rules in addition to federal securities rules and regulations.

Brokerage Practices

You are under no obligation to act on the recommendations of Arbor Point Advisors and are free to select any broker/dealer or investment advisor you'd like to implement our recommendations. In other words, you are not *required* to work with us. However, if you want to hire us for our Participant Retirement Program, we are responsible for executing your account transactions and therefore responsible for attaining the best execution possible. Please note that we cannot promise or guarantee our brokerage platforms are the least expensive in the industry. There may be other platforms with lower costs.

Transactions in the Participant Retirement Program are cleared by Fidelity Institutional Wealth Services (Fidelity), which is not affiliated with APA or SAI. APA and SAI do not maintain custody of client funds or securities; outside custodians maintain custody of all funds and securities. Because the Participant Retirement Program allows for the direct deduction of advisory fees from client accounts we can be deemed to have limited custody of client assets. APA and SAI can also be deemed to have limited custody for certain transmittal policies. For example, by giving you the ability to transfer funds between accounts you own and that are titled in the same name or, if you specifically request it, transferring funds between accounts you own that are titled in different names, SAI can be deemed to have limited custody. Additionally, SAI can be deemed to have limited custody by giving you the ability to have funds sent from your account to your address of record or, if you specifically request it, to some other address.

Fidelity Institutional Wealth Services Products and Services

Fidelity provides us with access to their institutional trading and custody services, which are typically not available to retail investors. The services from Fidelity include brokerage, custody, research and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

Fidelity also makes available other products and services that benefit us but may not benefit our clients' accounts. Some of these other products and services assist us in managing and administering client accounts. These include software and other technology that:

- Provide access to client account data (such as trade confirmation and account statements)
- Facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts)
- Provide research, pricing information and other market data
- Facilitate payment of our fees from client accounts
- Assist with back-office functions, recordkeeping and client reporting.

Many of these services generally can be used to service all, or a substantial number, of our accounts, including accounts not maintained at Fidelity. Fidelity also makes available other services intended to help us manage and further develop our business. These services can include:

- Consulting, publications and conferences on practice management
- Information technology
- Business succession
- Regulatory compliance
- Marketing

In addition, Fidelity can make available, arrange and/or pay for these types of services rendered by independent third party providing these services to us. As a fiduciary, we endeavor to act in your best interest. Our recommendation or requirement that you maintain your assets in accounts at Fidelity can be based in part on the benefit to us in the availability of some of the foregoing products and services and not solely on the nature, cost or quality of custody and brokerage services provided by Fidelity. This can create a potential conflict of interest.

APA has an arrangement with National Financial Services LLC, and Fidelity Brokerage Services LLC (together with all affiliates, "Fidelity") through which Fidelity provides APA with Fidelity's "platform" services. The platform services include, among others, brokerage, custodial, administrative support, record keeping and related services that are intended to support intermediaries like APA in conducting business and in serving the best interests of their clients but that may benefit APA.

Fidelity charges brokerage commissions and transaction fees for effecting certain securities transactions (i.e., transactions fees are charged for certain no-load mutual funds, commissions are charged for individual equity and debt securities transactions). Fidelity enables APA to obtain many no-load mutual funds without transaction charges and other no-load funds at nominal transaction charges. Fidelity's commission rates are generally considered discounted from customary retail commission rates. However, the commissions and transaction fees charged by Fidelity may be higher or lower than those charged by other custodians and broker-dealers. As part of the arrangement and at no additional charge, Fidelity also makes available to APA certain research and brokerage services, including research services obtained by Fidelity directly from independent research companies. APA can select from these services (within specified parameters) and use them to manage accounts for which APA has investment discretion.

Selecting Brokerage Firms

When selecting brokerage platforms for client accounts, we consider standard benefits that are available without cost to all investment advisor firms using the platform, including our firm. These benefits include, but are not necessarily limited to, the following products and services: receiving duplicate client statements and confirmations; research related products and tools; access to a trading desk serving APA account participants; the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client accounts; the ability to have advisory fees deducted directly from client accounts; access to an electronic communications network for client order entry and

account information; and access to mutual funds with no transaction fees. Some of the products and services made available by a broker/dealer through their program may benefit APA but may not benefit client accounts. These products or services may assist Arbor Point Advisors in managing and administering client accounts, including accounts not maintained at the broker/dealer providing the benefit.

APA can also receive additional services which can include assistance with transitioning assets to custodial platforms. Without these arrangements, APA might be compelled to purchase the same or similar services at its own expense. As a result of receiving such services for no additional cost, APA may have an incentive to continue to use or expand the use of a custodian's services. APA examines these potential conflicts of interest when it chooses to enter into a relationship with a custodian to determine that the relationship is in the best interests of APA's clients and satisfies its client obligations, including its duty to seek best execution. Clients may pay a commission that is higher than another qualified broker/dealer might charge to effect the same transaction where APA determines in good faith that the commission is reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although APA will seek competitive rates, to the benefit of all clients, it may not necessarily obtain the lowest possible commission rates for specific client account transactions. Although the investment research products and services that may be obtained by APA will generally be used to service all of its clients, a brokerage commission paid by a specific client may be used to pay for research that is not used in managing that specific client's account. APA and the qualified custodians are not affiliates, and no broker/dealer affiliated with Arbor Point Advisors is involved in the relationship.

Our recommendation of broker/dealers will be partially based on past experiences, minimizing commissions and other costs as well as offerings or services the broker/dealer provides that Arbor Point Advisors or client may require or find valuable such as online access. However, clients can pay commissions higher than those obtainable from other broker/dealers in return for those products and services. Commission and fee structures of various broker/dealers are periodically reviewed to ensure clients are receiving best execution. Accordingly, while Arbor Point Advisors considers competitive rates, it may not necessarily obtain the lowest possible commission rates for client account transactions. Therefore, the overall services provided by the broker/dealer are evaluated to determine best execution.

Clearing and Custodial Arrangement

Although we may permit our investment advisor representatives to use several different brokerage platforms and consider the overall services provided by those brokerage firms, we have material arrangements with some firms that create an incentive for us to recommend those firms over other broker/dealers. Some of the arrangements can result in conflicts of interest with our clients and are explained in the following sections.

A referring broker/dealer firm may also have paid for business consulting and professional services received by Arbor Point Advisors' related persons and may also pay or reimburse expenses (including travel, lodging, meals and entertainment expenses) for Arbor Point Advisors' personnel to attend conferences or meetings relating to the programs or advisor custody and brokerage services generally. Some of the products and services made available by such referring firms can benefit Arbor Point Advisors but may not benefit its client accounts. These products or services can assist Arbor Point Advisors in managing and administering client accounts, including accounts not maintained at the referring firm. Other services made available can help Arbor Point Advisors manage and further develop its business enterprise. The benefits received by Arbor Point Advisors or its personnel generally do not depend on the amount of brokerage transactions directed to a referring firm. As part of its fiduciary duties to clients, Arbor Point Advisors endeavors at all times to put the interests of its clients first. Clients should be aware, however, that receiving economic benefits in and of itself creates a potential conflict of interest and can indirectly influence Arbor Point Advisors' choice of one of these referring broker/dealer firms for custody and brokerage services.

Ladenburg Thalmann Initial Public Offering (IPO) Allocations

IPO allocations through Ladenburg Thalmann are only available to clients through investment advisor representatives who have completed APA's required IPO training. Consequently, advisory clients serviced by a representative who has not received the required training will not be allocated any shares in IPO securities.

Order Aggregation

When possible, Arbor Point Advisors and your investment advisor representative can aggregate client transactions to improve the quality of execution. Mutual funds held in client accounts do not lend themselves to aggregate or block trades. To the extent other securities are purchased that do lend themselves to aggregating or block trading (e.g., stocks or exchange traded funds), Arbor Point Advisors and your representative may aggregate client transactions or allocate orders whenever possible. Arbor Point Advisors and our representatives allocate trades to advisory clients in a fair and equitable manner that is applied consistently to all clients. When trades are not aggregated, clients may not enjoy the effects of lower transaction per share costs that often occur as a result of aggregating trades. As a result, you can pay a higher transaction cost than could be received elsewhere. Personal accounts of our investment advisor representatives, associated persons and their family members are not treated more favorably than any other client account. Arbor Point Advisors and your representative strive to allocate investment opportunities believed to be appropriate for their client's account and other accounts in a manner that is consistent with the best interests of all accounts involved. However, there can be no assurance that a particular investment opportunity that comes to Arbor Point Advisors or your representative's attention will be allocated in any particular manner. You should be aware that if an order is not aggregated, you can pay higher brokerage costs.

Handling Trade Errors Made by APA or an Investment Advisor Representative

If APA or our supervised persons make a trade error in your account, the error will be corrected and your account will be restored to where it would have been had the trade error not occurred. Any profit or loss from the trade correction will be maintained by APA. In our sole discretion, we can donate any profit from a trade correction to a charity of our choosing.

Review of Accounts

Frequency of Account Reviews

Participant Retirement Program accounts are reviewed as needed, as required and as appropriate by APA supervisors (SAI principals) and your representative. The nature and timing of the reviews may vary by your representative. In all accounts, reviews are conducted at least annually.

Review Triggers

Factors triggering an account review can include material market, economic or political events, changes in your financial or personal situation or performance of the account in general.

Reports and Account Statements

You will receive a confirmation from the custodian or clearing firm of each purchase and sale that occurs in your account. You will receive monthly statements from the account custodian or clearing firm if your account(s) have activity during the month. If the account does not have any monthly activity, the custodian or clearing firm provides an account statement at least quarterly. The statements will show any activity in the account, as well as period ending balances.

Additionally, APA may provide position or performance reports to you on an on-going (monthly or quarterly) and/or as-requested basis. To the extent you receive performance reports from your representative, we urge you to compare performance reports received with account statements received from the custodian. Inquiries or concerns regarding the account, including performance reports, should be directed to the investment advisor firm at the phone number

listed on the account statement. Each representative then decides whether to provide these reports to his or her clients. Performance information provided by your representative is believed to be accurate but cannot be guaranteed. Neither our firm nor your representative can guarantee the accuracy of fund values, securities' and other information obtained from third parties. If a representative prepares a quarterly performance report for an account, it is the representative who reviews the performance information to determine accuracy.

Whether position or performance reports by a third-party money manager are provided to you depends upon the third-party money manager.

You are encouraged to always compare any reports or statements provided against the account statements delivered from the broker/dealer-qualified custodian. When you have questions about your account statement, you should contact our firm and the qualified custodian preparing the statement.

Client Referrals and Other Compensation

Incoming Referrals - Our Use of Solicitors/Payment of Referral Fee

We enter into agreements with solicitors (referring parties) to refer clients to us. The referral agreements between our firm and referring parties are designed to comply with SEC regulations as set out in 17 CFR Section 275.206(4)-3. If a referred client enters into an investment advisory agreement with our firm, and a cash referral is paid to the referring party, such fee will be paid as a fixed fee or a percentage of the client advisory fees generated. Written disclosure regarding the referral fees we pay are provided to you prior to or at the time of entering into our investment advisory or financial planning agreements. The referral fee disclosed to you is payable to the referring party for the duration of APA's advisory relationship with you, whether or not our investment or trading strategies, or your investment objectives, change over time. We have no further referral fee obligation if the referring parties' representations and warranties outlined in our referral agreement become inaccurate or untrue or if our investment advisory agreement with you is terminated for any reason. In those states that require solicitors to be licensed or filed as a registered investment advisor, we can require the solicitor to be licensed or filed under our registration.

The compensation to be paid in connection with these agreements is subject to negotiation between our firm, your representative and the referring party. The referral agreements between any referring party and our firm do not result in any charges to you in addition to the normal level of advisory fees charged. However, these situations may create a financial incentive to recommend one APA program over another or over other investment advisors and broker/dealer programs, products and services. The representative recommending our programs receives compensation as a result of your participation in our programs.

In addition, we may award separate non-cash compensation to representatives, the independent investment advisor firms and the independent investment advisor representative for client referrals.

Outgoing Referrals - APA as Solicitor for Other Investment Advisors/Receipt of Referral Fee

We have entered into solicitation agreements with independent third-party investment advisors, pursuant to which our firm and the independent investment advisor firm and the representative receive solicitation compensation from the third-party investment advisor in return for referral of accounts. APA's broker/dealer affiliate, SAI, and the representative, in his or her capacity as a registered representative (if applicable), can serve as broker/dealer and/or representative of record on accounts managed by the independent third-party investment advisor. In such case, SAI and the representatives can receive normal and customary compensation (e.g. commissions, 12(b)-1 fees, trails) from the sale of mutual funds, exchange traded funds or variable annuities in such accounts. This compensation can be in addition to the solicitor fee paid by the third-party investment advisor.

You should be aware APA and your representative can receive solicitor/referral fees for recommending certain portfolios to you. Therefore, a potential conflict of interest can exist because these circumstances can result in your representative having a financial incentive to recommend one portfolio over another. However, it is our policy that

portfolios will be selected and recommended to you based on your individual needs, goals and objectives. Your representative is not under any obligation to sell any particular product or to meet any selling quotas related specifically to these products. You are not under any obligation to engage the APA representative when considering implementing advisory recommendations. You are free to select any broker/dealer you wish when implementing recommendations and executing transactions. You can purchase the same investment product from a non-affiliated broker or could implement securities transactions without the services offered by your representative. We encourage you to review this ADV closely and discuss any potential conflicts of interest with your representative.

We have established a relationship with LTAM's \$ymbil program. APA representatives can provide clients access to LTAM's \$ymbil program through the individual representative's website. APA receives a portion of the asset management fee that LTAM charges. These fees can be paid on an ongoing basis and can continue even if your relationship with the representative and/or APA is terminated.

Custodial Referrals and Economic Benefits

Some clearing and custodial firms can refer financial professionals to Arbor Point Advisors to possibly join our firm as investment advisor representatives. Any such referring broker/dealer or clearing/custodial firm does not supervise Arbor Point Advisors and has no responsibility for supervision of our investment advisor representatives, managing client portfolios or other advice or services. We have the final authority and responsibility for approving all investment advisor representatives licensed with our firm. Our receipt of investment advisor representative referrals from these firms raises potential conflicts of interest. Such firms will most likely refer potential investment advisor representatives to Arbor Point Advisors when we encourage those investment advisor representatives' clients to custody their assets at the referring firm and whose client accounts are profitable to that firm. Consequently, in order to obtain investment advisor representative referrals, Arbor Point Advisors may have an incentive to recommend to clients that the assets under management by Arbor Point Advisors be held in custody with the referring firm and to place transactions for client accounts with that same firm. Our arrangement does not diminish our duty to seek best execution of trades for client accounts. A referring custodial or clearing firm does not receive solicitor or referral fees from us for providing Arbor Point Advisors with a potential investment advisor representative referral.

See *Brokerage Practices*, for more information about the economic benefits APA can receive from Fidelity Institutional Wealth Services when using their brokerage and/or custodial services to provide advisory services.

Lead Generation Programs

Our representatives can utilize the services of lead generation or business development firms. Generally, prospects will contact that firm directly or online and receive the names of several financial service providers in the prospect's area. The prospect can then review the list and make a decision whether or not to contact a selected financial service provider. The firm does not provide the prospect any advice or recommendations concerning the list of advisors. Typically, advisors pay a subscription or membership fee to be included in the firm's network or association. In addition, some firms can provide marketing resources.

Other Compensation

Arbor Point Advisors or our affiliated broker/dealer, SAI, can form alliances and networking and referral arrangements with financial institutions such as community banks, credit unions, credit union service organizations and farm credit services (Third-Party Financial Institutions). These alliances and arrangements allow representatives to offer financial planning services and certain other non-deposit investment and insurance products and services, to customers/members of those Third-Party Financial Institutions. Our firm may lease space in selected branches of the Third-Party Financial Institutions and then sub-lease it to your representative, if he or she conducts business from these locations. As a result of these alliances or networking arrangements, your representative may not be able to offer certain products that are otherwise available through our firm. Also, as a result of these alliances or networking arrangements, Third-Party Financial Institutions can receive compensation representing payment for the use of the facilities and equipment of the Third-Party Financial Institutions. Compensation can be in the form of a program support

or rent payment and/or a portion of advisory fees or securities and insurance commissions paid to representatives for sales to customer/members of the institutions.

These relationships can create compliance issues relative to consumer protection. At a minimum, joint regulatory guidelines of the depository institution call for written and verbal disclosure at or prior to the time securities products are purchased or sold. Also, the securities products:

- Are not insured by the Federal Deposit Insurance Corporation or National Credit Union Share Insurance Fund, the Federal Deposit Insurance Corporation, the National Credit Union Administration, or any other federal or state deposit guarantee fund or other government agency;
- Are not endorsed or guaranteed by the bank or credit union or their affiliates;
- Are not deposits or obligations of the depository institutions and are not guaranteed by the depository institutions;
- Are subject to investment risks, including possible loss of principal invested.

Your representative can have an incentive to join and remain affiliated with Arbor Point Advisors and SAI through certain compensation arrangements which could include bonuses, enhanced pay-outs, forgivable loans and/or business transition loans. Furthermore, there can be production goals associated with the recommendation of a transaction from your representative. We can also offer incentives to your representative for meeting certain production levels above and beyond compensation he or she receives for providing advisory services through Arbor Point Advisors and/or selling products and services through SAI. Receiving incentives may be considered to be a conflict of interest. We encourage you to review this ADV closely and discuss any potential conflicts of interest with your representative.

Our firm, our officers and our representatives can receive reimbursements from marketing and distribution allowances, due diligence fees and travel expenses. Other compensation or reimbursement can also be received based on deposits and/or assets under management directly from third-party asset manager program sponsors for the costs of marketing, distribution, business and client development, educational enhancement and/or due diligence reviews incurred by our firm or your representatives relating to the promotion or sale of the program sponsor's products or services.

Travel expense reimbursements are typically a result of attendance at due diligence and/or investment training events hosted by product sponsors. Marketing expense reimbursements are typically the result of informal expense sharing arrangements in which product sponsors can underwrite costs incurred for marketing such as advertising, publishing and seminar expenses. Although receipt of these travel and marketing expense reimbursements is not predicated upon specific sales quotas, the product sponsor reimbursements are typically made by those sponsors for which sales have been made or it is anticipated sales will be made.

In order to help cover or defray the costs of transitioning from another registered investment advisor to APA, our representatives can receive various forms and amounts of transition assistance. Such transition assistance can include a promissory note loan, rent, technology services and equipment, legal expenses, administrative support, termination fees associated with moving accounts, and regulatory services. Transition assistance is based on production, fee reimbursement, free or reduced-cost marketing material, attendance at conferences and events, or access to preferred pricing.

Securities America can issue payments in the form of loans to representatives which may be forgivable based on years of service or the extent of their production. This practice may create a conflict of interest because the representative may have a financial incentive to recommend a client engage APA for advisory services in order for the loan to be forgiven. However, if you engage APA for an advisor managed account, your representative will obtain the necessary financial data from you, assist you in determining the suitability for the advisor managed account and help you set

appropriate investment objectives. Your representative will then be able to purchase and sell securities in accordance with your investment objectives. APA periodically reviews advisory accounts to ensure suitability and adherence to investment objectives. Please consult with your representative if you have questions regarding this issue.

Custody

APA does not maintain physical custody of client funds or securities; physical custody is maintained by an outside custodian. However, APA is deemed to have custody of your funds or securities because of the (a) direct deduction of advisory fees from your accounts within the programs described in the *Advisory Business* section above and (b) disbursement of money from your account to you or third parties when authorization has been granted pursuant to certain standing letters of authorization or similar requests. Because of this custody, SEC regulation requires us to undergo an examination provided by a qualified independent public accountant at least annually. Additionally, APA must undergo an independent verification of client assets under its control.

Investment Discretion

Limited Discretionary Trading Authority

If you grant APA or your representative limited discretionary trading authority, we have the authority to determine, without obtaining your specific consent, the type of securities, the amount of the securities to be bought or sold and when to buy or sell those securities. For transactions made outside of a wrap fee program, discretionary authority also allows the representative to determine the commission rates paid for your portfolio. Upon receiving the written authority to engage in limited trading authority on your behalf, APA and your representative will commence engaging in discretionary trading transactions. Discretionary trading authority facilitates placing trades in your accounts on your behalf so that APA and your representative can promptly implement the investment policy you have approved in writing.

Limited Power of Attorney for Trading

If a limited power of attorney for trading is signed by you, we consult with you prior to placing each trade. You sign a limited power of attorney so we may execute the trades you have approved.

We accept discretionary authority to manage accounts on your behalf. For discretionary clients, we request that you provide written authority to determine which securities and the amounts to be bought or sold. Any limitations on this discretionary authority by you should be included in this written authority statement. You can change/amend these limitations as required. Such amendments must be submitted in writing.

Voting Client Securities

Proxy Voting

If a Participant Retirement Program account is established with our firm, our firm and representatives will not perform proxy voting services on behalf of clients. If the account is for a pension or other employee benefit governed by *ERISA*, the right to vote proxies is expressly reserved for the plan's trustees or other plan fiduciary and not our firm. All proxy notices will be sent directly to you. You should read through the information provided with the proxy materials and make a determination based on the information provided. Upon your request, representatives may provide a recommendation or clarification based on their understanding of issues presented in the proxy materials, but you are solely responsible for all proxy voting decisions.

Class Action Lawsuits

You retain the right under applicable securities laws to initiate individually a lawsuit or join a class-action lawsuit against the issuer of a security that was held, purchased or sold by or for you. Arbor Point Advisors does not initiate any such legal proceeding on behalf of clients and does not provide legal advice to clients regarding potential causes of action

against such a security issuer or whether the client should join a class-action lawsuit. We recommend that you seek legal counsel prior to making a decision regarding whether to participate in such a class-action lawsuit. Moreover, our services do not include monitoring or informing you of any potential or actual class-action lawsuits against the issuers of the securities that were held, purchased or sold by or for you

Financial Information

This item is not applicable to Arbor Point Advisors. We do not require, solicit or accept prepayment of more than \$1200 in fees per client, six months or more in advance of services being provided. Therefore, we are not required to include a balance sheet for the most recent fiscal year. In addition, we are not subject to a financial condition that is reasonably likely to impair our ability to meet contractual commitments to clients. Finally, Arbor Point Advisors has not been the subject of a bankruptcy petition at any time.