

ACCOUNT PACKET

MANAGER SELECT  
PROGRAM BROCHURE

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February 1, 2024

This wrap fee program brochure provides information about the qualifications and business practices of LPL Financial ("LPL"). If you have any questions about the contents of this brochure, please contact LPL at [lpfinancial.adv@lpfinancial.com](mailto:lpfinancial.adv@lpfinancial.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority.

Additional information about LPL also is available on the SEC's website at <https://adviserinfo.sec.gov/>.

ITEM 1 COVER PAGE

ITEM 2 MATERIAL CHANGES

The following is a summary of certain changes made to this Brochure from the time of the annual update of the Brochure dated March 31, 2022. Item 4 was updated to reflect that the Manager Fee may include a licensing fee of up to 0.02% payable to market index providers. Item 6 was updated to provide information about a conflict of interest your advisor faces when recommending investment products that follow a similar investment strategy. Item 9 was updated to provide information regarding disciplinary events, involving (i) FINRA sanctions in connection with LPL's failure to calculate and maintain its required customer reserve; (ii) a consent order with the Texas State Securities board for failure to supervise a broker-dealer agent/investment adviser agent's sales of structured products; (iii) FINRA sanctions in connection with LPL's supervisory systems and procedures relating to transmittal of customer funds by wire or check to third parties; (iv) a settlement with the Massachusetts Securities Division in connection with LPL's supervision of electronic signature practices at an LPL branch office in Massachusetts; and (v) FINRA sanctions in connection with supervisory systems and maintenance of books and records relating to brokerage direct business transactions, supervisory systems and misstatements about fees relating to brokerage product switch transactions, and supervisory systems relating to brokerage recommendations of publicly traded securities of business development companies (BDCs) to customers.

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ITEM 4 SERVICES, FEES AND COMPENSATION

Services

LPL sponsors various types of advisory programs, including wrap fee programs and mutual fund asset allocation programs. LPL makes these programs available to client directly and also through third party investment advisor firms ("Advisor"). This



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Brochure provides a description of LPL's Manager Select program when offered through an Advisor. For more information about LPL's advisory services and programs other than Manager Select, please contact your Advisor for a copy of a similar brochure that describes such service or program or go to <https://adviserinfo.sec.gov/>.

In the Manager Select program, Advisor, through its investment advisor representatives ("IARs"), makes available to clients the investment advisory services and/or model portfolios of third-party portfolio management firms. Within the Manager Select program, LPL offers two alternatives – the Separately Managed Account Platform (the "SMA Platform") and the Model Portfolio Platform (the "MP Platform" and collectively, the "Platforms"). In connection with the Platforms, LPL acts as an investment advisor, serves as the custodian of the assets, provides brokerage and execution services as a broker-dealer on transactions, and performs administrative services, such as reporting to clients. Advisor through its IAR assists the client to determine the client's investment objectives and risk/return preferences, to identify any investment restrictions on the management of the account, and, in the case of the SMA Platform, to select an investment strategy and SMA Portfolio Manager, or in the case of the MP Platform, to select a model portfolio ("Model Portfolio") provided by LPL's Research Department or third-party investment advisors ("Model Advisors").

#### *SMA Platform*

In the SMA Platform, Advisor through its IAR assists the client to determine the client's investment objectives and risk/return preferences, to identify any investment restrictions on the management of the account, and to select an investment strategy and SMA Portfolio Manager. Advisor through its IAR provides the client with ongoing advice and monitoring relating to the SMA Portfolio Manager's services and serves as the point of contact between the client and the SMA Portfolio Manager with regards to changes in the client's investment objective, financial situation and investment restrictions.

The SMA Portfolio Manager selected by the client provides ongoing discretionary investment advice regarding the investment and reinvestment of account assets in accordance with the investment objective, restrictions and guidelines set forth in the Application or in other agreed-upon written instructions. The SMA Portfolio Manager independently determines whether to accept the client account based on the content of the Account Application, suitability and whatever other factors the SMA Portfolio Manager deems appropriate. The SMA Portfolio Manager has the sole authority to determine the securities to be purchased, sold or exchanged and which portion, if any, of the assets shall be held uninvested. The SMA Portfolio Manager has discretion to invest among a broad variety of security types, including equities, fixed-income securities, options, mutual funds and exchange-traded funds ("ETFs"). LPL and Advisor do not play a role in the selection of particular securities to be purchased or sold. A SMA Portfolio Manager may hire one or more sub-advisors to manage all or a portion of a client's account.

#### *MP Platform*

In the MP Platform, the Advisor through its IAR assists the client in setting an appropriate investment objective and selecting a model portfolio ("Model Portfolio") provided by LPL's Research Department or third-party investment advisors ("Model Advisors"). Advisor through its IAR provides the client with ongoing advice and monitoring relating to the Model Portfolio, is available on an ongoing basis to receive deposit and withdrawal instructions, and to convey to LPL any changes in Client's financial circumstances, investment objectives or investment restrictions. Under the MP Platform, LPL provides ongoing discretionary investment advice regarding the investment, reinvestment and the rebalancing of account assets in accordance with the Model Portfolio selected by the client. LPL is expected to closely track the Model Portfolio, making modifications only to address particular account issues, including tax loss harvesting, rebalancing, short-term gain avoidance, cash inflows and outflows, and tracking error from the Model Portfolio, and to ensure that investment restrictions are being followed. LPL may also apply discretion to deviate from the model portfolios in accounts, in which it is not possible or impractical to be invested in all of a model's holdings, for example in smaller accounts.

### Fee Schedule

In the Platforms, clients pay LPL an annualized fee ("Account Fee"). The Account Fee is made up of an Advisory Fee and a Manager Fee. The Advisory Fee is charged for the advisory services provided by LPL, Advisor and IAR and execution of transactions and is shared with the Advisor. Advisor is responsible for sharing its portion of the Account Fee with IAR. The



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Manager Fee is charged for the advisory services provided by Model Advisor or SMA Portfolio Manager, as applicable. Clients do not pay LPL or Advisor brokerage commissions or transaction charges for execution of transactions in addition to the Account Fee. For more information regarding commissions and brokerage practices, see below under "Additional Information – Brokerage Practices." LPL, Advisor, SMA Portfolio Managers and Model Advisors do not charge performance-based fees to accounts in the Platforms.

The Advisory Fee is negotiable between the client and Advisor and is set out in the Account Application. The Advisory Fee is a percentage based on the value of all assets in the account, including cash holdings. The Advisory Fee also can be structured on a tiered basis, with a reduced percentage rate based on reaching certain thresholds. The maximum Advisory Fee is 2.35%, although certain legacy accounts may remain higher, so long as the maximum combined Advisory Fee and Manager Fee is no more than 2.95%.

The Manager Fee is set by LPL and paid to the Model Advisor or SMA Portfolio Manager, as applicable. This fee ranges from 0% to 0.60% of account assets per year. For Model Portfolios in the MP Platform, LPL retains a fee of up to 0.05% of account assets per year for its services as overlay portfolio manager. LPL will not charge a fee for its services as Model Advisor for Model Portfolios designed by LPL's Research Department. On occasion, a third party Model Advisor may agree not to receive a fee. When the Model Advisor does not charge a fee, Client account statements will continue to display a fee of up to 0.05%, which is a fee charged by LPL that is not shared with the Model Advisor. In addition, for certain models designed by LPL, LPL will pay up to 0.02% of the Manager Fee to market index providers as a licensing fee.

Certain Model Advisors or SMA Portfolio Managers receive a reduced Manager Fee or do not receive a Manager Fee. This is often because the Model Advisor or SMA Portfolio Manager has included proprietary or affiliated mutual funds or exchange-traded funds in the Model or Investment Strategy which charges a management fee. This management fee can be found in the prospectus of the mutual fund or exchange traded funds included in the Model or Investment Strategy. Because a Model Advisor, SMA Portfolio Manager or their affiliates benefit financially when an affiliated fund is selected, there is a conflict of interest that affects the Model Advisor or SMA Portfolio Manager's ability to provide unbiased, objective investment advice concerning the selection of funds for a Model or Investment Strategy.

LPL reserves the right to increase the upper limit of the Advisory Fee and/or Manager Fee range(s) upon 30 days' prior notice to clients. If Advisor changes the model selected for the Account, or if the model investment value changes, the overall Account Fee may increase or decrease.

LPL retains a portion of the Advisory Fee, up to 0.35% of the value of the assets of the account, for its administrative, custody and clearing services. LPL pays the remaining portion of the Advisory Fee to Advisor based on the agreement between LPL and Advisor. The Advisor is responsible for sharing its portion of the Account Fee with IAR. LPL retains any portion of the Advisory Fee not shared with Advisor.

The fees paid to SMA Portfolio Managers in the SMA Platform and to Model Advisors in the MP Platform are generally less than fees those advisors would charge a client seeking to establish a direct relationship with them outside of a wrap program. This is principally due to the fact that LPL absorbs many of the billing, administrative, and marketing expenses that would otherwise be borne by those advisors, including trading expenses for Model Advisors. SMA Portfolio Managers and Model Advisors generally have higher minimum account size requirements and fees for direct accounts because of such additional expenses.

#### How the Account Fee is Charged

LPL deducts the Account Fee and other fees and charges associated with a Manager Select account from the account. LPL pays the applicable portion of the Account Fee to the SMA Portfolio Manager or Model Advisor. LPL calculates and deducts the Account Fee in the method described in the Account Agreement, unless other arrangements are made in writing. If a client wishes to be billed for the Account Fee, rather than a deduction directly from the account, the client needs to make a request to LPL through the Advisor or IAR.



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#### Payment in Advance and Refund of Pre-Paid Fees

LPL deducts the Account Fee quarterly in advance. If the Account Agreement is terminated before the end of the quarterly period, LPL will pay the client a pro-rated refund of any pre-paid quarterly Account Fee based on the number of days remaining in the quarter after the termination date. However, if the account is closed within the first six months by the client or as a result of withdrawals that bring the account value below the required minimum, LPL and Advisor reserve the right to retain the pre-paid quarterly Account Fee for the current quarter in order to cover the administrative costs of establishing the account (for example, the costs related to transferring positions in and out of the account, data entry in opening the account, reconciliation of positions in order to issue performance information, and re-registration of positions). After the termination date, LPL may convert the account to a brokerage account. In a brokerage account, client is charged a commission for each transaction and there is no investment advisor responsible for providing ongoing investment advice.

#### Other Types of Fees and Expenses of LPL

LPL charges fees related to a Manager Select account in addition to the Account Fee, such as miscellaneous administrative or custodial-related fees and charges. LPL notifies clients of these charges at account opening. These miscellaneous fees are not directly based on the costs of the transaction or service by LPL, may include a profit to LPL, and certain of the fees may be lowered or waived for certain clients. As described below under "Additional Information - Participation in Client Transactions," if LPL as broker-dealer executes a principal transaction in a Manager Select account, LPL may earn a markup or markdown in addition to the Account Fee.

#### Fees Charged by Third Parties

There are other fees and charges that are imposed by third parties other than LPL that apply to investments in Manager Select accounts. As described below under "Additional Information – Brokerage Practices," if a SMA Portfolio Manager chooses to execute a transaction through a broker-dealer other than LPL, the execution price to the client may include a commission, markup/markdown, or other fee imposed by the executing broker-dealer in addition to the Account Fee. If client holds an American Depositary Receipt ("ADR") in an account, there may be custodial fees or taxes related to the ADR.

If a client's assets are invested in mutual funds, ETFs or other pooled investment products, clients should be aware that there will be two layers of advisory fees and expenses for those assets. As a shareholder of a fund, Client will pay an advisory fee to the fund manager and other expenses charged by the fund. Client will also pay LPL, the SMA Portfolio Manager (exclusively in the case of the SMA Platform) and Advisor the Account Fee with respect to assets invested in such mutual funds, ETFs or other pooled investment products. Clients generally can purchase mutual funds directly outside of the Program. Therefore, clients could avoid the second layer of fees by not using the advisory services of LPL, SMA Portfolio Manager, Advisor and its IARs and by making their own decisions regarding the investment.

Clients should understand that in many cases the mutual funds and mutual fund share classes offered through the Program charge higher fees and expenses than those that are not offered through the Program, and such other mutual funds and share classes may be equally or more appropriate for a client's account. As discussed below, a portion of the fees and expenses charged by certain mutual funds in the Program will be paid to LPL. Other financial services firm may offer the same mutual funds that are offered through the Program but at lower overall costs to investors than the costs that clients incur by investing through the Program.

Clients should also understand that in many cases the share class offered for a particular mutual fund available through the Program (the "Program Share Class") charges higher fees and expenses than other share classes that are offered by the same fund but are not available through the Program. Program Share Classes are selected by LPL, in certain cases, because the mutual funds pay to LPL a portion of the fees and expenses charged by Program Share Classes as compensation for the administrative and recordkeeping services LPL provides with respect to LPL clients who invest in the Program Share Classes, as discussed below under "Participation or Interest in Client Transactions."

The cash sweep money market fund ("Sweep Fund") used in the program may be managed by the same SMA Portfolio Manager that client has appointed to manage its account or be invested in a Model Portfolio provided by the same Model Advisor. If that is



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the case, clients should understand that the SMA Portfolio Manager or Model Advisor and its affiliates earn fees from the Sweep Fund for managing and performing other services for the fund which will be in addition to Account Fee charged to client.

A SMA Portfolio Manager or Model Advisor available in the program may be affiliated with an Advisor. As a consequence, selection of an affiliated SMA Portfolio Manager or Model Advisor generates additional compensation to Advisor's affiliates. Advisor may charge fees in addition to the Account Fee. Clients should refer to the Brochure of Advisor for more information regarding fees charged by Advisor.

If client transfers into a Manager Select account a previously purchased mutual fund, and there is an applicable contingent deferred sales charge on the fund, client will pay that charge when the mutual fund is sold. If the account is invested in a mutual fund that charges a fee if a redemption is made within a specific time period after the investment, client will be charged a redemption fee. Depending on the share class and fee structure of the previously purchased mutual fund, LPL can receive fees such as 12b-1 fees from the previously purchased mutual fund until the position is liquidated and subsequently invested according to the Manager Select model. If a mutual fund has a frequent trading policy, the policy can limit a client's transactions in shares of the fund (e.g., for rebalancing, liquidations, deposits or tax harvesting). Decisions regarding the sale of mutual funds in an account may be made by LPL without regard to whether a client will be assessed a redemption fee. Clients can find more information regarding the fees and expenses of a mutual fund or ETF in the fund's prospectus, which is available upon request from Advisor or directly from the fund.

When transferring securities into a Manager Select account, client should be aware that certain securities are not be eligible for the account. In such case, the securities may be rejected, sold after the transfer, or moved to a brokerage account. Note that when an ineligible security is transferred into an account and subsequently sold or moved to a brokerage account, the advisory fee will be charged on such asset for the period of time the security was held in the account. Client should be aware that securities transferred into an account may have been subject to a commission or sales load when the security was originally purchased. After transfer into a Manager Select account, client should understand that an advisory fee will be charged based on the total assets in the account, including the transferred security. When transferring securities into an account, client should consider and speak to Advisor about whether:

- a commission was previously paid on the security;
- client wishes for the security to be managed as part of the account and be subject to an advisory fee; or
- client wishes to hold the security in a brokerage account that is not managed and not subject to an advisory fee.

For those Manager Select accounts investing in mutual funds, LPL selects only no-load and load-waived mutual funds. Some mutual funds and Program Share Classes in Manager Select charge shareholders an asset-based fee, known as a "12b-1" fee, to cover distribution expenses and, in some cases, shareholder servicing expenses. A portion of such 12b-1 fees will ultimately be paid to LPL by the funds. Any 12b-1 fees paid to LPL by funds (other than the Sweep Funds described in the section of Item 9 labeled "Participation or Interest in Client Transactions") will be credited to the client's account.

Clients also incur charges imposed by third parties or LPL in connection with investments made through their accounts, including, but not limited to, taxes and charges required by law or imposed by exchanges or regulatory bodies. For example, an industry-wide charge mandated by a regulator applies to sales of certain securities. The amount of this regulatory fee may vary over time, and because variations might not be immediately known to LPL, the amount may be estimated and assessed in advance. To the extent that such estimated amount differs from the actual amount of the regulatory fee, LPL retains the excess. These charges will be reflected on transaction confirmations and/or periodic statements.

#### Important Things to Consider About Fees on a Manager Select Account

- The Account Fee is an ongoing wrap fee for investment advisory services, the execution of transactions and other administrative and custodial services. The Account Fee may cost the client more than purchasing the program services separately, for example, paying fees for the advisory services LPL, Advisor, and the SMA Portfolio Manager or Model



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Advisor, as applicable, plus commissions for each transaction in the account. Factors that bear upon the cost of the account in relation to the cost of the same services purchased separately include the:

- type and size of the account
- historical and or expected size or number of trades for the account, and
- number and range of supplementary advisory and client-related services provided to the client.
- It is important to note that a client may or may not be able to purchase advisory services directly from the SMA Portfolio Managers or Model Advisors, as they often do not offer such services for client accounts of the size typically associated with wrap programs. If they do offer such services to accounts the size of a program account, they often charge a higher fee as they do not enjoy the economies of scale related to providing services to clients of a wrap program.
- Certain of the SMA Portfolio Managers or Model Advisors available in the program may be affiliated with an Advisor. As a consequence, selection of an affiliated SMA Portfolio Manager or Model Advisor generates additional compensation to Advisor or its affiliates.
- The Account Fee may be higher than the fees charged by other investment advisors for similar services. This is the case in particular if the Account Fee is at or near the maximum Account Fee set out above. The Advisor is responsible for determining the Advisory Fee to charge each client based on factors such as total amount of assets involved in the relationship, type of securities to be held in the account (e.g., mutual funds vs. individual securities), the complexity and mix of the portfolio, the fees associated with the SMA Portfolio Manager or Model Advisor, and the number and range of supplementary advisory and client-related services to be provided to the account. Clients should consider the level and complexity of the advisory services to be provided when negotiating the Advisory Fee with Advisor.
- The Advisor and its IARs recommending the program to the client receives compensation as a result of the client's participation in the program. This compensation includes a portion of the Account Fee and also may include other compensation, such as bonuses, awards or other things of value offered by LPL to Advisor or by LPL or Advisor to the IAR. For example, LPL may pay a bonus to Advisor or its IARs in the form of reimbursement of fees that Advisor or its IARs pay to LPL for administrative services. In particular, pursuant to the agreement between LPL and Advisor, LPL pays Advisor an amount, in addition to a percentage of the client's Account Fee, based on the current market value of all client assets Advisor maintains in LPL advisory programs, including the Manager Select program. This amount is paid from the portion of the fee retained by LPL, and payment of this amount does not result in any higher or additional client fees. Therefore, this additional portion of the fee provides Advisor a greater financial benefit if more client assets are invested in LPL advisory programs. The amount of compensation that Advisor receives from LPL may be more or less than what the Advisor and its IARs would receive if the client participated in other LPL programs, programs of other investment advisors or paid separately for investment advice, brokerage and other client services. Therefore, the Advisor and its IARs can have a financial incentive to recommend a program account over other programs and services.
- Clients should consider the impact of fees and expenses on their investment portfolio, as described in the informational brochure titled "How Fees and Expenses Affect Your Portfolio" on [lpl.com/disclosures.html](http://lpl.com/disclosures.html) under "Investor Regulatory & Educational Resources."

### ITEM 5 ACCOUNT REQUIREMENTS AND TYPES OF CLIENTS

A minimum account value of \$25,000 generally is required for the program. In certain instances, the minimum account size may be lower or higher. Note that an account will not be invested until the applicable minimum for the investment strategy or Model Portfolio has been reached. Clients should consult with Advisor through its IAR to obtain more information about the applicable investment minimum based on the strategy or Model Portfolio selected.

The program is available for individuals, IRAs, banks, thrift institutions, credit unions, pension and profit sharing plans, including plans subject to Employee Retirement Income Security Act of 1974 ("ERISA"), trusts, estates, charitable organizations, state and municipal government entities, corporations and other business entities.





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#### ITEM 6 PORTFOLIO MANAGER SELECTION AND EVALUATION

In Manager Select, Advisor through its IARs is responsible for the investment advisory services related to the selection and retention of the SMA Portfolio Manager, in the case of the SMA Platform, and Model Portfolio, in the case of the MP Platform. The client selects Advisor and its IAR who services the account. Advisor is responsible for determining the standards required for its IARs to provide investment advice to program accounts. For more information about Advisor and the IAR servicing the account, client should refer to Advisor's Firm Brochure and the Brochure Supplement for the IAR, which client should have received from Advisor at the time client opened the account.

LPL makes available the advisory services of SMA Portfolio Managers. LPL does not act as a portfolio manager for the SMA Platform. LPL does, however, act as portfolio manager for the MP Platform.

#### Criteria for Participating and Recommended SMA Portfolio Managers and Model Advisors

LPL selects and reviews SMA Portfolio Managers and Model Advisors for the program based on quantitative, qualitative and infrastructure criteria, which may include the criteria listed below.

##### Quantitative Criteria

LPL evaluates quantitative criteria, including but not limited to:

- Rate of return
- Number of employees and accounts

##### Qualitative Criteria

LPL evaluates qualitative criteria, including but not limited to:

- Years in the business
- Assets under management
- Investment philosophy
- Risk controls
- Legal and compliance issues

##### Infrastructure Criteria

LPL reviews infrastructure criteria to assess whether a SMA Portfolio Manager or Model Advisor can handle operational requirements, including but not limited to:

- Composite calculation methodology
- Trade rotation policy
- Back office review
- Client servicing resources
- Firm-wide program commitment

#### Additional Criteria for Recommended Managers and Model Advisors

SMA Portfolio Managers and Model Advisors that are "Recommended" by LPL Research are subject to a more rigorous selection and review process than the criteria set out above that applies to all SMA Portfolio Managers and Model Advisors available in the program. In addition to the criteria noted above, additional evaluation criteria for Recommended SMA Portfolio Managers or Model Advisors include:

- Sound investment philosophy and process that drives performance
- Consistency of returns and risk
- Qualitative assessment of the investment manager and team



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Clients should speak to the IAR regarding whether the SMA Portfolio Manager or Model Advisor being considered for selection or that has been selected by the client is Recommended or Participating.

#### LPL as a Model Advisor

Clients may invest in Model Portfolios designed by LPL's Research Department ("LPL Research"). It is important to note that no methodology or investment strategy is guaranteed to be successful or profitable. LPL Research designs different types of Model Portfolios to meet different investor needs. LPL Research Model Portfolios are built by seeking certain quantitative characteristics for each portfolio. LPL Research's Model Portfolios are each designed to hold constituents of a specific underlying index. LPL Research looks for specific characteristics or investment factors of the constituents within the index and designs a Model Portfolio to capture the investment results of that characteristic or factor. For example, one such Model Portfolio seeks to have index-like representation to reasonably track large cap index returns such as the Russell 1000 Index, while another focuses on dividends by seeking a yield premium over the index.

The LPL Research Model Portfolios are managed tactically, which means they are flexible and are designed to help take advantage of short-, mid-, and long-term opportunities the markets present and are intended for clients who wish to take advantage of shorter-term market opportunities and are not opposed to the prospect of trading as frequently as monthly.

The participation of LPL's Research Department as a Model Advisor under the MP Platform also gives rise to conflicts of interests because LPL has a financial incentive to select its internal team and further grow its assets under management. Although LPL does not charge a separate fee for its services as Model Advisor, as assets under management at LPL increase, the firm is able to achieve greater efficiencies and economies of scale with regards to the research and management services that it provides to clients.

#### Removal of a SMA Portfolio Manager or Model Advisor

LPL may elect to remove or replace a SMA Portfolio Manager or Model Advisor should it determine that the firm has failed to meet one or more of the above selection criteria or if the SMA Portfolio Manager or Model Advisor has failed to maintain sufficient assets under management at LPL to maintain profitability on the Platform. In making a decision to remove or replace a SMA Portfolio Manager or Model Advisor, LPL takes into consideration all criteria; no one criteria, other than the maintenance of assets under management at LPL, is necessarily determinant in the decision. Short-term developments are monitored but are not necessarily sufficient for a decision to remove or replace a SMA Portfolio Manager or Model Advisor. While LPL would have the authority to remove the LPL Research Department as a Model Advisor, it is unlikely to do so.

#### Portfolio Manager Performance

LPL's Research Department uses information provided by the SMA Portfolio Manager or Model Advisor and may also use independent, third party databases when evaluating a SMA Portfolio Manager or Model Advisor. In order for a SMA Portfolio Manager or Model Advisor to be selected for the Platforms, LPL generally requires a third party verification letter related to compliance of the firm's performance information with Global Investment Performance Standards (GIPS) or a similar letter indicating that the performance information has been audited by an independent auditor. This requirement may be waived by LPL for various reasons including alternative methods of verifying the experience and/or performance of the SMA Portfolio Manager or Model Advisor. SMA Portfolio Manager and Model Advisor performance information is not calculated on a uniform and consistent basis.

LPL does not calculate the performance record of the SMA Portfolio Manager or Model Advisor. However, LPL provides clients with individual performance information. Performance information distributed by LPL is compiled using third party portfolio accounting and reporting software. Client performance is reported on a time weighted basis. Performance reports are intended to inform clients as to how their investments have performed for a period, both on an absolute basis and compared to leading investment indices.





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It is important to note that third-party Model Advisors provide Model Portfolios to LPL, and it is LPL that has discretion for trade implementation and execution in MP Platform accounts. Therefore, Model Portfolios submitted to LPL by third-party Model Advisors represent activity that has already been implemented on behalf of other clients of such Model Advisors. Because of this fact and because LPL (and not the third-party Model Advisor) has discretionary authority to implement trades, performance of an MP Platform account will differ from and may be worse than the performance of such Model Advisor’s discretionary accounts.

Investment Strategies

SMA Portfolio Managers and Model Advisors may provide advisory services or models based on the following types of investment strategies. It is important to note that no methodology or investment strategy is guaranteed to be successful or profitable.

All Cap Core	Global Equity	Large Cap Value	Small Cap Blend
All Cap Growth	Growth Equity	Mid Cap Core	Small Cap Growth
All Cap Value	Income Preferred	Mid Cap Growth	Small Cap Value
Balanced	Large Cap Core	Mid Cap Value	Tax Free Fixed Income
Convertibles	Large Cap Foreign	REIT	Taxable Fixed Income
Global Balanced	Large Cap Growth	Sector	

Types of Investments and Risks

In Manager Select, LPL (in the case of the MP Platform) or SMA Portfolio Managers (in the case of the SMA Platform) may invest in many different types of securities, including equities, fixed income securities, options, mutual funds, closed-end funds, interval funds and ETFs. Investing in securities involves the risk of loss that clients should be prepared to bear. Described below are some risks associated with investing and particular risks associated with some types of investments available in the program.

- *Market Risk.* This is the risk that the value of securities owned by an investor may go up or down, sometimes rapidly or unpredictably, due to factors affecting securities markets generally or particular industries.
- *Interest Rate Risk.* This is the risk that fixed income securities will decline in value because of an increase in interest rates; a bond or a fixed income fund with a longer duration will be more sensitive to changes in interest rates than a bond or bond fund with a shorter duration.
- *Credit Risk.* This is the risk that an investor could lose money if the issuer or guarantor of a fixed income security is unable or unwilling to meet its financial obligations.
- *Liquidity Risk.* This is the risk that an investor would not be able to sell or redeem an investment quickly, or would not be able to sell or redeem an investment quickly without significantly affecting the price. Liquidity risk is heightened when markets are distressed. Generally, alternative investments have higher liquidity risk than equities, fixed income securities or mutual funds or ETFs.
- *Issuer-Specific Risk.* This is the risk that the value of an individual security or particular type of security can be more volatile than the market as a whole and can perform differently from the value of the market as a whole.
- *Investment Company Risk.* To the extent a client account invests in ETFs or other investment companies, its performance will be affected by the performance of those other investment companies. Investments in ETFs and other investment companies are subject to the risks of the investment companies’ investments, as well as to the investment companies’ expenses. If a client account invests in other investment companies, the client account may receive distributions of taxable gains from portfolio transactions by that investment company and may recognize taxable gains from transactions in shares of that investment company, which would be taxable when distributed.
- *Concentration Risk.* To the extent a client account concentrates its investments by investing a significant portion of its assets in the securities of a single issuer, industry, sector, country or region, the overall adverse impact on the client of



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adverse developments in the business of such issuer, such industry or such government could be considerably greater than if they did not concentrate their investments to such an extent.

- **Sector Risk.** To the extent a client account invests more heavily in particular sectors, industries, or sub-sectors of the market, its performance will be especially sensitive to developments that significantly affect those sectors, industries, or sub-sectors. An individual sector, industry, or sub-sector of the market may be more volatile, and may perform differently, than the broader market. The several industries that constitute a sector may all react in the same way to economic, political or regulatory events. A client account's performance could be affected if the sectors, industries, or sub-sectors do not perform as expected. Alternatively, the lack of exposure to one or more sectors or industries may adversely affect performance.
- **Closed-End/Interval Funds.** Clients should be aware that closed-end funds available within the program may not give investors the right to redeem their shares, and a secondary market may not exist. Therefore, clients may be unable to liquidate all or a portion of their shares in these types of funds. While the fund may from time to time offer to repurchase shares, it is not obligated to do so (unless it has been structured as an "interval fund"). In the case of interval funds, the fund will provide limited liquidity to shareholders by offering to repurchase a limited amount of shares on a periodic basis, but there is no guarantee that clients will be able to sell all of the shares in any particular repurchase offer. The repurchase offer program may be suspended under certain circumstances.
- **Cyber Security Risk.** Failures or breaches of the electronic systems of securities market participants or the issuers of securities can cause significant losses for investors.
- **Debt Securities.** Debt securities, such as bonds, involve interest rate risk, credit risk, extension risk, prepayment risk, and other types of risks. In addition, the value of debt securities may fluctuate in response to market movements or issues that affect particular industries or issuers. When interest rates fall, the issuers of debt securities may prepay principal more quickly than expected, and investors may have to reinvest the proceeds at a lower interest rate. This is known as "prepayment risk." When interest rates rise, debt securities may be repaid more slowly than expected, and the value of the debt security can fall sharply. This is known as "extension risk." Certain types of debt securities may be subject to "call and redemption risk," which is the risk that the issuer may call a bond for redemption before it matures and the investor may lose income.
- **Equity Securities.** Common and preferred stock represents the equity ownership of a company. Stock markets are volatile and the price of equity securities fluctuates based on changes in a company's financial condition and overall market and economic conditions. The value of equity securities may also decline due to factors that affect particular industries or particular issuers. The values of equity securities may be more volatile than those of other asset classes.
- **Exchange-Traded Funds (ETFs).** ETFs are typically investment companies that are legally classified as open end mutual funds or UITs. However, they differ from traditional mutual funds, in particular, in that ETF shares are listed on a securities exchange. Shares can be bought and sold throughout the trading day like shares of other publicly-traded companies. ETF shares may trade at a discount or premium to their net asset value. This difference between the bid price and the ask price is often referred to as the "spread." The spread varies over time based on the ETF's trading volume and market liquidity, and is generally lower if the ETF has a lot of trading volume and market liquidity and higher if the ETF has little trading volume and market liquidity. Although many ETFs are registered as an investment company under the Investment Company Act of 1940 like traditional mutual funds, some ETFs, in particular those that invest in commodities, are not registered as an investment company. ETFs may be closed and liquidated at the discretion of the issuing company.
- **Exchange-Traded Notes (ETNs).** An ETN is a senior unsecured debt obligation designed to track the total return of an underlying market index or other benchmark. ETNs may be linked to a variety of assets, for example, commodity futures, foreign currency and equities. ETNs are similar to ETFs in that they are listed on an exchange and can typically be bought or sold throughout the trading day. However, an ETN is not a mutual fund and does not have a net asset value; the ETN trades at the prevailing market price. Some of the more common risks of an ETN are as follows. The repayment of the principal, interest (if any), and the payment of any returns at maturity or upon redemption are dependent upon the ETN issuer's ability to pay. In addition, the trading price of the ETN in the secondary market may be adversely impacted if the issuer's credit rating is downgraded. The index or asset class for performance replication in an ETN may or may not be concentrated in a specific



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sector, asset class or country and may therefore carry specific risks. ETNs may be closed and liquidated at the discretion of the issuing company.

- *Leveraged and Inverse ETFs, ETNs and Mutual Funds.* Leveraged ETFs, ETNs and mutual funds, sometimes labeled “ultra” or “2x” for example, are designed to provide a multiple of the underlying index's return, typically on a daily basis. Inverse products are designed to provide the opposite of the return of the underlying index, typically on a daily basis. These products are different from and can be riskier than traditional ETFs, ETNs and mutual funds. Although these products are designed to provide returns that generally correspond to the underlying index, they may not be able to exactly replicate the performance of the index because of fund expenses and other factors. This is referred to as tracking error. Continual re-setting of returns within the product may add to the underlying costs and increase the tracking error. As a result, this may prevent these products from achieving their investment objective. In addition, compounding of the returns can produce a divergence from the underlying index over time, in particular for leveraged products. In highly volatile markets with large positive and negative swings, return distortions may be magnified over time. Some deviations from the stated objectives, to the positive or negative, are possible and may or may not correct themselves over time. To accomplish their objectives, these products use a range of strategies, including swaps, futures contracts and other derivatives. These products may not be diversified and can be based on commodities or currencies. These products may have higher expense ratios and be less tax-efficient than more traditional ETFs, ETNs and mutual funds.
- *High-Yield Debt.* High-yield debt is issued by companies or municipalities that do not qualify for “investment grade” ratings by one or more rating agencies. The below investment grade designation is based on the rating agency's opinion of an issuer that it has a greater risk to repay both principal and interest and a greater risk of default than those issuers rated investment grade. High yield debt carries greater risk than investment grade debt. There is the risk that the potential deterioration of an issuer's financial health and subsequent downgrade in its rating will result in a decline in market value or default. Because of the potential inability of an issuer to make interest and principal payments, an investor may receive back less than originally invested. There is also the risk that the bond's market value will decline as interest rates rise and that an investor will not be able to liquidate a bond before maturity.
- *Options.* Option trading is permitted in the Program. Clients should be aware that the use of options involves additional risks. The risks of covered call writing include the potential for the market to rise sharply. In such case, the security may be called away and a Program account will no longer hold the security. When purchasing options there is the risk that the entire premium paid (the purchase price) for the option can be lost if the option is not exercised or otherwise sold prior to the option's expiration date. When selling (or “writing”) options, the risk of loss can be much greater if the options are written uncovered (“naked”). The risk of loss can far exceed the amount of the premium received for an uncovered option and in the case of an uncovered call option the potential loss is unlimited.
- *Other Complex Exchange Traded Products.* Certain clients meeting qualification standards may also purchase other complex exchange traded products, which may be structured as ETFs, ETNs or as other types of securities. Similar to leveraged and inverse products, these other complex products differ, often significantly, from traditional ETFs, ETNs and mutual funds and can be significantly more speculative and volatile. Other complex exchange traded products are often not designed to be held long term. These products include, for example, futures-linked exchange traded products (“Futures Linked ETPs”) and cryptocurrency-related exchange traded products (“Cryptocurrency ETPs”). Futures Linked ETPs are intended to provide exposure to reference assets like commodities. However, Futures Linked ETPs are not designed to track the spot price of the referenced asset, but instead track the price of futures contracts. The performance of a Futures Linked ETP may deviate significantly from the performance of the spot price of the reference asset, especially over longer periods. Cryptocurrency ETPs are exposed to cryptocurrency, decentralized digitized assets that often rely on blockchain technology. Cryptocurrency ETPs are highly speculative and extremely volatile. Cryptocurrency is part of a new and evolving industry, and neither the technology nor regulatory regime for cryptocurrency is settled. Cryptocurrency ETPs may trade in over-the-counter markets and may not be afforded all of the investor protections of other exchange-traded products. Certain Futures Linked ETPs invest in cryptocurrency futures, which could magnify the risks described above.



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- *Pledging Assets.* LPL has partnered with certain banks to help facilitate clients' access to collateralized non-purpose lines of credit; however, clients are not required to use the banks in LPL's program, and can work directly with other banks ("non-partner banks") to negotiate loan terms or obtain other financing arrangements. Clients who choose to use non-partner banks should notify Advisor of the amount of the line of credit. In these collateralized lending arrangements, clients borrow from the bank and pay interest to the bank. In some cases, Advisor, through IAR, may recommend that a client seeking to access funds (for purposes other than purchasing securities) hold his securities investments and instead utilize a non-purpose line of credit collateralized by the assets in his advisory account. Unless Advisor, through IAR, specifically recommends that a client hold his securities investments and instead utilize a collateralized line of credit to access funds, the decision regarding whether to arrange for a collateralized loan and the decision to draw down on such a loan are not covered by a client's advisory relationship with LPL or Advisor. While Advisor, through IAR, may assist the client with facilitating a line of credit, clients are responsible for independently evaluating the terms of the loan and deciding whether the loan meets their needs. Clients also should be aware that pledging assets in an account to secure a loan involves additional risks. The bank holding the loan has the authority to liquidate all or part of the securities at any time without your prior notice in order to maintain required maintenance levels, or to call the loan at any time. As a practical matter, this may cause you to sell assets and realize losses in a declining market. Moreover, the ability of Advisor and IAR to make recommendations for the account may be restricted by collateral requirements imposed by the bank. These restrictions or a forced liquidation may interfere with your long term investment goals and/or result in adverse tax consequences. Further, you should note that the returns on accounts or on pledged assets may not cover the cost of loan interest and advisory fees. Clients should be aware that LPL's collateralized loan program is one way, among many, for clients to raise necessary cash. Before pledging assets in an account, clients should carefully review the loan agreement, loan application and any forms required by the bank and any other forms and disclosures provided by LPL. For a list of the banks currently participating in LPL's collateralized lending program, please visit [lpl.com/disclosures.html](http://lpl.com/disclosures.html), click on "Account Disclosures, Agreements, Fee Schedules & Conflicts of Interest," and then "Third Party Compensation and Related Conflicts of Interest."
- *Blockchain Technology.* Blockchain is a novel technology for which its uses, opportunities, applications, and abilities are unknown and unproven. There can be no assurances that companies investing in this technology will be able to benefit from it. The amount and type of investment restrictions are subject to change and manager's acceptance. Companies investing in blockchain tend to be concentrated in the technology and financials sectors. As a result, the portfolio will be subject to the concentration risk described above and the portfolio's performance may vary materially from that of its MSCI World Index benchmark. This portfolio invests in American depositary receipts (ADRs), negotiable certificates traded on a U.S. exchange which are issued by U.S. banks and which represent a specified number of shares (or one share) in a foreign stock. As a result, the portfolio will be subject to the Non-U.S. securities risk described below.
- *Foreign Securities Risk.* Foreign investments involve special risks not present in U.S. investments that increase an investor's potential to lose money. Among other issues, custody of securities in foreign markets, changes in foreign currency exchange rates, foreign economic and market conditions, actions adverse to investors taken by foreign governments, lack of governmental oversight or regulation of securities markets, underdeveloped settlement and clearing services, and foreign withholding taxes may negatively affect the value of investments in foreign securities
- *Values-Based and Environmental, Social and Governance (ESG) Investing Risk.* Values-based investing or ESG investing, also known as "socially responsible investing," "sustainable investing," or "impact investing," focuses on the social values or environmental, social, and governance standards or the sustainability factors of an investment. Some values-based investing strategies focus on factors relating to an individual investor's personal or religious values, such as "biblical investing," while other strategies focus on issues like environmental impact. Some values-based investment strategies use values-based criteria to supplement financial analysis when considering a particular issuer or security, while others affirmatively select "socially responsible" investments or screen out or exclude investments in companies that engage in certain activities. Values-based investing may limit the type and number of investments available in a strategy and cause the strategy to underperform other strategies without a values-based focus or with a focus that involves a different type of focus or screening methodology. Values-based strategies may underperform the market as a whole. Companies and issuers selected



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in a values-based strategy may not or may not continue to demonstrate values-based characteristics. Different investors likely have different opinions about what types of investments are socially responsible.

- **Comparable Products.** LPL offers various mutual funds, ETFs, and other investment products that have similar or identical investment strategies but different fee and expense arrangements. For example, LPL sells both mutual funds and ETFs that are designed to track an index of securities, such as the S&P 500 Index. A mutual fund and an ETF following an identical strategy have different fees and expenses that affect your investment return. Those fees and expenses include direct costs like sales loads, commissions, and other transaction costs, and indirect costs at the product level like advisory or management fees, distribution expenses (12b-1 fees), and other administrative, shareholder servicing and transfer agent fees. The impact of those fee and expenses on your investment returns also varies based on the size of your initial investment, the length of time you hold the investment, and other factors. The differences in fees and expenses, and additional differences in compensation paid directly by product sponsors like revenue sharing, mean that LPL and Advisor generally will earn more compensation for selling one investment product than another. As a result, LPL and Advisor have a conflict of interest because of the financial incentive to recommend investment products that pay more compensation if a less expensive comparable product could be used to achieve a customer's investment objective.

#### Voting Client Securities

In the case of the SMA Platform, the SMA Portfolio Manager, and not LPL, is responsible for voting proxies with respect to issuers held in an account, unless a client directs otherwise in writing. The SMA Portfolio Manager, and not LPL, likewise determines how to respond to any voluntary corporate actions. LPL does not assume responsibility for reviewing the SMA Portfolio Manager's proxy voting decisions or policies, including for compliance with law.

In the case of the MP Platform, unless a client instructs otherwise, LPL will vote proxies on the client's behalf. LPL has adopted policies and procedures in order for LPL to vote securities in the best interest of clients. LPL engages third party vendor(s) to make proxy voting recommendations and handle the administrative functions of voting proxies. Although LPL retains authority to vote client proxies, it is LPL's general policy to vote according to the recommendations of its third party proxy advisor vendor, so long as LPL reasonably determines that doing so is in the client's best interest. Any exceptions to this general policy are referred to LPL's Research Department, which makes the determination as to whether or how to vote the proxy in accordance with the best interest of the client. If the client is an employee benefit plan subject to ERISA, LPL will vote client proxies in accordance with LPL's obligations under ERISA and applicable Department of Labor Regulations. A copy of LPL's proxy voting policies is available upon request to Advisor through its IAR. A client can obtain information about how LPL voted with respect to securities held in the client's account by contacting the IAR.

If a client elects to retain the right and obligation to vote proxies and receive mutual fund shareholder reports, LPL is reimbursed by the proxy issuer or mutual fund for the delivery costs to send proxies and shareholder reports to the client. The maximum fee that can be charged for delivery is set by New York Stock Exchange (NYSE) rules. If LPL uses a vendor to perform the delivery, the vendor seeks reimbursement from the proxy issuer or mutual fund on LPL's behalf and in certain cases remits a portion of the reimbursement to LPL.

In the case of voluntary corporate actions, LPL intends to follow the instructions or default election of third party Model Advisors without reviewing individual client interests, unless LPL believes that such instructions are overtly contrary to our clients' best interests. In such case, LPL will determine whether or how to act consistent with the best interests of our clients.

LPL, Advisor, IARs and Model Advisors are not obligated to render any advice or take any action on behalf of a client with respect to any legal proceedings, including bankruptcies, involving securities or other investments held in the Account, or issuers thereof. The client retains the right and obligation to take action with respect to legal proceedings relating to securities held in the Account.





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#### ITEM 7 CLIENT INFORMATION PROVIDED TO PORTFOLIO MANAGERS

When a client opens a Manager Select account, Advisor through its IARs obtains the necessary financial data from the client and assists the client in setting an appropriate investment objective for the account. The Advisor through its IARs obtains this information by having the client complete an Account Application which is a part of the Account Agreement. In the case of SMA Platform accounts, LPL forwards this information to the selected SMA Portfolio Manager. In the case of MP Platform accounts, the IAR uses this information to recommend an investment strategy and Model Portfolio for the account. LPL typically will not provide client information to third-party Model Advisors.

After the account opening, LPL asks clients quarterly to contact the Advisor if there have been any changes in the client's financial situation or investment objectives or if the client wishes to impose any reasonable restrictions on the management of the account or modify existing restrictions. If client communicates to the Advisor or its IARs regarding material changes in the client's financial circumstances, investment objective or investment restrictions, such information is forwarded to the SMA Portfolio Manager. Clients may communicate such information to the Advisor or its IARs, or otherwise communicate directly with the SMA Portfolio Manager, although clients are encouraged to direct communication through the Advisor and its IARs.

Client should be aware that the investment objective selected for the program in the Account Application is an overall objective for the entire account and may be inconsistent with a particular holding and the account's performance at any time. Client should further be aware that achievement of the stated investment objective is a long-term goal for the account.

#### ITEM 8 CLIENT CONTACT WITH PORTFOLIO MANAGERS

In the case of SMA Platform accounts, SMA Portfolio Managers are reasonably available to consult with IARs and clients regarding accounts. Clients may consult directly with the SMA Portfolio Manager, although clients are encouraged to direct contact with SMA Portfolio Manager through Advisor and its IAR.

In the case of MP Platform accounts, because the Model Advisor's role is solely to provide Model Portfolios to LPL, and not to provide individualized discretionary advisory services to MP Platform clients, third party Model Advisors generally are not available to be contacted or consulted by MP Platform clients.

#### ITEM 9 ADDITIONAL INFORMATION

##### Disciplinary Information

LPL entered into a settlement with the SEC in connection with LPL's failure to comply with its Customer Identification Program procedures. The SEC found that LPL willfully violated Section 17(a) of the Exchange Act and Rule 17a-8 thereunder and was a cause of a third party's violations of Sections 17(a)(2) and (3) of the Securities Act and Section 206(2) of the Advisers Act. The SEC ordered LPL to cease and desist from committing or causing any further violations of these laws and regulations, censured LPL for its conduct, and ordered the payment of disgorgement and prejudgment interest totaling \$141,202 (deemed satisfied based on LPL's voluntary remedial payment of \$4,118,876 to the impacted client), and the payment of a civil money penalty of \$750,000.

As part of a voluntary self-reporting initiative in 2019, LPL entered into a settlement with the SEC in which the SEC found that LPL willfully violated Section 206(2) and 207 of the Investment Advisers Act of 1940 (the "Advisers Act") in connection with inadequate disclosure to clients of its and its associated persons' conflicts of interest related to its receipt of 12b-1 fees and/or its selection of mutual fund share classes that pay such fees. The SEC ordered LPL to cease and desist from committing or causing any violations of Sections 206(2) and 207 of the Advisers Act, censured it for its conduct, and ordered the payment of disgorgement and prejudgment interest to affected investors totaling \$9,333,516.

LPL, as a broker-dealer, is a member of FINRA and has found to be in violation of FINRA's rules related to its brokerage activities. In particular, LPL consented to sanctions related to the following matters:

- LPL's supervisory systems and maintenance of books and records relating to brokerage direct business transactions, supervisory systems and misstatements about fees relating to brokerage product switch transactions, and supervisory systems





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relating to brokerage recommendations of publicly traded securities of business development companies (BDCs) to customers, resulting in a censure, a fine of \$5.5 million, restitution to impacted customers, and an undertaking to certify that LPL has remediated the systems and procedures for making recommendations of BDCs (2023).

- LPL's supervisory systems and procedures relating to the transmittal of customer funds by wire or check to third parties and maintenance of related books and records, resulting in a censure, a fine of \$3,000,000, restitution to impacted clients, and an undertaking to identify and pay restitution to affected customers for certain other improper transfers (2023).
- LPL's failure to accurately calculate its customer reserve requirement, failure to maintain a sufficient customer reserve, failure to maintain policies and procedures reasonably designed to achieve compliance with the Securities and Exchange Act and FINRA rules, and failure to maintain accurate books and records, resulting in a censure and a fine of \$300,000 (2022).
- LPL's self-reporting of potential issues related to certain C-share purchase suitability reviews and its supervisory systems and procedures relating to waivers of front-end sales charges for rollovers of 529 savings plan investments from one state plan to another, resulting in a censure and payment of restitution to impacted customers (2021).
- LPL's supervisory systems and procedures relating to record retention, fingerprinting and screening of certain associated persons, and supervision of consolidated reports, resulting in a censure, a fine of \$6,500,000 and an undertaking to review and enhance related policies, systems and procedures (2020).
- LPL's supervisory systems and procedures relating to changes in the authority of custodians of accounts established under the Uniform Gifts to Minors Act and/or the Uniform Transfers to Minors Act, resulting in a censure, a fine of \$300,000, and an undertaking to review and enhance its policies, systems, and procedures related to supervision of such accounts (2019).
- The effectiveness of LPL's anti-money laundering program, LPL's failure to amend certain Forms U4 and U5, and LPL's systems and supervisory procedures relating to Forms U4 and U5 reporting requirements, resulting in a censure and a fine of \$2,750,000 and an undertaking to review the process used to disclose customer complaints on Forms U4 and U5 (2018).
- LPL's brokerage supervisory and disclosure procedures related to the sale of certain brokered certificates of deposit in brokerage accounts, resulting in a censure and a fine of \$375,000 (2018).
- LPL's systems and supervisory procedures relating to the creation and distribution of certain required account notices, resulting in a censure, a fine of \$900,000, and an undertaking to review affected processes (2016).
- LPL's systems and supervisory procedures relating to the format in which certain electronic records were retained, resulting in a censure and a fine of \$750,000 (2016).
- LPL's various brokerage supervisory procedures, including those related to the sale of complex non-traditional ETFs, variable annuity ("VA") contracts, real estate investment trusts ("REITs") and other products in brokerage accounts, as well as LPL's failure to monitor and report trades and deliver trade confirmations, resulting in a censure and a fine of \$10,000,000, and restitution of \$1,664,592 (2015).
- LPL's processing and supervision of the sale of alternative investments, including non-traded REITs, resulting in a censure and a fine of \$950,000 (2014).
- LPL's systems and procedures related to the review and retention of email, resulting in a censure, a fine of \$7.5 million, and establishment of a fund of \$1.5 million to cover payments to eligible former brokerage customer claimants who may not have received all emails in connection with their claim (2013).

LPL, as a broker-dealer, is regulated by each of the 50 states and has been the subject of orders related to the violation of state laws and regulations in connection with its brokerage activities. In particular, LPL entered into consent orders related to the following matters:

- LPL's supervision of electronic signature practices at an LPL branch office in Massachusetts, resulting in a fine of \$250,000 and an undertaking to conduct an internal review of certain related policies and procedures (Massachusetts or "MA", 2023).
- LPL's supervision of an LPL broker-dealer/investment adviser agent's sales of structured products, resulting in a censure, an offer of restitution to impacted clients, and a fine of \$125,000 (Texas, 2022).



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- LPL's supervision of two LPL broker-dealer and/or investment adviser agents who pled guilty to charges of fraudulent practices with LPL customers, resulting in a cease and desist order, a fine of \$350,000 and a \$150,000 contribution for financial literacy and investor education initiatives, training and related materials (Connecticut, 2021).
- LPL's supervision of an LPL representative under a heightened supervision plan, resulting in a cease and desist order; a fine of \$275,000; payments of restitution, disgorgement and investigative costs; and offers of payment of surrender charges in connection with variable annuity contracts for impacted customers (New Hampshire or "NH", 2020).
- LPL's failure to timely register (or maintain the registration of) certain agents in MA and failure to amend Forms U4 and U5 for certain agents registered in MA, resulting in a censure, a fine of \$1,100,000, and an undertaking to review and enhance its policies and procedures related to registering its agents in MA and filing reportable events (MA, 2019).
- LPL's brokerage supervisory procedures relating to email review and annual branch office examinations, resulting in a civil penalty of \$450,000 and an undertaking for third-party review of related processes (Indiana, 2018).
- The sale of unregistered, non-exempt securities in violation of state registration requirements, resulting (upon entry of the individual consent order) in payment to each participating state or jurisdiction of a civil penalty of \$499,000, reimbursement of certain investigative expenses, remediation through repurchase of certain securities and payment of losses to certain affected customers, and certain additional undertakings (Settlement with up to 53 members of the North American Securities Administrators Association (NASAA), 2018).
- The sale of non-traded alternative investments in excess of prospectus standards or LPL's internal guidelines and the maintenance of related books and records, resulting in a censure, a fine of \$950,000, a \$25,000 contribution to an investor education fund and remediation of losses to impacted customers (New Jersey, 2017).
- LPL's supervisory practices for LPL representatives located on the premises of a credit union, resulting in a censure, a fine of \$1,000,000, and an undertaking to avoid investor confusion specific to the name under which the credit union does business and review LPL's related policies and procedures (MA, 2017).
- LPL's oversight of certain VA transactions, resulting in a censure, a fine of \$975,000, restitution to clients and former clients of an LPL representative, disgorgement of commissions retained by LPL in connection with such IAR's VA sales, and an undertaking to review such representative's brokerage and advisory activities and LPL's related policies and procedures (MA, 2017).
- The sale in brokerage accounts of non-traded REITs in excess of prospectus standards, state concentration limits or LPL's internal guidelines, resulting in an aggregate civil penalty of \$1,425,000, reimbursement of certain investigative expenses and remediation of losses to impacted customers (Global settlement with certain members of NASAA, 2015).
- The sale of non-traded REITs in excess of prospectus standards, state concentration limits or LPL's internal guidelines, resulting in an administrative fine of \$250,000, reimbursement of investigative costs of \$250,000, a \$250,000 contribution to an investor education fund and remediation of losses to impacted customers (NH, 2015).
- The sale of leveraged and inverse leveraged ETFs ("Leveraged ETFs"), resulting in an administrative fine of \$50,000 (Delaware), a penalty of \$200,000 (MA), restitution to Delaware customers in an amount up to \$150,000, restitution to MA customers in an amount up to \$1,600,000, and an agreement to make certain changes in its supervisory system with respect to Leveraged ETFs (2015).
- Failure to implement procedures related to the use of senior-specific titles by LPL representatives as required under MA law, resulting in a censure and a fine of \$250,000 (2015).
- Failure to detect improper and fraudulent conduct by an LPL representative, resulting in a censure, a fine of \$500,000, and restitution to impacted customers; and failure to adequately enforce supervisory procedures and maintain certain books and records required under Illinois law in connection with certain VA exchange transactions, resulting in a censure, a fine of \$2,000,000, and restitution to impacted customers (2014).



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For more information about those state events and other disciplinary and legal events involving LPL and its IARs, client should refer to Investment Advisor Public Disclosure at <https://adviserinfo.sec.gov/> or FINRA BrokerCheck at <https://brokercheck.finra.org/>.

#### Other Financial Industry Activities and Affiliations

LPL is a broker-dealer registered with FINRA and the SEC. As a broker-dealer, LPL transacts business in various types of securities, including mutual funds, stocks, bonds, commodities, options, private and public partnerships, variable annuities, real estate investment trusts and other investment products. LPL is registered to operate in all 50 states and has primarily an independent-contractor sales force of registered representatives and investment advisor representatives dispersed throughout the United States. LPL has a dedicated team of employee IARs in its home office who service certain accounts, and also a small subset of IARs who operate their own offices or are located on the premises of certain financial institutions and are employees of LPL Employee Services, LLC, an LPL-affiliated company. IARs may be registered representatives of LPL. If required for their positions with a registered broker-dealer, LPL's principal executive officers are securities licensed as registered representatives of LPL. LPL is also registered as an introducing broker with the Commodity Futures Trading Commission. In addition, LPL is qualified to sell insurance products in all 50 states.

LPL and The Private Trust Company, N.A. ("PTC"), a federally chartered non-depository bank licensed to provide trust services in all 50 states, are related persons. PTC serves as IRA custodian for program accounts set up as IRAs and receives an annual maintenance fee for this service. PTC also provides personal trustee services to clients for a variety of administrative fiduciary service, which services may relate to a program account. Because LPL and PTC are affiliated companies and share in revenues, there is a financial benefit to the companies if a client uses PTC as a custodian or for personal trustee services, or if a PTC client uses LPL as an investment advisor. PTC's IRA custodian and trustee services and related fees are established under a separate engagement between the client and PTC.

Fiduciary Trust Company of New Hampshire ("FTC"), a non-depository trust company, is a related person of LPL. FTC provides custodial and various other recordkeeping and services to IRAs and certain employer-sponsored plans maintained through non-Manager Select Program accounts. Because LPL and FTC are affiliated companies and share in revenues, there is a financial benefit to the companies if a client is referred to or otherwise elects to engage with FTC for services under another LPL program, and uses LPL as the investment advisor or broker-dealer. FTC's custodial and recordkeeping services and related fees are established under a separate engagement between the client and FTC.

Fortigent, LLC ("Fortigent"), is a registered investment advisor and related person of LPL. From time to time, LPL registered representatives may enter into agreements with Fortigent for research and reporting services.

#### Code of Ethics and Personal Trading

LPL has adopted a code of ethics that includes guidelines regarding personal securities transactions of its employees and IARs. The code of ethics permits LPL employees and IARs to invest for their own personal accounts in the same securities that LPL and IARs purchase for clients in program accounts. This presents a conflict of interest because trading by an employee or IAR in a personal securities account in the same security on or about the same time as trading by a client can disadvantage the client. LPL addresses this conflict of interest by requiring in its code of ethics that LPL employees and IARs report certain personal securities transactions and holdings to LPL. LPL has procedures to review personal trading accounts for front-running. In addition, employees in LPL's Research Department are required to obtain pre-clearance prior to purchasing certain securities for a personal account. Employees and IARs are also required to obtain pre-approval for investments in private placements and initial public offerings. A copy of the LPL code of ethics is available to clients or prospective clients upon request and is available at [lpl.com/disclosures.html](http://lpl.com/disclosures.html).

#### Participation or Interest in Client Transactions

In the case of the SMA Platform, LPL, as principal, buys securities from and sells securities to clients in SMA Platform accounts. This practice could put LPL in a position where its own interests are in conflict with clients. However, LPL is not a market maker in securities and does not carry an inventory. In addition, it is the SMA Portfolio Manager (and not LPL) who as investment advisor



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determines the securities to be traded in the account. It is also the SMA Portfolio Manager who has a duty of best execution in negotiating transactions for clients.

When LPL executes trades for an SMA Portfolio Manager in a principal capacity on the SMA Platform, it receives a markup or markdown on the transaction. This means, for example, if LPL sells a security at a price higher than what LPL paid, LPL will earn a markup. Conversely, if LPL buys a security at a price lower than what LPL sells it for, LPL will receive a markdown. The maximum markup or markdown that LPL receives when acting in a principal capacity in a SMA Platform account is \$2.00 per bond. In many cases, this maximum does not apply, and the actual markup or markdown is lower, typically \$1.00 per bond. Details about a markup or markdown for a particular transaction will be furnished upon request.

In the case of the MP Platform, LPL as investment advisor determines the securities to be traded in the account; however, LPL is expected to closely track the Model Portfolio, applying discretion only to address particular account issues, including tax loss harvesting, rebalancing, short-term gain avoidance, cash inflows and outflows, and tracking error from the Model Portfolio, and to ensure that investment restrictions are being followed. LPL may also apply discretion to deviate from the model portfolios in accounts, in which it is not possible or impractical to be invested in all of a model's holdings, for example in smaller accounts. Though LPL also processes securities transactions, as broker-dealer, for MP Platform accounts, LPL does not charge commissions.

Purchases of mutual fund shares are typically processed through LPL's proprietary account resulting in such purchases being characterized as principal transactions for certain reporting purposes. In such case, the shares will be purchased at the fund's net asset value, and no additional charges will be applied to such transactions as a result of the firm's use of a proprietary account for the mutual fund purchase.

For certain ETFs and stocks, LPL executes trades in fractional shares of those securities as an accommodation to clients. There is not an active open market for fractional shares, and executing trades with LPL is most often the only form of liquidity for a client that holds fractional shares in his or her account. LPL does not receive any compensation in addition to advisory fees for executing trades in fractional shares for a client's advisory account. LPL will only buy and sell fractional shares when: a client is also trading whole shares of the security; in connection with a dividend reinvestment plan; or to sell remaining fractional shares to close a position. Trades in whole and fractional shares typically happen on the same day and will be executed at the same price as a trade in whole shares, or otherwise at market closing price.

LPL's parent company, LPL Financial Holdings Inc., is a publicly traded company. SMA Portfolio Managers are not prevented from purchasing LPL Financial Holdings Inc. stock in Manager Select accounts. In addition, a Manager Select account may include a mutual fund or ETF that holds LPL Financial Holdings Inc. stock as an underlying investment, for example, an ETF that seeks to replicate the performance of an investment services index that includes LPL Financial Holdings Inc.

#### **12b-1 Fees; Recordkeeping Services and Compensation; Revenue Sharing Arrangements.**

Some mutual funds and Program Share Classes in Manager Select charge shareholders a 12b-1 fee. To the extent a mutual fund or a Program Share Class charges a 12b-1 fee, the fee will be paid to LPL by the mutual fund. Any 12b-1 fees paid to LPL by mutual funds (other than the Sweep Funds) will be credited to the account.

LPL performs recordkeeping, administrative services, and shareholder on behalf of mutual funds and receives compensation for the services based on mutual fund holdings of clients. These services include establishing and maintaining accounts with the funds, facilitating settlement of funds, responding to customer inquiries and requests, and maintaining sub-account records reflecting the issuance, exchange or redemption of shares by each program account. A type of recordkeeping service that LPL provides to certain mutual fund families is to process transactions on an omnibus basis, which means that LPL consolidates client trades into one daily trade with a fund, and maintains all pertinent shareholder information for the fund. In some cases LPL earns recordkeeping compensation with respect to a Program Share Class but does not earn recordkeeping compensation, or earns less recordkeeping compensation, with respect to other share classes of the same fund that are not offered through the Program. If LPL does not provide omnibus services to a mutual fund, then fund shares are traded on a networked basis, which



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means LPL submits a separate trade for each individual client trade to the fund. In that case, LPL maintains only certain elements of the fund's shareholder information.

The compensation LPL receives from a fund for recordkeeping, administrative and shareholder services is based on the amount of client assets that are invested in the fund (up to 0.30% annually), or the number of positions held by program clients in the fund (up to \$25 per position). In addition, LPL charges a setup fee to product sponsors when adding new investment products or share classes of an investment product to LPL's investment platforms. In the case of exchange traded products, LPL receives up to \$7,500 per product and up to an additional \$15,000 per product for complex exchange-traded products and ETPs that require special due diligence. In the case of mutual funds, LPL receives a one-time set up fee of up to \$40,000 to add the sponsor to its recordkeeping platform, which is the sum of a \$15,000 due diligence fee and a setup fee of \$5,000 per fund (up to a maximum of \$25,000 total for all funds).

LPL has fee arrangements with investment advisors or distributors ("sponsors") of mutual funds, ETFs, annuities, alternative investment products, and structured products that are available for purchase through the Program, called revenue sharing. Under these arrangements, the sponsor pays LPL a fee based on the amount of client sales or assets invested in the sponsor's funds or a fixed fee, and LPL provides marketing support to the sponsor and allows the sponsor to access LPL representatives so that the sponsor can promote such products. The maximum revenue sharing fee received by LPL under these arrangements is 0.15% annually, and certain sponsors also pay a tiered flat fee based on customer assets of up to \$1,000,000 in the case of ETFs. LPL does not accept revenue sharing fees for assets held in retirement accounts. LPL does not require that a sponsor participate in revenue sharing arrangements for the sponsor's products to be selected for an Account. In many cases, LPL receives compensation from a fund for the provision of services in addition to LPL's receipt of revenue sharing payments from the sponsors, including 12b-1 fees and mutual fund recordkeeping fees (described above).

Revenue sharing payments are generally higher for investment products with higher expense ratios (the overall fee paid by an investor in the product). Additionally, revenue sharing payments for some ETFs are based on management fees and will be higher for ETFs with higher expense ratios, both because LPL is paid a portion of the higher fees and because generally the percentage rate that LPL gets paid increases for investment products with higher expense ratios. As a result, LPL has an increased incentive to choose investment products that charge more in fees and to promote or recommend these investment products so that LPL earns more, and that could cause lower performance for client accounts. Other investment products with lower fees that are not party to revenue sharing agreements are available. Higher expense ratios will cause an investor to earn less on an investment than a comparable investment with a lower expense ratio. This results in a conflict of interest between clients and LPL because the revenue sharing arrangements give LPL an incentive to recommend investments that could cause lower performance for client accounts. However, these conflicts are mitigated insofar as the revenue sharing payments LPL receives are not shared with Advisor or the IAR who selects or recommends the investment products for client accounts.

The revenue that LPL receives from 12b-1 fees, recordkeeping compensation, and revenue sharing arrangements is an important revenue stream and presents conflicts of interest that affect LPL's ability to provide clients with unbiased, objective investment advice concerning the selection of funds and share classes for a Model Portfolio in the case of Model Portfolios designed by LPL. In particular, LPL has a financial incentive: (i) to select a product or a Program Share Class that charges a 12b-1 fee and/or pays recordkeeping compensation to LPL over another comparable product or a share class that does not charge 12b-1 fees or pay recordkeeping compensation; (ii) to select a product sponsored by a company that makes revenue sharing payments to LPL, instead of another comparable product whose sponsor does not make such payments; and (iii) to select a product or a Program Share Class that charges 12b-1 fees, pays recordkeeping compensation to LPL, or whose sponsor makes revenue sharing payments to LPL that, in each case, are comparatively higher than those charged or paid by another comparable fund or share class or a sponsor of such products or share classes. Such other comparable products and/or share classes may be more appropriate for a client than the product or Program Share Class offered through the Program. Additionally, LPL receives significantly more revenue sharing from fund sponsors for which LPL's clients have the largest holdings, which creates a conflict of interest for LPL to promote and recommend those investments. LPL's website at





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[lpl.com/disclosures.html](http://lpl.com/disclosures.html) identifies the mutual funds that pay recordkeeping compensation and the sponsors that make revenue sharing payments to LPL.

LPL credits to clients any 12b-1 fees it receives from mutual funds (other than the Sweep Funds), and therefore, LPL does not have an incentive to select one fund or Program Share Class over another solely on the basis of the 12b-1 fee. In addition, LPL does not share 12b-1 fees, recordkeeping fees, or revenue sharing payments with third party SMA Portfolio Managers or Model Advisors, and, therefore, there is no financial incentive for an a SMA Portfolio Manager or Model Advisor to select one fund or a Program Share Class over another comparable fund or share class on the basis of the 12b-1 fee, recordkeeping compensation, and revenue sharing payments that the fund or Program Share Class charges or provides to LPL. LPL also does not share these payments with Advisor. Although LPL does not share recordkeeping fees or revenue sharing payments with Advisor or IARs, such fees and payments will increase LPL's profits and indirectly benefit Advisor and IARs, for example by being used by LPL to support marketing or training costs.

#### Cash Sweep Arrangements

LPL makes available programs for cash in an account to be automatically swept to an interest-bearing Federal Deposit Insurance Corporation ("FDIC")-insured deposit account (or under certain unlikely circumstances, into money market mutual funds), and for certain types of accounts, a money market fund. For more information about which types of accounts are eligible to use the different sweep options, please speak to Advisor.

For accounts that sweep cash to the multi-bank insured cash account program offered by LPL (the "ICA")—LPL receives a fee equal to a percentage (up to 6%) of the average daily deposit balance in the ICA, a portion of which LPL pays to Advisor. The fee paid to LPL is applied across all ICA deposit accounts taken in the aggregate; therefore, on some accounts, fees to LPL may be higher or lower than this amount. For accounts that sweep cash to the multi-bank deposit cash account program offered by LPL (the "DCA")—LPL receives a flat monthly fee per account (approximately \$28.25 as of February 3, 2023) based upon the prevailing fed funds target rate, a portion of which LPL pays to Advisor. LPL's compensation under the DCA program is not affected by the actual cash amounts held in your account. For additional information on the ICA or DCA, please see the ICA or DCA Disclosure Booklet available from Advisor. The fees paid to LPL for its sweep programs reduces the interest rate paid on your cash funds, and depending on the interest rate and other market factors, LPL may receive a majority of the interest as fees.

For ICA Overflow Balances maintained in Client Cash Accounts, LPL makes money depending on how those free credit balances are invested or deposited. Pursuant to Rule 15c3-3, LPL can (i) deposit cash balances into a segregated deposit account at its banks, thereby making interest on the Client Cash Account balances deposited, or (ii) invest the cash balances in securities backed by the full faith and credit of the U.S. government, thereby making money on any yield generated by such securities. The amount LPL will earn from these sources will vary based on market forces and the contracts for deposit arrangements that LPL is able to secure with its banks. LPL may use both or either of these vehicles at its sole discretion. Any amounts LPL receives pursuant to these sources will be reduced by the interest payable to you on such Client Cash Account balances, and further reduced by the cost of borrowing any funds necessary to meet its reserve requirements under Rule 15c3-3. For example, LPL may earn interest or a return by investing in short-term U.S. Government or Agency instruments or by using these balances to fund margin loans to its customers at a lower funding cost than would otherwise be the case.

For DCA Overflow Balances maintained in GSAM, LPL receives compensation of up to 0.45% annually of the LPL client assets invested in GSAM in connection with recordkeeping and other services it provides for the funds.

For the narrow set of accounts that are set up for cash to sweep to a money market fund -- the available Sweep Funds typically pay higher 12b-1 fees than other money market funds. With respect to the J.P. Morgan U.S. Government Money Market Fund, LPL receives compensation of up to 0.25% annually of the LPL client assets invested in the Sweep Funds for services it provides for the fund. Together, the 12b-1 fees, recordkeeping fees, marketing support payments, and other compensation from Sweep Funds and their sponsors, allow LPL to receive up to 1% annually of LPL client assets in the Sweep Funds. Advisor earns fees based on the amount of assets in the Sweep Funds.





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This compensation that LPL and Advisor receive related to ICA, DCA (including from any ICA and DCA overflow mechanisms) and the Sweep Funds is in addition to the Account Fee received with respect to the assets in the sweep investment. This compensation related to ICA, DCA and Sweep Funds is an important revenue stream and presents a conflict of interest because LPL and Advisor have a financial benefit if cash balances are maintained in the ICA, DCA or Sweep Funds. LPL shares a portion of this compensation with Advisor. However, this compensation LPL receives on ICA, DCA and Sweep Funds is not shared with SMA Portfolio Managers or Model Advisors. Therefore, this compensation does not cause a SMA Portfolio Manager or Model Advisor to have a financial incentive to recommend that cash be held in the account instead of holding securities.

Clients should understand that, depending on interest rates and other market factors, the yields on the ICA, DCA and Sweep Funds have been, and may continue in the future to be, lower than the aggregate fees and expenses received by LPL for a client's participation in the cash sweep programs. This may result in a client experiencing a negative overall investment return with respect to cash reserves in the cash sweep programs. Interest rates under ICA and DCA may be lower than the interest rates available if clients make deposits directly with a bank or other depository institution outside of the Program or invests in a money market fund or other cash equivalent. Clients should compare the terms, interest rates, required minimum amounts and other features of the ICA and DCA programs with other types of accounts and investments for cash.

#### Collateralized Lending Arrangements

LPL has partnered with certain banks to help facilitate clients' access to non-purpose lines of credit collateralized by their investment accounts. Because of LPL's arrangements with the banks participating in the program, clients may be limited in their ability to negotiate the most favorable loan terms. Clients are not required to use the banks in LPL's program, and can work directly with other banks to negotiate loan terms or obtain other, potentially more favorable, financing arrangements. If a Client obtains a loan from a non-partner bank, he should notify Advisor of the amount of the line of credit. Clients should understand that the interest and additional fees paid to the bank in connection with the loan are separate from and in addition to the advisory fees the client pays LPL for its advisory services on the account.

LPL receives third party compensation from participant banks based on the amount of outstanding loans. Compensation can be up to 0.75% of the outstanding loan amount. This compensation to LPL varies, and, therefore, LPL can earn more or less depending on the bank selected by the client. The receipt of compensation poses a conflict of interest to LPL because LPL has a financial incentive for the client to select a bank in the program, and a participating bank that pays LPL more than other participating banks. However, LPL does not share this compensation with Advisor or IAR, and therefore, Advisor and IAR do not have a financial incentive if one bank is selected over another. LPL, Advisor, and IARs have an interest in continuing to receive investment advisory fees, which gives LPL, Advisor, and IARs an incentive to recommend that clients borrow money rather than liquidate some of their assets managed by LPL/Advisor. This incentive creates a conflict of interest for LPL, Advisor, and IARs when advising clients seeking to access funds on whether they should liquidate assets or instead hold their securities investments and utilize a line of credit secured by assets in their account. Because LPL, Advisor, and IARs are compensated primarily through advisory fees paid on clients' accounts, LPL, Advisor, and IARs also have an interest in managing an account serving as collateral for a loan in a manner that will preserve sufficient collateral value to support the loan and avoid a bank call. This may present a conflict of interest with clients because it could incentivize Advisor or IARs to recommend more conservative, lower performing investments to maintain the stability of the account.

For additional disclosures regarding LPL's collateralized lending program, including a list of the banks currently participating in the program, please visit [lpl.com/disclosures.html](http://lpl.com/disclosures.html), click on "Account Disclosures, Agreements, Fee Schedules & Conflicts of Interest," and then "Third Party Compensation and Related Conflicts of Interest."

#### Credit Cards

As part of its cash management services, LPL makes available for its customers credit cards through a partner bank. LPL receives a flat fee for each new activated credit card that is used by the cardholder in the first 90 days. LPL also receives a portion of the transaction volume of the cardholder's account. LPL's portion of the transaction volume varies depending on the number of LPL active cardholder accounts.



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#### Other Clients

Client should understand that SMA Portfolio Managers, Model Advisors, LPL, Advisor and IAR perform advisory and/or brokerage services for various other clients, and that they may give advice or take actions for those other clients that differ from the advice given to the client. The timing or nature of any action taken for the account may also be different.

#### Review of Accounts

LPL provides Advisor and clients with regular written reports regarding their accounts. LPL provides detailed performance information annually describing account performance and positions, with additional information available upon request. In addition, LPL transmits to clients account statements showing transactions, positions, and deposits and withdrawals of principal and income.

#### Other Compensation

SMA Portfolio Managers and Model Providers pay LPL initial diligence and setup fees of up to \$5,000 per strategy or Model Portfolio to make their services available in the Program. LPL and LPL employees also receive additional compensation from product sponsors, including SMA Portfolio Managers and Model Advisors. Such compensation may not be tied to the sales of any products or services. Compensation may include such items as gifts valued at less than \$100 annually, an occasional dinner or ticket to a sporting event, or reimbursement in connection with educational meetings, customer appreciation events or marketing or advertising initiatives. SMA Portfolio Managers, Model Advisors and other product sponsors may also pay for, or reimburse LPL for the costs associated with, education or training events that may be attended by LPL employees, Advisor and its employees and representatives and for LPL-sponsored conferences and events. LPL and LPL employees also receive reimbursement from product sponsors for technology-related costs, such as those to build systems, tools and new features to aid in serving customers.

LPL employees provide sales support resources to IARs of Advisor that use LPL advisory programs. The compensation that LPL pays to these employees varies based on the assets in LPL's different advisory programs. These employees have an incentive to promote certain advisory programs to IARs of Advisor over other advisory programs. These employees also earn more compensation when IARs of Advisor transition client assets from brokerage accounts to advisory accounts, and have a financial incentive to encourage IARs of Advisor to transition brokerage accounts to advisory.

LPL receives compensation in the form of earnings on its short-term investment of cash in program accounts prior to the time the cash is invested for the account. These earnings are generally known as "float." Cash in the account would typically result from contributions to the account or sales of securities in the account. For accounts that opt out of the sweep program, the accounts may remain in free credit balances. In such case, LPL receives compensation in the form of earnings on cash.

In the event a trade error occurs in the Account, and such error is determined to be caused by LPL, LPL typically will cancel the trade and remove the resulting monetary loss to the client from the account. If a trade correction is required as a result of client (e.g., if client does not make full payment for purchases or fails to deliver negotiable securities for liquidations before trade settlement), LPL typically will cancel the trade and any resulting monetary loss will be borne by the client. In the case of a trade that requires a correction as described above and that resulted in a monetary gain to the client, such gain will be removed from the account and can result in a financial benefit to LPL.

#### Financial Information and Custody

LPL is a qualified custodian as defined in Rule 206(4)-2 under the Advisers Act and maintains custody of Manager Select client funds and securities in a separate account for each client under the client's name. LPL as a qualified custodian sends account statements showing all transactions, positions, and all deposits and withdrawals of principal and income. LPL sends account statements monthly or quarterly when the account has had activity or quarterly if there has been no activity. Clients should carefully review those account statements.



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#### Brokerage Practices

In the case of the MP Platform, all transactions will be executed through LPL, and Client directs that securities transactions for the Account be initiated through LPL. In the case of the SMA Platform, clients direct SMA Portfolio Managers to execute transactions through LPL, subject to the SMA Portfolio Manager's duty as an investment advisor to seek to achieve best execution. Clients should understand that an SMA Portfolio Manager may choose to place some or all trades for accounts with broker-dealer firms other than LPL ("trade away" or "step outs"). Some SMA Portfolio Managers have historically placed nearly all client trades with broker-dealer firms other than LPL for execution, in particular, if the SMA Portfolio Manager follows a fixed-income, foreign or small cap investment strategy. In addition, SMA Portfolio Managers may choose to trade away from LPL in order to aggregate all client transactions into one or more larger "block trades" that are executed through one broker-dealer. This practice may enable an SMA Portfolio Manager to obtain more favorable execution, including a more advantageous net price, than would otherwise be available if orders were not aggregated into a single "block trade." It may also assist the SMA Portfolio Manager in potentially avoiding an adverse effect on the price of a security which could result from simultaneously placing a number of separate, successive or competing client orders.

When securities transactions are effected through LPL, there are no brokerage commissions charged to the account. If an SMA Portfolio Manager chooses to execute a transaction through a broker-dealer other than LPL, the execution price will usually include a commission or fee imposed by the executing broker-dealer. Clients should understand that the client will bear any such additional trading cost, in addition to the account fee paid to LPL. The additional expenses charged by the broker-dealer executing the transaction may include commissions, mark-ups, mark-downs or "spreads" paid to executing broker dealer firm. Additionally, if a foreign currency transaction is required, there may be foreign exchange or similar fees, including but not limited to fees for foreign ordinary conversion and creation of American Depositary Receipts ("ADRs") charged by third parties as well as foreign tax charges. In many cases, the commission, mark-up, mark-down or other additional expenses charged by the executing broker-dealer or third party will be embedded in the purchase or sale price of such transactions, and not separately indicated on trade confirmations and custodial account statements provided by LPL. In evaluating whether to execute a trade through a broker-dealer other than LPL, an SMA Portfolio Manager will consider the fact that an account will not be charged an additional expenses (such as a commission) if effected directly through LPL.

Dividends paid by securities in a client's account may be automatically reinvested or may be paid to the client in cash. In general, mutual fund dividends will be reinvested in the specific mutual fund paying the dividend, while dividends for equity securities, ETFs and ETNs will generally be paid in cash. Interest on fixed income securities is paid in cash.

Clients should understand that LPL is not able to fully evaluate whether an SMA Portfolio Manager is meeting its best execution obligations to clients for specific transactions when trading away, as it is not a party to such transactions and is not in a position to negotiate the price or transaction related charges with the executing broker. The responsibility to determine whether to trade away lies with the SMA Portfolio Manager and arises out of an SMA Portfolio Manager's individual fiduciary duty to clients. Additional information regarding equity trading away practices of SMA Portfolio Managers is available on [lpl.com/disclosures.html](http://lpl.com/disclosures.html) (see "Third-Party Portfolio Manager Trading Practices" under "Market & Trading Disclosures").

Clients should consider whether or not the appointment of LPL as the broker-dealer may or may not result in certain costs or disadvantages as a result of possibly less favorable executions. Clients should understand that not all wrap program sponsors require brokerage to be directed to the sponsor. By directing brokerage to LPL, clients may be unable to achieve the most favorable execution of client transactions. In particular, a client's Manager Select account may not be able to participate in block trades affected by a SMA Portfolio Manager for its other accounts, which may result in a difference between prices charged to a Manager Select account and SMA Portfolio Manager's other accounts. For these reasons, directed brokerage may cost clients more money.

SMA Portfolio Managers (in the case of SMA Platform Accounts) or LPL may aggregate transactions for a client with other clients to improve the quality of execution. When transactions are so aggregated, the actual prices applicable to the aggregated transactions will be averaged, and the client account will be deemed to have purchased or sold its proportionate



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share of the securities involved at the average price obtained. Clients should read and understand the disclosure in Form ADV Part 2 of the applicable SMA Portfolio Manager in the case of SMA Platform accounts.

#### Brochure Supplements

Accompanying this Brochure are Brochure Supplements for individual employees or officers of LPL. Note that although these individuals are responsible for investment advice provided by LPL, they are not responsible for the ongoing individualized investment advice provided to a particular client. For more information about the Advisor, client should contact the Advisor.



## BROCHURE SUPPLEMENTS

August 28, 2023

Marc Andrew Zabicki  
Louis James Carpenetti  
Garrett Fish  
Jason Hoody  
Kristian Kerr

Jeffrey Roach  
Adam Turnquist  
Lawrence Dean Gillum  
Jina Yoon  
Quincy Krosby

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George Smith

4707 Executive Drive  
San Diego, CA 92121  
(858) 450-9606

These Brochure Supplements provide information about certain LPL employees or officers that supplements the LPL Financial Brochure that is attached to these Brochure Supplements. Please contact LPL Financial at the number above if you did not receive the LPL Financial Brochure or if you have any questions about the contents of these Brochure Supplements. You may also contact your LPL investment advisor representative with questions. Additional information about these LPL employees or officers is available on the SEC's website at <https://adviserinfo.sec.gov/>.

Note that although these LPL employees or officers included in these Brochure Supplements are responsible for investment advice provided by LPL they are not the IARs responsible for the ongoing individualized investment advice provided to a particular client. For more information about the IAR managing the account, client should refer to the Brochure Supplement for the IAR, which should have been provided by the IAR along with the LPL Financial Brochure and these Brochure Supplements at the time client opened the account. If client did not receive a Brochure Supplement for the IAR, the client should contact the IAR or LPL at [lplfinancial.adv@lplfinancial.com](mailto:lplfinancial.adv@lplfinancial.com).

### **Marc Andrew Zabicki**

#### **Educational Background and Business Experience**

Marc Zabicki was born in 1966. He has a BS in Economics from Florida State University and he is a Chartered Financial Analyst (CFA). He is Chief Investment Officer and the Director of Research for LPL Research and has been with the firm since 2020. Prior to joining LPL, he was Chief Investment Officer at Bower Hill Capital Management.

#### **Disciplinary Information**

None.

#### **Other Business Activities**

Mr. Zabicki is a registered representative of LPL. However, he does not engage in the sale of securities or receive commissions or other compensation based on the sale of securities or other investment products.

#### **Additional Compensation**

Mr. Zabicki receives a regular salary and a discretionary bonus. Since the bonus for LPL Research personnel is based on the performance of certain portfolios managed by LPL Research, it presents a conflict of interest because it could

incentivize the LPL Research team to focus on short-term performance, take undue risk, or favor certain portfolios over others. LPL mitigates this conflict by basing the bonus calculation on short and long-term performance, capping the amount of compensation paid regardless of the return, and tying a portion of the compensation to the outperformance of all LPL managed portfolios.

#### **Supervision**

Mr. Zabicki is responsible for the advice provided by the LPL Research Department through LPL's advisory programs, and he reports to Rob Pettman, Executive Vice President. The advice provided by Mr. Zabicki is subject to LPL's policies and procedures and to any guidelines established for the applicable advisory program. The Chief Compliance Officer ("CCO"), Advisory Compliance is responsible for administering LPL's policies and procedures for investment advisory activities. The Advisory Compliance Department can be reached at (800) 877-7210.



## **BROCHURE SUPPLEMENTS**

### **Louis James Carpenetti**

#### **Educational Background and Business Experience**

Louis James Carpenetti was born in 1971. He has a BS in Management from Palm Beach Atlantic University, an MBA from Georgia College & State University, a CFA Charterholder and has earned the CFP® certification. He is Senior Vice President of Trading at LPL and joined LPL in July 2021. Prior to joining LPL, Mr. Carpenetti was Managing Director for Truist for 22 years serving in a variety of management and trading capacities.

#### **Disciplinary Information**

None.

#### **Other Business Activities**

Mr. Carpenetti is a registered representative of LPL. However, he does not engage in the sale of securities or receive commissions or other compensation based on the sale of securities or other investment products.

#### **Additional Compensation**

Mr. Carpenetti receives a regular salary and a discretionary bonus. Since the bonus for LPL Research personnel is based on the performance of certain portfolios managed by LPL Research, it presents a conflict of interest because it could incentivize the LPL Research team to focus on short-term performance, take undue risk, or favor certain portfolios over others. LPL mitigates this conflict by basing the bonus calculation on short and long-term performance, capping the amount of compensation paid regardless of the return, and tying a portion of the compensation to the outperformance of all LPL managed portfolios.

#### **Supervision**

As Senior Vice President, Mr. Carpenetti is responsible for trade execution in LPL's advisory programs, subject to LPL's policies and procedures and to any guidelines established for the applicable advisory program. The CCO, Advisory Compliance is responsible for administering LPL's policies and procedures for investment advisory activities. The Advisory Compliance Department can be reached at (800) 877-7210.

### **Garrett Fish**

#### **Educational Background and Business Experience**

Garrett Fish was born in 1969. He has a BA in Japanese History from Bates College and is a CFA Charterholder. He

is a Senior Vice President and Head of Model Portfolio Management at LPL and joined LPL in 2022. Prior to joining LPL, Mr. Fish was a Portfolio Manager at JPMorgan Asset Management.

#### **Disciplinary Information**

None.

#### **Other Business Activities**

Mr. Fish is a registered representative of LPL. However, he does not engage in the sale of securities or receive commissions or other compensation based on the sale of securities or other investment products.

#### **Additional Compensation**

Mr. Fish receives a regular salary and a discretionary bonus. Since the bonus for LPL Research personnel is based on the performance of certain portfolios managed by LPL Research, it presents a conflict of interest because it could incentivize the LPL Research team to focus on short-term performance, take undue risk, or favor certain portfolios over others. LPL mitigates this conflict by basing the bonus calculation on short and long-term performance, capping the amount of compensation paid regardless of the return, and tying a portion of the compensation to the outperformance of all LPL managed portfolios.

#### **Supervision**

Mr. Fish reports to Mr. Zabicki, Chief Investment Officer and the Director of Research of LPL, who is responsible for the advice provided by the LPL Research Department through LPL's advisory programs. The advice provided by Mr. Fish is subject to LPL's policies and procedures and to any guidelines established for the applicable advisory program. The CCO, Advisory Compliance is responsible for administering LPL's policies and procedures for investment advisory activities. The Advisory Compliance Department can be reached at (800) 877-7210.

### **Jason Hoody**

#### **Educational Background and Business Experience**

Jason Hoody was born in 1975. He has a BS in Political Science from Clarkson University, an MA in International Affairs from American University, an MS in Finance from Johns Hopkins University, and is a CFA Charterholder. He is a Senior Vice President in Research at LPL and joined LPL in 2015. Prior to joining LPL, he was a Vice President at BB&T and an analyst at KPMG.





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### **Disciplinary Information**

None.

### **Other Business Activities**

None.

### **Additional Compensation**

Mr. Hoody receives a regular salary and a discretionary bonus. Since the bonus for LPL Research personnel is based on the performance of certain portfolios managed by LPL Research, it presents a conflict of interest because it could incentivize the LPL Research team to focus on short-term performance, take undue risk, or favor certain portfolios over others. LPL mitigates this conflict by basing the bonus calculation on short and long-term performance, capping the amount of compensation paid regardless of the return, and tying a portion of the compensation to the outperformance of all LPL managed portfolios.

### **Supervision**

Mr. Hoody reports to Mr. Zabicki, Chief Investment Officer and the Director of Research of LPL, who is responsible for the advice provided by the LPL Research Department through LPL's advisory programs. The advice provided by Mr. Hoody is subject to LPL's policies and procedures and to any guidelines established for the applicable advisory program. The CCO, Advisory Compliance is responsible for administering LPL's policies and procedures for investment advisory activities. The Advisory Compliance Department can be reached at (800) 877-7210.

### **Kristian Kerr**

#### **Educational Background and Business Experience**

Kristian Kerr was born in 1977. He has a BBA in International Business from Schiller International University in Madrid, Spain. He is a Senior Vice President and the Head of Macro Strategy at LPL and joined LPL in 2023. Prior to joining LPL, Mr. Kerr worked at Citi Private Bank as the Western Region Head of Foreign Exchange & Macro.

#### **Disciplinary Information**

None.

#### **Other Business Activities**

Mr. Kerr does not engage in the sale of securities or receive commissions or other compensation based on the sale of securities or other investment products.

### **Additional Compensation**

Mr. Kerr receives a regular salary and a discretionary bonus. Since the bonus for LPL Research personnel is based on the performance of certain portfolios managed by LPL Research, it presents a conflict of interest because it could incentivize the LPL Research team to focus on short-term performance, take undue risk, or favor certain portfolios over others. LPL mitigates this conflict by basing the bonus calculation on short and long-term performance, capping the amount of compensation paid regardless of the return, and tying a portion of the compensation to the outperformance of all LPL managed portfolios.

### **Supervision**

Mr. Kerr reports to Mr. Zabicki, the Director of Research of LPL, who is responsible for the advice provided by the LPL Research Department through LPL's advisory programs. The advice provided by Mr. Kerr is subject to LPL's policies and procedures and to any guidelines established for the applicable advisory program. The CCO, Advisory Compliance is responsible for administering LPL's policies and procedures for investment advisory activities. The Advisory Compliance Department can be reached at (800) 877-7210.

### **Jeffrey Roach**

#### **Educational Background and Business Experience**

Jeffrey Roach was born in 1973. He has a BS in Mathematics from Bob Jones University and a MA and PhD in Economics from Clemson University. He is Chief Economist at LPL and joined LPL in 2022. Prior to joining LPL, Dr. Roach was Senior US Economist for Visa Inc, Managing Director, Economist at MacroView Partners and Chief Economist at Horizon Investments.

#### **Disciplinary Information**

None.

#### **Other Business Activities**

Dr. Roach is a registered representative of LPL. However, he does not engage in the sale of securities or receive commissions or other compensation based on the sale of securities or other investment products.

#### **Additional Compensation**

Dr. Roach receives a regular salary and a discretionary bonus. Since the bonus for LPL Research personnel is based



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on the performance of certain portfolios managed by LPL Research, it presents a conflict of interest because it could incentivize the LPL Research team to focus on short-term performance, take undue risk, or favor certain portfolios over others. LPL mitigates this conflict by basing the bonus calculation on short and long-term performance, capping the amount of compensation paid regardless of the return, and tying a portion of the compensation to the outperformance of all LPL managed portfolios.

### Supervision

Dr. Roach reports to Mr. Zabicki, Chief Investment Officer and the Director of Research of LPL, who is responsible for the advice provided by the LPL Research Department through LPL's advisory programs. The advice provided by Dr. Roach is subject to LPL's policies and procedures and to any guidelines established for the applicable advisory program. The CCO, Advisory Compliance is responsible for administering LPL's policies and procedures for investment advisory activities. The Advisory Compliance Department can be reached at (800) 877-7210.

### Adam Turnquist

#### Educational Background and Business Experience

Adam Turnquist was born in 1984. He has a BS from the University of Minnesota-Duluth and an MBA from the University of St. Thomas. He is Chief Technical Strategist and joined LPL in 2022. Prior to joining LPL, Mr. Turnquist worked as a Vice President, Technical Research Analyst at Piper Sandler.

#### Disciplinary Information

None.

#### Other Business Activities

Mr. Turnquist is a registered representative of LPL. However, he does not engage in the sale of securities or receive commissions or other compensation based on the sale of securities or other investment products.

#### Additional Compensation

Mr. Turnquist receives a regular salary and a discretionary bonus. Since the bonus for LPL Research personnel is based on the performance of certain portfolios managed by LPL Research, it presents a conflict of interest because it could incentivize the LPL Research team to focus on short-term performance, take undue risk, or favor certain portfolios over others. LPL mitigates this conflict by basing

the bonus calculation on short and long-term performance, capping the amount of compensation paid regardless of the return, and tying a portion of the compensation to the outperformance of all LPL managed portfolios.

### Supervision

Mr. Turnquist reports up to Mr. Zabicki, Chief Investment Officer and the Director of Research of LPL, who is responsible for the advice provided by the LPL Research Department through LPL's advisory programs. The advice provided by Mr. Turnquist is subject to LPL's policies and procedures and to any guidelines established for the applicable advisory program. The CCO, Advisory Compliance is responsible for administering LPL's policies and procedures for investment advisory activities. The Advisory Compliance Department can be reached at (800) 877-7210.

### Lawrence Dean Gillum

#### Educational Background and Business Experience

Lawrence Gillum was born in 1974. He has a BS from University of Florida and a Master in Business Administration from the University of North Carolina, Keenan Flagler Business School. He is Vice President of Research at LPL and joined LPL in 2021. Prior to joining LPL, Mr. Gillum served as a Director at Raymond James where he oversaw fixed income research within the firm's discretionary model platform.

#### Disciplinary Information

None.

#### Other Business Activities

Mr. Gillum is a registered representative of LPL. However, he does not engage in the sale of securities or receive commissions or other compensation based on the sale of securities or other investment products.

#### Additional Compensation

Mr. Gillum receives a regular salary and a discretionary bonus. Since the bonus for LPL Research personnel is based on the performance of certain portfolios managed by LPL Research, it presents a conflict of interest because it could incentivize the LPL Research team to focus on short-term performance, take undue risk, or favor certain portfolios over others. LPL mitigates this conflict by basing the bonus calculation on short and long-term performance, capping the amount of compensation paid regardless of the return,



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and tying a portion of the compensation to the outperformance of all LPL managed portfolios.

### **Supervision**

Mr. Gillum reports up to Mr. Zabicki, Chief Investment Officer and the Director of Research of LPL, who is responsible for the advice provided by the LPL Research Department through LPL's advisory programs. The advice provided by Mr. Gillum is subject to LPL's policies and procedures and to any guidelines established for the applicable advisory program. The CCO, Advisory Compliance is responsible for administering LPL's policies and procedures for investment advisory activities. The Advisory Compliance Department can be reached at (800) 877-7210.

### **Jina Yoon**

#### **Educational Background and Business Experience**

Jina Yoon was born in 1983. She has a BS and MEng from Cornell University. She is Chief Alternate Investment Strategist at LPL and joined LPL in 2023. Prior to joining LPL, Ms. Yoon was the Head of Portfolio Management & Senior Portfolio Manager at Nomura Private Capital. Prior to Nomura, she served both Institutional and Private Wealth Clients as the Head of Tactical Strategies at Credit Suisse.

#### **Disciplinary Information**

None.

#### **Other Business Activities**

Ms. Yoon does not engage in the sale of securities or receive commissions or other compensation based on the sale of securities or other investment products.

#### **Additional Compensation**

Ms. Yoon receives a regular salary and a discretionary bonus. Since the bonus for LPL Research personnel is based on the performance of certain portfolios managed by LPL Research, it presents a conflict of interest because it could incentivize the LPL Research team to focus on short-term performance, take undue risk, or favor certain portfolios over others. LPL mitigates this conflict by basing the bonus calculation on short and long-term performance, capping the amount of compensation paid regardless of the return, and tying a portion of the compensation to the outperformance of all LPL managed portfolios.

### **Supervision**

Ms. Yoon reports up to Mr. Zabicki, the Director of Research of LPL, who is responsible for the advice provided by the LPL Research Department through LPL's advisory programs. The advice provided by Ms. Yoon is subject to LPL's policies and procedures and to any guidelines established for the applicable advisory program. The CCO, Advisory Compliance is responsible for administering LPL's policies and procedures for investment advisory activities. The Advisory Compliance Department can be reached at (800) 877-7210.

### **Quincy Krosby**

#### **Educational Background and Business Experience**

Quincy Krosby was born in 1948. She has an MPhil and PhD from The London School of Economics. She is Chief Global Strategist at LPL and joined LPL in 2022. Prior to joining LPL, Ms. Krosby worked at Prudential Financial as Chief Market Strategist.

#### **Disciplinary Information**

None.

#### **Other Business Activities**

Ms. Krosby is a registered representative of LPL. However, she does not engage in the sale of securities or receive commissions or other compensation based on the sale of securities or other investment products.

#### **Additional Compensation**

Ms. Krosby receives a regular salary.

### **Supervision**

Ms. Krosby reports to Mr. Zabicki, Chief Investment Officer and the Director of Research of LPL, who is responsible for the advice provided by the LPL Research Department through LPL's advisory programs. This is subject to LPL's policies and procedures and to any guidelines established for the applicable advisory program. The CCO, Advisory Compliance is responsible for administering LPL's policies and procedures for investment advisory activities. The Advisory Compliance Department can be reached at (800) 877-7210.



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### **Jeffrey Alan Buchbinder**

#### **Educational Background and Business Experience**

Jeffrey Alan Buchbinder was born in 1971. He has a BA in Economics from Northwestern University and an MBA from Duke University. He is Chief Equity Strategist and Portfolio Manager for LPL Financial Research and has been with the firm since 2003. Prior to joining LPL, he served as an Equity Research Associate at Sanford C. Bernstein. Prior to Bernstein, he was an Equity Research Associate at Deutsche Bank.

#### **Disciplinary Information**

None.

#### **Other Business Activities**

Mr. Buchbinder is a registered representative of LPL. However, he does not engage in the sale of securities or receive commissions or other compensation based on the sale of securities or other investment products.

#### **Additional Compensation**

Mr. Buchbinder receives a regular salary and a discretionary bonus. Since the bonus for LPL Research personnel is based on the performance of certain portfolios managed by LPL Research, it presents a conflict of interest because it could incentivize the LPL Research team to focus on short-term performance, take undue risk, or favor certain portfolios over others. LPL mitigates this conflict by basing the bonus calculation on short and long-term performance, capping the amount of compensation paid regardless of the return, and tying a portion of the compensation to the outperformance of all LPL managed portfolios.

#### **Supervision**

Mr. Buchbinder reports up to Mr. Zabicki, Chief Investment Officer and the Director of Research of LPL, who is responsible for the advice provided by the LPL Research Department through LPL's advisory programs. The advice provided by Mr. Buchbinder is subject to LPL's policies and procedures and to any guidelines established for the applicable advisory program. The CCO, Advisory Compliance is responsible for administering LPL's policies and procedures for investment advisory activities. The Advisory Compliance Department can be reached at (800) 877-7210.

### **George Smith**

#### **Educational Background and Business Experience**

George Smith was born in 1983. He has a BS in Mathematics from the University of Bristol in the United Kingdom (UK). He is Portfolio Strategist at LPL and joined LPL in 2013. Prior to joining LPL, Mr. Smith worked in London, UK for Legal and General Investment Management (LGIM) and Goldman Sachs Asset Management (GSAM).

#### **Disciplinary Information**

None.

#### **Other Business Activities**

Mr. Smith is a registered representative of LPL. However, he does not engage in the sale of securities or receive commissions or other compensation based on the sale of securities or other investment products.

#### **Additional Compensation**

Mr. Smith receives a regular salary and a discretionary bonus. Since the bonus for LPL Research personnel is based on the performance of certain portfolios managed by LPL Research, it presents a conflict of interest because it could incentivize the LPL Research team to focus on short-term performance, take undue risk, or favor certain portfolios over others. LPL mitigates this conflict by basing the bonus calculation on short and long-term performance, capping the amount of compensation paid regardless of the return, and tying a portion of the compensation to the outperformance of all LPL managed portfolios.

#### **Supervision**

Mr. Smith reports up to Mr. Zabicki, the Director of Research of LPL, who is responsible for the advice provided by the LPL Research Department through LPL's advisory programs. The advice provided by Mr. Smith is subject to LPL's policies and procedures and to any guidelines established for the applicable advisory program. The CCO, Advisory Compliance is responsible for administering LPL's policies and procedures for investment advisory activities. The Advisory Compliance Department can be reached at (800) 877-7210.

