

**Portfolio Partners Sub-Advisor Brochure**  
**Form ADV Part 2A:**  
*Firm Brochure*

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This brochure provides information about the qualifications and business practices of AdvisorNet Wealth Partners (AWP). If you have any questions about the contents of this brochure, please contact us at (612) 347-8600 or [wealthpartners@advisornet.com](mailto:wealthpartners@advisornet.com). (See last page for additional contact information). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about AdvisorNet Wealth Partners is also available on the SEC's website at [www.adviserinfo.sec.gov](https://www.adviserinfo.sec.gov).

References herein to AdvisorNet Wealth Partners as a "registered investment adviser" or any reference to being "registered" does not imply a certain level of skill or training.

## **Item 2      Material Changes**

Since the last update to this Disclosure Brochure, the following material change has taken place:

Daniel May stepped down as AdvisorNet Financial's Chairman of the Board and was replaced by James Komoszewski effective January 1, 2024.

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## Item 4 Advisory Business

- A. AdvisorNet Financial, Inc. operates its registered investment advisory division under the assumed name of AdvisorNet Wealth Partners (“AdvisorNet Wealth Partners”). Therefore, when this Brochure refers to “AdvisorNet Wealth Partners” or “AdvisorNet” it is referring to AdvisorNet Financial, Inc. AdvisorNet has been in the investment advisory business since 1984, has been continually incorporated in the State of Minnesota since 1980, and traces its direct roots in the financial services business to 1959. AdvisorNet is owned by a network of approximately 50 individuals, many of whom are investment adviser representatives of the firm. The largest shareholder is Daniel J. May, AdvisorNet’s Chairman of the Board. As a privately-owned company, AdvisorNet’s core business is to offer middle and back office operational support services to a network of independent investment adviser representatives.
- B. AdvisorNet is currently acting in the capacity of a sub-advisor for other registered investment advisers (“Investment Advisors”). Through this sub-advisor relationship, AdvisorNet is authorized and directed to provide investment advisory, administrative, support and supervisory services to another Investment Advisor that is engaged to perform investment management through an agreement with each end client. AdvisorNet’s duties and responsibility relate solely to the management of models and effectuating trades in those models provided by the AdvisorNet as the sub-advisor, and AdvisorNet will have no responsibility with respect to Investment Advisor’s Clients including determining whether any Client is suitable for a particular model.

For individual clients, investment management will often occur at a household level, and will be based on personal information provided by the client.

Regarding trading authorization, “discretionary” and “non-discretionary” are financial industry terms. “Discretionary trading authorization” allows AdvisorNet to make trading decisions and execute trades without a client’s prior verbal consent. “Non-discretionary trading authorization” requires a client’s prior verbal consent as to the purchase or sale of a definite amount of a particular security. As a sub-advisor, AdvisorNet provides investment management services on a discretionary basis.

**Types of Managed (Supervised) Investments.** AdvisorNet manages a wide range of various types of investments according to a client’s goals and objectives. Some of these investments may include, but are not limited to: mutual funds, general securities, fixed income securities, exchange traded funds. AdvisorNet will have some limitations on the types of investments it agrees to manage, but these will generally be investment types which are not known to be widely held.

Investments which AdvisorNet manages may be held in various types of accounts. These include but are not limited to brokerage accounts which AdvisorNet may recommend.

**Please Also Note:** As a Sub-Advisor, AdvisorNet partners with Investment Advisors who may recommend the services of one or more third party money managers to serve as a sub-advisor to provide certain clients with third party money management for some or all of the assets held in such clients’ accounts. Services by us as a sub-advisor will generally include, for additional fees, portfolio analysis, asset allocation modeling and analysis, trading execution and other services. We, as sub—advisor, will generally have discretion to execute transactions on the client’s behalf. In such sub-advisor programs, the Investment Advisor and us, as sub-advisor, are co-fiduciaries. This means that AdvisorNet, along with the Investment Advisor, are jointly responsible for the ongoing management of the client’s account.

**Mutual and Exchange Traded Funds:** Most mutual funds and exchange traded funds are available directly to the public. Thus, a prospective client can obtain many of the funds that may be utilized by AdvisorNet Wealth Partners independent of engaging AdvisorNet Wealth Partners as an investment advisor. However, if a prospective client determines to do so, he/she will not receive AdvisorNet Wealth Partners’ initial and ongoing investment advisory services. **Please Note-Use of DFA Mutual Funds:** AdvisorNet Wealth Partners utilizes mutual funds issued by Dimensional Fund Advisors (“DFA”). DFA funds are generally only available through registered investment advisers approved by DFA. Thus, if the client was to terminate AdvisorNet Wealth Partners’ services, and transition to another adviser who has not been approved by DFA to utilize DFA funds, restrictions regarding additional purchases of, or reallocation among other DFA funds, will generally apply. **Please Also Note:** In addition to AdvisorNet Wealth Partners’ investment advisory fee described below, and transaction and/or custodial fees discussed below, clients will also incur, relative to all mutual fund and exchange traded fund purchases, charges imposed at the fund level (e.g., management fees and other fund expenses). AdvisorNet Wealth Partners’ Chief Compliance Officer remains available to address any questions that a client or prospective client may have regarding the above.

**Custodian Charges-Additional Fees:** Custodians generally charge transaction fees for effecting securities transactions. In addition to AdvisorNet Wealth Partners' investment advisory fee referenced in Item 5 below, the client will also incur transaction fees to purchase securities for the client's account (i.e., mutual funds exchange traded funds, individual equity and fixed income securities, etc.) AdvisorNet Wealth Partners' Chief Compliance Officer remains available to address any questions that a client or prospective client may have regarding the above.

**Portfolio Activity.** Along with your Investment Advisor, AdvisorNet Wealth Partners has a co-fiduciary duty to provide services consistent with the client's best interest. As part of its investment advisory services, AdvisorNet Wealth Partners will review client portfolios on an ongoing basis to determine if any changes are necessary based upon various factors, including, but not limited to, investment performance, fund manager tenure, style drift, account additions/withdrawals, and/or a change in the client's investment objective. Based upon these factors, there may be extended periods of time when AdvisorNet Wealth Partners determines that changes to a client's portfolio are neither necessary nor prudent. Clients are still subject to the fees described in Item 5 below, even during periods of account inactivity. Of course, as indicated below, there can be no assurance that investment decisions made by AdvisorNet Wealth Partners will be profitable or equal any specific performance level(s).

**ERISA / IRC Fiduciary Acknowledgment.** If the client is: (i) a retirement plan ("Plan") organized under the Employee Retirement Income Security Act of 1974 ("ERISA"); (ii) a participant or beneficiary of a Plan subject to Title I of ERISA or described in section 4975(e)(1)(A) of the Internal Revenue Code, with authority to direct the investment of assets in his or her Plan account or to take a distribution; (iii) the beneficial owner of an Individual Retirement Account ("IRA") acting on behalf of the IRA; or (iv) a Retail Fiduciary with respect to a plan subject to Title I of ERISA or described in section 4975(e)(1)(A) of the Internal Revenue Code: then AdvisorNet represents that it and its representatives are fiduciaries under ERISA or the Internal Revenue Code, or both, with respect to any investment advice provided by AdvisorNet or its representatives or with respect to any investment recommendations regarding an ERISA Plan or participant or beneficiary account.

- C. **Client Obligations.** In performing any of its services, AdvisorNet will not be required to verify any information received from the client or from the client's other professionals and is expressly authorized to rely on such information. Moreover, each client is advised that it remains his/her/its responsibility to promptly notify AdvisorNet if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/revising AdvisorNet's previous recommendations and/or services.

**Trade Names.** AdvisorNet and/or its representatives may use the following trade names in association with providing the sub-advisor services set forth in this Brochure: PORTFOLIO PARTNERS, ADVISORNET FINANCIAL PARTNERS, ADVISORNET FINANCIAL.

AdvisorNet will provide sub-advisor services specific to the needs of each client. Prior to providing sub-advisor services AdvisorNet will ascertain each client's investment objective(s). AdvisorNet will then allocate and/or recommend that the client allocate investment assets consistent with the client's investment objective(s) into a specified model portfolio. The client may, at any time, impose reasonable restrictions, in writing, on AdvisorNet's services.

- D. As of December 31, 2023, AdvisorNet managed approximately \$2,266,125,330 on a discretionary basis and \$1,521,453 on a non-discretionary basis.

## Item 5 Fees and Compensation

- A. **Fee Calculation:** The fee charged is calculated as described below and is not charged on the basis of a share of capital gains upon or capital appreciation of the funds or any portion of the funds of an advisory client. Our fee rate is calculated based on a fixed percentage of all assets under management. When a client determines to engage AdvisorNet to provide discretionary investment management services, AdvisorNet's annual investment management fee is non-negotiable and is based upon an annual percentage of the market value of the assets placed under AdvisorNet's management. The fee that AdvisorNet receives for our discretionary investment management service is 0.20% percent (20 basis points) of the clients' Assets Under Management (AUM), assigned to AdvisorNet.

**Please Note:** AdvisorNet's annual investment management fee does not cover fees or costs such as, but not limited to Investment Advisor fees, trade execution fees, custody and brokerage costs, reporting fees, fund management fees, fund expenses, prime brokerage fees, exchange fees, regulatory fees, custodial account administration costs. These costs will be in addition to AdvisorNet's annual investment management fee and will be the client's responsibility.

**Please Note:** AdvisorNet considers cash to be an asset class and counts cash values toward its assets under management; therefore, cash is included in fee calculations for clients. At certain times during low interest rate environments, the portion of fees that are attributed to cash assets will exceed the money market yield. AdvisorNet has a policy in place to monitor cash holdings that represent substantial portions of client portfolios.

- B. Clients may elect to have AdvisorNet's management fees deducted from their custodial account by their Investment Advisor, who will remit payment to us for sub-advisor services. In the limited event that AdvisorNet bills the client directly, payment is due upon receipt of the invoice.

- C. Unless the client directs otherwise or an individual client's circumstances require, AdvisorNet shall generally recommend that *Schwab, Fidelity, Pershing* (collectively the "Custodians") serve as the broker-dealer/custodian for client investment management assets. Custodians such as *Schwab, Fidelity, or Pershing* charge brokerage commissions and/or transaction fees for effecting certain securities transactions (i.e., transaction fees are charged for certain no-load mutual funds, commissions are charged for individual equity and fixed income securities transactions). In addition to AdvisorNet's investment management fee, clients will also incur, relative to all mutual fund and exchange traded fund purchases, charges imposed at the fund level (e.g., management fees and other fund expenses).

- D. AdvisorNet's annual investment management fees will generally be prorated as applicable and paid quarterly, in advance or arrears, as indicated in the Investment Management Agreement between AdvisorNet or the Investment Advisor and the client, and in all amendments thereto. Fees paid in advance are based upon the market value of the assets on the last business day of the previous quarter. For partial initial quarters, fees for such accounts are paid in arrears. Fees paid in arrears are based upon either the average daily balance (portfolio value) of the account assets during the previous quarter, or the market value of the account assets as of more specific dates (generally dates of deposit and/or quarter-end dates), as determined and consistently applied by AdvisorNet in regard to all similarly situated clients. The Investment Management Agreement between AdvisorNet and the client will continue in effect until terminated by either party by written notice in accordance with the terms of the Investment Management Agreement. Upon termination, AdvisorNet will refund the prorated portion of the advanced management fee paid based upon the number of days remaining in the billing quarter. **Please note:** AdvisorNet's Chief Compliance Officer is available to address any questions that a client or prospective client may have regarding AdvisorNet's billing policies and methodologies.

**Please Note:** Lower fees for comparable investment management services may be available from other sources.

- E. AdvisorNet, acting as a sub-advisor, does not accept compensation for the sale of securities or other investment products.

## **Item 6      Performance-Based Fees and Side-by-Side Management**

Neither AdvisorNet nor any supervised person of AdvisorNet accepts performance-based fees; however, investment management fees may be based upon the total value of assets averaged over a definite period, or as of definite dates, or taken as of a definite date.

## **Item 7      Types of Clients**

AdvisorNet's clients shall generally include individuals, trusts and for-profit and non-profit business entities. These entities may include, but may not be limited to, qualified plans, corporations and other business entities. AdvisorNet does not generally require an annual minimum fee or asset level for investment management services.

## **Item 8      Methods of Analysis, Investment Strategies and Risk of Loss**

- A. Investing, by its very nature, involves exchanging risk for potential reward in varying degrees. In many cases, the risks borne by investing include potential loss of principal. AdvisorNet often employs numerous philosophies, tools and strategies in managing investments and their associated risks; your advisor may use any, all or none of the following:

### *Technical Analysis*

This type of analysis utilizes statistics to determine trends in security prices. Technical analysis tends to focus on factors such as trading volume, demand and security price fluctuations. This type of analysis is also commonly referred to as chart analysis due to the fact that this analysis tends to review various historical charts and graphs.

### *Behavioral Finance*

A field of finance that proposes psychology-based theories to explain stock market anomalies. Within behavioral finance, it is assumed that the information structure and the characteristics of market participants systematically influence individuals' investment decisions as well as market outcomes.

### *Fundamental Analysis*

This type of analysis concentrates on historical and current data. Earnings, a company's financial statements and the quality of a company's management are examples of such data. These quantitative factors are then used to attempt to determine the financial strength of a company and its financial forecast.

### *Modern Portfolio Theory (MPT)*

MPT assumes that investors are risk adverse, meaning that given two assets that offer the same expected return, investors will prefer the less risky one. Thus, an investor will take on increased risk only if compensated by higher expected returns. Conversely, an investor who wants higher returns must accept more risk. Therefore, MPT aims to construct a combination portfolio of assets that has the best possible expected level of return for its level of risk.

### *Asset Allocation*

Research has shown that it is nearly impossible to consistently predict the future direction of a security or of the market in general. As such, it is unlikely that all of your investments will "beat the market" consistently. Studies have shown that the selection of investments across asset classes is more contributive to managing portfolio volatility than investments within asset classes.

### *Diversification*

If you invest in a portfolio or strategy that is made up of a small number of positions, few sectors or few industries, your portfolio will be more likely to sharply increase or decrease in value. Concentrated strategies are more volatile because the risk associated with each position represents a large percentage of your overall portfolio value. On the contrary, diversification by holding smaller percentages of your overall portfolio in any one position may often decrease your portfolio's volatility and may substantially reduce idiosyncratic risks (risks that affect a very small number of assets.)

**Please Note: Investment Risk.** Different types of investments involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by AdvisorNet) will be profitable or equal at any specific performance level(s).

- B. AdvisorNet’s methods of analysis and investment strategies do not present any significant or unusual risks. However, every method of analysis has its own inherent risks. To perform an accurate market analysis, AdvisorNet must have access to current/new market information. AdvisorNet has no control over the dissemination rate of market information; therefore, unbeknownst to AdvisorNet, certain analyses may be compiled with outdated market information, severely limiting the value of AdvisorNet’s analysis. Furthermore, an accurate market analysis can only produce a forecast of the direction of market values. There can be no assurances that a forecasted change in market value will materialize into actionable and/or profitable investment opportunities.

Every investment strategy has its own inherent risks and limitations. For example, longer-term investment strategies require a longer investment time period to allow for the strategy to potentially develop. Shorter-term investment strategies require a shorter investment time period to potentially develop but, as a result of more frequent trading, may incur higher transactional costs when compared to a longer-term investment strategy.

- C. Currently, AdvisorNet primarily allocates client investment assets among various individual equity (stocks), debt (bonds), fixed income securities, collateralized mortgage obligations, mutual funds and/or exchange traded funds (“ETFs”) (including inverse ETFs and/or mutual funds that are designed to perform in an inverse relationship to certain market indices), on a discretionary and non-discretionary basis in accordance with the client’s designated investment objective(s).

## **Item 9            Disciplinary Information**

AdvisorNet has not been the subject of any disciplinary actions.

## **Item 10           Other Financial Industry Activities and Affiliations**

- A. Many of AdvisorNet’s management persons are registered representatives of Cetera Advisor Networks, an SEC registered investment adviser and FINRA member broker-dealer.
- B. Neither AdvisorNet nor its management persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or a representative of the foregoing.
- C. AdvisorNet, as a sub-advisor, does not maintain any material relationships with a related person that would create a material conflict of interest.
- D. AdvisorNet, when acting as sub-advisor, does not receive compensation directly or indirectly from recommending or selecting other investment advisers.

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

- A. AdvisorNet maintains a policy relative to personal securities transactions. This investment policy is part of AdvisorNet’s overall Code of Ethics, which serves to establish a standard of business conduct for all of AdvisorNet’s representatives that is based upon fundamental principles of openness, integrity, honesty and trust, a copy of which is available upon request. AdvisorNet also maintains and enforces written policies reasonably designed to prevent the misuse of material non-public information by AdvisorNet or any person associated with AdvisorNet.
- B. Neither AdvisorNet nor any related person of AdvisorNet recommends, buys, or sells for client accounts, securities in which AdvisorNet or any related person of AdvisorNet has a material financial interest.
- C. AdvisorNet and/or representatives of AdvisorNet may buy or sell securities that are also recommended to clients. This practice may create a situation where AdvisorNet and/or representatives of AdvisorNet are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a conflict of interest. Practices such as “scalping” (i.e., a practice whereby the owner of shares of a security recommends that security for investment and then

immediately sells it at a profit upon the rise in the market price which follows the recommendation) could take place if AdvisorNet did not have adequate policies in place to detect such activities. In addition, this requirement can help detect insider trading, “front-running” (i.e., personal trades executed prior to those of AdvisorNet’s clients) and other potentially abusive practices.

AdvisorNet has a personal securities transaction policy in place to monitor the personal securities transactions and securities holdings of each of AdvisorNet’s “Access Persons.” AdvisorNet’s securities transaction policy requires that an Access Person of AdvisorNet must provide the Chief Compliance Officer or his/her designee with a written report of their current securities holdings within ten (10) days after becoming an Access Person. Additionally, each Access Person must provide the Chief Compliance Officer or his/her designee with a written report or visibility to their current securities holdings at least once each twelve (12) month period thereafter on a date AdvisorNet selects.

- D. AdvisorNet and/or representatives of AdvisorNet may buy or sell securities, at or around the same time as those securities are recommended to clients. This practice creates a situation where AdvisorNet and/or representatives of AdvisorNet are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a conflict of interest.

AdvisorNet believes it has disclosed in this brochure all material conflicts regarding its investment advisory activities, its representatives and employees, which could be reasonably expected to impair the rendering of unbiased and objective advice.

## **Item 12 Brokerage Practices**

- A. In the event that the client requests that AdvisorNet recommend a broker-dealer/custodian for execution and/or custodial services (exclusive of those clients that may direct AdvisorNet to use a specific broker-dealer/custodian), AdvisorNet generally recommends that investment management accounts be maintained at the Schwab Advisor Services division of Schwab (*Schwab*), *Fidelity Clearing & Custody Solutions (Fidelity)*, or at Pershing Advisor Solutions LLC (*Pershing*). At other times, an Investment Advisor may require that a client use particular Custodians as the client’s broker-dealer/custodian, should the client want that particular Investment Advisor to manage the client’s investments. Clients are under no obligation to have AdvisorNet or the Investment Advisor manage their investments, however, in some cases, if a client wants a particular representative to manage the client’s investments, it may be necessary for the client to use the custodian required by such Investment Advisor. Prior to engaging AdvisorNet or Investment Advisor to provide investment management services, the client will generally be required to enter into a formal Investment Management Agreement with AdvisorNet setting forth the terms and conditions under which AdvisorNet and/or the Investment Advisor shall manage the client’s assets, and a separate custodial/clearing agreement with each designated broker-dealer/custodian.

Factors that AdvisorNet considers in recommending or requiring any Custodian (or any other broker-dealer/custodian to clients) include historical relationship with AdvisorNet or its representatives, financial strength, reputation, execution capabilities, pricing, research, and service. Although the commissions and/or transaction fees paid by AdvisorNet’s clients shall comply with AdvisorNet’s duty to obtain best execution, a client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where AdvisorNet determines, in good faith, that the commission/transaction fee is reasonable in relation to the value of the brokerage and research services received.

In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer’s services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although AdvisorNet will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client account transactions. The brokerage commissions or transaction fees charged by the designated broker-dealer/custodian are exclusive of, and in addition to, AdvisorNet’s investment management fee.

Custodians help facilitate the correction of trades which are entered in error. When trade error corrections result in financial gains, the custodians have internal policies to remove such gains from the clients’ accounts and transfer them to charitable organizations. When trade error corrections result in financial losses, the custodians remove the losses from the clients’ accounts and transfer them to AdvisorNet’s error account; AdvisorNet covers the losses in the error account and passes the cost along to its Investment Adviser Representatives.



1. As described above, AdvisorNet, through the Investment Advisor, will generally utilize brokerage accounts at *various Custodians to maintain custody of clients' assets and to effect trades for their accounts. AdvisorNet is independently owned and operated and not affiliated with the Custodians.*

*For AdvisorNet client accounts maintained in their custody, Custodians generally do not charge separately for custody but are compensated by account holders through commissions or other transaction-related or asset-based fees for securities trades that are executed through Schwab, or Pershing or that settle into Schwab, Fidelity or Pershing accounts.*

Custodians provide services that directly benefit clients and their accounts, and also provide certain payments and services that more directly benefit AdvisorNet and its advisors. Services that directly benefit clients and their accounts include those that assist AdvisorNet in managing and administering clients' accounts. These other products and services include software and other technology that provide access to client account data (such as trade confirmations and account statements), facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts), provide research, pricing information, and other market data, facilitate payment of AdvisorNet's fees from its clients' accounts, and assist with back-office functions, recordkeeping and other client reporting. These services directly benefit clients and their accounts.

Custodians also offer services, purchase or provide software and other items, and make payments intended to support AdvisorNet's management of client accounts and development of its business enterprise. These purchases and payments present a conflict of interest to the extent that they support our business but may not provide clients with a direct benefit. Items purchased or provided by Custodians (directly or indirectly) include:

- Compliance, legal and business consulting;
- Publications, conferences and educational events on practice management, business succession, information technology, marketing and other business practice matters;
- Software or access to third-party technology providers;
- Occasional business entertainment and business promotional items for AdvisorNet personnel and advisors;
- Employee benefits providers, human capital consultants and insurance providers;
- Third-party vendors for other services rendered to AdvisorNet;
- Discount or waived fees Custodians would otherwise charge;
- Reimbursement or otherwise credit account exit fees charged by a prior custodian, or pay for other related assistance, upon transfer of an account to Custodians; and
- Payment for certain transaction pricing and certain technology and account transfer costs, may be paid based upon AdvisorNet placing or maintaining a certain minimum amount of assets in custody.

AdvisorNet and its representatives have a conflict of interest as these arrangements incent them in recommending or requiring that clients establish brokerage accounts at Custodians. We want to assure that Clients understand the conflict of interest and are able to ask questions and get additional information. If you have any questions on these incentives or desire additional information, please contact your advisor or AdvisorNet's Chief Compliance Officer.

In evaluating whether to recommend or require that clients custody their assets at any Custodian AdvisorNet may take into account the availability of some of the foregoing products and services and other arrangements as part of the total mix of factors it considers and not solely on the nature, cost or quality of custody and brokerage services provided by *the Custodian which may create a potential conflict of interest.*

Specifically, *Schwab, Pershing and Fidelity* have agreed to periodically provide AdvisorNet with technology and other vendor benefits based upon the amount of new client assets AdvisorNet introduces to each custodian for custody services. The Firm's receipt of these benefits raises a conflict of interest because AdvisorNet has an economic incentive to recommend that clients use these custody services for their investment accounts.

*Additionally, Schwab* provides AdvisorNet with access to its institutional trading and custody services, which are not typically available to *Schwab* retail investors. These services generally are available to independent investment advisors on an unsolicited basis, at no charge to them so long as a total of at least \$10 million of the advisor's clients' assets are maintained in accounts at *Schwab* Advisor Services, and are not otherwise contingent upon an advisor committing to *Schwab* any specific amount of business (assets in custody or trading). *Schwab's* services include

brokerage, custody, research, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

AdvisorNet strives to meet its duty to act in the best interests of its clients even with receipt of these benefits. Specifically, AdvisorNet had developed policies and procedures to monitor the activities of the Custodians and assure that they are providing services in a reasonable manner. This includes policies and procedures to monitor the best execution of transactions effectuated by the Custodians.

**AdvisorNet's Chief Compliance Officer is available to address any questions that a client or prospective client may have regarding the above arrangements and the corresponding conflicts of interest presented by such arrangements. (See also, Item 14.A, below.)**

2. AdvisorNet does not receive client referrals from broker-dealers.
3. a. Investment Advisors may choose to effect trades at various broker-dealers, and investment assets may be held at custodians, other than *Schwab*, *Fidelity* or *Pershing*. The brokerage practices of Investment Advisors will generally be disclosed in their respective Disclosure Brochures, and such parties will generally be required to seek best execution for such transactions.  
  
b. AdvisorNet does not generally accept directed brokerage arrangements (when a client requires that account transactions be effected through a specific broker-dealer). In such client directed arrangements the client will negotiate terms and arrangements for their account with that broker-dealer, and AdvisorNet will not seek better execution services or prices from other broker-dealers or be able to "batch" the client's transactions for execution through other broker-dealers with orders for other accounts managed by AdvisorNet. As a result, client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case.

**Please Note:** In the event that the client or Investment Advisor directs AdvisorNet to effect securities transactions for the client's accounts through a specific broker-dealer, the client correspondingly acknowledges that such direction may cause the accounts to incur higher commissions or transaction costs than the accounts would otherwise incur had the client determined to effect account transactions through alternative clearing arrangements that may be available through AdvisorNet.

**AdvisorNet's Chief Compliance Officer is available to address any questions that a client or prospective client may have regarding the above arrangements and the corresponding conflicts of interest presented by such arrangements.**

- B. To the extent that AdvisorNet provides sub-advisor services to its clients, AdvisorNet will typically (but is not obligated to) combine or "bunch" such orders to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among AdvisorNet's clients' differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will be averaged as to price and will be allocated among clients in proportion to the purchase and sale orders placed for each client account on any given day. AdvisorNet shall not receive any additional compensation or remuneration as a result of such aggregation.

## **Item 13      Review of Accounts**

- A. For those clients to whom AdvisorNet provides sub-advisor services, account reviews are conducted on a periodic basis by AdvisorNet's representatives and by one or more Supervisors. Such reviews generally occur at least annually, but certain monthly and quarterly reviews generally also occur. All investment management clients are advised that it remains their responsibility to advise AdvisorNet of any changes in their investment objectives and/or financial situation. All clients are periodically encouraged to review financial planning issues (to the extent applicable), investment objectives and account performance with AdvisorNet or their representative.
- B. AdvisorNet may conduct account reviews on an other-than-periodic basis upon the occurrence of a triggering event, such as a change in client investment objectives and/or financial situation, market corrections and client request.

- C. Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts.

#### **Item 14 Client Referrals and Other Compensation**

- A. AdvisorNet receives direct and indirect economic benefits from the Custodians as outlined in Item 12, Brokerage Practices. These benefits may either directly benefit clients to the extent that they provide required services at lower costs or directly benefit AdvisorNet to the extent they support its business activities or advisors. These benefits provide an incentive for AdvisorNet's selection of these Custodians. The Custodians provide AdvisorNet with benefits it may not receive from other firms, and which AdvisorNet may otherwise have to pay for at its own expense. While, as a fiduciary, AdvisorNet endeavors to act in its clients' best interests in evaluating whether to recommend or require that clients custody their assets at these Custodians, AdvisorNet may take into account the availability of some of these products and services and other arrangements as part of the total mix of factors it considers and not solely on the nature, cost or quality of custody and brokerage services provided by Custodians. These benefits, to the extent they do not provide a direct benefit to the client, creates a conflict of interest. However, please note that there are no arrangements made by AdvisorNet with Custodians to provide AdvisorNet with incentives to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other specific investment products.

**AdvisorNet's Chief Compliance Officer is available to address any questions that a client or prospective client may have regarding the above arrangements and the corresponding conflicts of interest presented by such arrangements.**

- B. AdvisorNet, acting as a sub-advisor, does not directly or indirectly compensate for client referrals.

#### **Item 15 Custody**

It is AdvisorNet's policy not to accept physical custody of clients' securities, funds or assets. AdvisorNet shall have the ability to have its management fee for each client debited by the custodian on a quarterly basis. Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts.

#### **Item 16 Investment Discretion**

Prior to AdvisorNet assuming discretionary authority over a client's account, the client shall be required to execute an *Investment Management Agreement*, naming AdvisorNet as the client's attorney and agent in fact, granting AdvisorNet full authority to buy, sell, or otherwise effect investment transactions involving the assets in the client's name found in the discretionary account.

Clients who engage AdvisorNet on a discretionary basis may, at any time, impose reasonable restrictions, **in writing**, on AdvisorNet's discretionary authority (i.e., limit the types/amounts of particular securities purchased for their account, exclude the ability to purchase securities with an inverse relationship to the market, limit or proscribe AdvisorNet's use of margin, etc.). In addition, under both discretionary and non-discretionary Investment Management Agreements, the client may grant AdvisorNet limited trading discretion to liquidate securities in an amount generally sufficient to cover AdvisorNet's investment management fees, if the client's account(s) do not maintain sufficient cash or money market fund balance(s) to cover such fees.

#### **Item 17 Voting Client Securities**

AdvisorNet shall have no responsibility to vote proxies for the accounts and securities with respect to which it has been designated as Sub-Adviser. The Client or Adviser, as expressed in the Advisers agreement with the Client, shall be responsible for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by Client shall be voted and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the assets assigned to AdvisorNet. AdvisorNet shall not be responsible for responding to any corporate action matters incident to the securities held in the Client Accounts including, without limitation, proofs of claim in bankruptcy, class action cases and other litigation.

<b>Item 18</b>	<b>Financial Information</b>
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- A. AdvisorNet does not require or solicit prepayment of fees of more than \$1,200, per client, six months or more in advance.
- B. AdvisorNet is unaware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments relating to its discretionary authority over certain client accounts.
- C. AdvisorNet has not been the subject of a bankruptcy petition.

Clients are always encouraged to contact their investment adviser representative or AdvisorNet with any questions or concerns regarding the services provided by AdvisorNet, or with any questions about information contained in this Brochure. At any time, you may contact AdvisorNet's Chief Compliance Officer by any of the following means:

Mail: 110 Cheshire Lane, Suite 200, Minnetonka, MN 55305  
Email: [wealthpartners@advisornet.com](mailto:wealthpartners@advisornet.com)  
Phone: (612) 347-8600