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## FORM ADV 2A, APPENDIX 1: WRAP FEE PROGRAM BROCHURE

March 31, 2024

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This wrap fee brochure provides information about the qualifications and business practices of B. Riley Wealth Advisors, Inc. If you have any questions about the contents of this Brochure, please contact the Firm's Compliance Department at [compliance@brileywealth.com](mailto:compliance@brileywealth.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 B. Riley Wealth Advisors, Inc. is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC's web site also provides information about any persons affiliated with the Firm who are registered, or are required to be registered, as investment adviser representatives. You can search this site for information about the Firm by searching for a unique identifying number, known as a CRD number. The CRD number for B. Riley Wealth Advisors, Inc. is 115927. Registration with the SEC does not imply a certain level of skill or expertise.

## Item 2 – Material Changes

There are no material changes from the last amendment to the Form 2A, Appendix 1 wrap fee program brochure (the “Wrap Fee Brochure”).

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## Item 4 – Services, Fees & Compensation

### Wrap Fee Overview

In a wrap fee arrangement, you pay a combined fee for investment advice, brokerage, clearance, settlement, and custodial services. Your specific wrap fee arrangement and payment terms will be listed in the Advisory Agreement and will be fully disclosed to you prior to participating in any of our Wrap Fee Programs.

The Firm assesses the Wrap Fee on all eligible assets held within your account. Your wrap fee account may hold both wrap fee eligible and ineligible assets. The Firm will only provide advisory services for wrap fee assets and is not responsible for managing non-wrap fee assets.

The Firm receives some or all of the Wrap Fee for its advisory services and shares a portion of this fee as compensation with your investment adviser representative (“IAR” or “Representative”) according to terms of a separate agreement with the Representative. Further, the Firm is responsible for all transaction charges assessed by the Custodian in the Wrap Fee Programs.

If a wrap option is chosen, the Program may cost the client more or less than the client would pay if investment advice, brokerage and other services were purchased separately. Wrap fee accounts are managed in the same way as any other accounts. However, you should be aware that Representatives may have an incentive to limit their trading activities in wrap fee only accounts. Clients should review with their IAR whether a wrap program is appropriate for them, considering impact of the size of their account and the likely turnover of the account (with resulting ticket charges if the program utilized were not a wrap) based on the proposed strategy for their account.

Wrap Fees and certain account terms are negotiated on a case-by-case basis, depending on a variety of factors, including the (i) nature and complexity of the particular service, (ii) the requirements of the Representative, (iii) your relationship with the Firm and Representative, (iv) the size of the account, (v) the potential for other business or clients, (vi) the amount of work anticipated, and (vii) the attention needed to manage the account, among other factors.

### Advisor-as-Portfolio Manager (APM)

Under the Portfolio Advisor Program, BRWA, through the client's IAR, manages individual client accounts through various investments on a discretionary or non-discretionary basis. BRWA may allocate a portion of a client's assets to sub-managers. In this Program, BRWA utilizes Envestnet for administrative services, and in some cases for trading at the applicable Custodian through the Envestnet platform.

In the APM Program, clients may elect a Wrap Fee depending on the Custodian selected. The client can select among the following Custodians: NFS (with brokerage through B. Riley Wealth Management, a BRWA affiliate), First Clearing (with brokerage through B. Riley Wealth Management, a BRWA affiliate), Schwab, Fidelity, and any others BRWA may make available. If a Wrap Fee is selected, the following table is used as a maximum.

TOTAL ACCOUNT VALUE	MAXIMUM ANNUAL FEE
First \$250,000	2.75%
Next \$750,000	2.50%
Above \$1,000,000	2.00%

As part of this Wrap Fee Program, your Representative will provide portfolio management services and recommendations on a wide variety of investment options as described herein. In the APM Program, you may negotiate the account values, if any, at which the fee will be discounted (breakpoints), subject to the maximum fees adopted by the Firm. You may specify the accounts that will be included in the same “household” for purposes of calculating the fee. The actual fee and the breakpoints, if any, will be shown in your Advisory Agreement. The breakpoints will be based on the aggregate value of all accounts in the same household.

### Envestnet Platform & Other Third-Party Managed Wrap Programs

BRWA operates additional Wrap Fee Programs using Envestnet's platform, with transactions executed through and assets held at custodians selected by clients: the Separate Accounts Program for Separately Managed Accounts (“SMA”) the Unified Managers Program

("UMA"), and the Fund Strategists Portfolio ("FSP") program. Envestnet Asset Management, Inc. is an investment management firm that provides investment management and investment advisory services through independent investment advisors.

If your Representative determines that a Third-Party Portfolio Manager (the "Sub-adviser" or "Manager") is appropriate for your account, then, in addition to the Advisory Agreement, you will be required to sign an agreement with the Sub-adviser(s). If a Sub-adviser is engaged, each Sub-adviser will collect its own wrap fee on the assets under its control. Sub-advisers will typically charge 0.25% to 0.75% per year. Your Advisory Agreement will indicate how much your chosen Sub-adviser will charge and such fees will be combined into the Wrap Fee assessed on your account. Whether you select a Sub-adviser or not, your total, combined Wrap Fee will not exceed 2.75%.

Envestnet Platform accounts are charged a Wrap Fee depending on the Custodian selected. The fees cover advisory, execution, custodial and reporting services, and Manager fees when applicable. Envestnet Programs may have higher minimum account size requirements depending on the Manager and Program selected. From these fees, Envestnet pays the Managers fees ranging from 0.15% to 1.00% of assets under management. In general, a fixed income manager is paid 0.20-0.35%, and an equity manager is paid between 0.30-0.50%. Certain third-party fund strategists may not charge management fees, because they utilize their proprietary mutual funds and/or ETFs and receive fees from the underlying expenses of the Funds. Breakpoints may be available for larger accounts, and managers vary as described in Envestnet's Form ADV Part 2A.

For accounts participating in BRWA discretionary program offered through B. Riley Wealth Investment Solutions Discretionary Management (W.I.S.D.M.) program, the account minimums are \$15,000 for mutual fund portfolios and \$25,000 for ETF portfolios. Exceptions to the account minimums may be made at the Firm's discretion.

#### Additional Wrap Fee Program Information

You and your Representative will review your objectives and the performance of your account at least annually.

For each of the Wrap Fee Programs described above, you or the Firm may terminate the Advisory Agreement at any time upon written notice. However, termination will not affect any other liabilities or obligations incurred or arising from transactions effected for your account or actions taken prior to such termination. For example, you may be liable for any losses which occur in your account during this period. Neither will termination of the Advisory Agreement affect provisions in the intended to survive termination, such as the provision regarding arbitration, which will survive any expiration or termination of the Advisory Agreement. Upon termination, you shall have exclusive responsibility for monitoring the securities in your account, and neither the Firm, your Representative nor any Sub-advisers shall have any further obligation under the Advisory Agreement to act, not act or dispense advice respecting your account or the assets contained therein.

In addition to your Advisory Agreement, please carefully review this Wrap Fee Brochure before deciding to invest. Additional copies of this and any other disclosure documents may be obtained by contacting your IAR or the Firm at the address shown on this Brochure.

The value of those assets under the Wrap Fee Program will be determined on the first business day of the quarter or other such time period agreed upon by you and your Representative in your Advisory Agreement.

The Firm may offer significantly more favorable wrap fee arrangements for friends, relatives, or others with whom the Firm or Representative has established personal or family relationships.

The Wrap Fee does not cover amounts charged for any of the following (Excluded Items): internal fees or expenses which may be associated with the account's investments (including without limitation, internal operating or investment expenses of mutual funds, unit investment trusts, or electronically traded funds); fees imposed by mutual funds for short-term trading (typically 1% - 2% of the amount originally invested) for redemptions made

within short periods of time; any mark-up, mark-down, or dealer spread (whether to the Firm, Custodian or other broker-dealers) related to any account investment; offering discounts and related fees in connection with underwritten public offerings of securities (of which the Firm, our affiliates or Custodian may be underwriters); costs to third parties for transactions not executed through Custodian; floor brokerage or exchange fees; fees for wire transfers; costs for exchanging currencies; margin interest; interest for non-purpose loans with the account(s) used as collateral; taxes; postage and handling fees; or other expenses incurred with respect to any investments made for the Account. All the Excluded Expenses will be direct or indirect expenses borne by the Account and will be in addition to the Wrap Fee.

In addition to the Wrap Fee, you will also be responsible for any other fees and charges described in the Advisory Agreement, as well as any fees charged pursuant to the agreement with a Sub-adviser, if any, and any other applicable fees or charges described in this Brochure or in any agreement with the Custodian or other third parties.

### Money Market Funds and Bank Deposit Sweep Program Fees

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The Bank Deposit Sweep Program ("BDSP") is the default cash investment option for BRWA clients with accounts held at NFS or First Clearing. By opening an account with BRWA through its affiliated broker-dealer, BRWM, you authorize us to enroll you in the BDSP. You have the option to decline use of the BDSP as your default cash investment option. This BDSP is the core account investment vehicle used to hold your cash balances while awaiting reinvestment for eligible accounts. This program is called a "sweep" program because cash balances are automatically "swept" into this core account investment vehicle. The cash is then placed into interest-bearing FDIC-insurance eligible Program deposit accounts at one or more FDIC-insured financial institutions (Program Banks).

BRWA's affiliated broker-dealer, BRWM, receives a direct financial benefit by sharing in the revenue generated on your cash sweep deposits. The source of BRWM's revenue as part of this revenue sharing arrangement is

obtained from the interest rates paid by the Program Banks to NFS or First Clearing for use of the client's cash deposits. NFS & First Clearing then pay BRWM based on aggregate brokerage and advisory account investments in the BDSP.

Additionally, BRWA advisors charge clients a management fee on the cash balance held in the BDSP. Given the low interest paid to clients, and after deducting the management fee paid by clients to IARs, clients receive a net negative yield on their cash balance. This is a significant disadvantage to participating in the BDSP, and BDSP revenue sharing paid to our affiliate magnifies the negative yield clients incur on these investments in comparison to the yields clients could earn on cash investments outside of the BDSP. BRWM's receipt of revenue sharing reduces the interest that would have been paid to clients had such revenue sharing arrangement not existed.

It is important to review the "BDSP Disclosure Document" from NFS & First Clearing in conjunction with the disclosure and conflicts of interest described above to fully understand the revenue sharing arrangement and payments under this BDSP. You will receive this disclosure from NFS or First Clearing once your account is opened, but if you would like a copy beforehand, please request it from your IAR.

### Conflicts of Interest

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Wrap Fee Programs may not be suitable for all investment needs, and any decision to participate in a Wrap Fee Program should be based on your financial situation, investment objectives, tolerance for risk, and investment time horizon, among other considerations. The benefits under a Wrap Fee Program depend, in part, upon the size of the account and the number of transactions likely to be generated.

For example, a Wrap Fee Program may not be suitable for accounts with no or low trading activity. In order to evaluate whether a wrap fee program is suitable, you should compare the wrap fee program fee and any other costs of the wrap fee program with the amounts that would be charged by other advisers, broker-dealers, and custodians, for services comparable to those provided under the wrap fee program.

The Firm and Representative receive a portion of the Wrap Fee as compensation. This compensation may exceed the amount earned if you paid separately for investment advice, brokerage and other services. Accordingly, a conflict of interest exists as the Firm and the IAR have a financial incentive to recommend the wrap fee programs over other programs or services for which the compensation arrangements are not as beneficial to the Representative.

When compared with the traditional commission option, asset-based fee arrangements generally result in lower costs during periods when trading activity is heavy, such as the year an account is established. During periods when trading activity is lower, such asset-based fee arrangements may result in higher annual costs. Some clients favor the asset-based fee because it fixes their brokerage cost at a predetermined level; whereas other clients may not find such an arrangement suits

their needs because they anticipate their accounts will have low turnover.

Depending on the amount of the Wrap Fee, the frequency of transactions, and the nature and value of the services provided under the Wrap Fee Program, the Wrap Fee may or may not exceed the aggregate cost of obtaining these services separately. The fees for a Wrap Fee Program may result in higher costs than you might otherwise incur by paying a management fee and negotiating separate arrangements for brokerage and trade execution, custodial services, and performance reporting.

Please note that the amounts charged to your account for services, fees, expenses, or costs that the Firm has performed, incurred, advanced, or paid on the account's behalf (whether billed to you, the account, or the Firm) will include a reasonable profit, unless prohibited under the Advisory Agreement or applicable laws, regulations, or rules.

## Item 5 – Account Requirements and Types of Clients

### Account Requirements

All Wrap Fee Programs have minimum account sizes, ranging from \$25,000 to \$250,000, which is negotiable, depending on the client household, relationship, type, and size of the account.

### Types of Clients

BRWA provides investment advisory services to individuals, high net worth individuals, pension plans, profit sharing plans, 401(k) plans, trusts, estates, charitable organizations, corporations, and other business entities.

## Item 6 – Portfolio Manager Selection and Evaluation

Investment recommendations for Wrap Fee Program accounts are based on an analysis of your individual investment objectives, financial needs, and tolerance of risk as provided to your IAR. Recommendations are derived from research and analysis we believe to be reliable and appropriate for your financial circumstances. You have the responsibility to advise your Representative whenever there are material changes to your financial situation, investment objectives or risk tolerances. In the APM Program, your IAR will act as the portfolio manager of your account. Your Representative is supervised by an assigned supervisory principal.

Clients have the option of using any of the Sub-advisers available through multiple advisory programs offered through First Clearing or the Envestnet platform. Each Wrap Fee Program offered by First Clearing or on the Envestnet platform has specific criteria used in evaluating and/or selecting portfolio managers or underlying investments for inclusion in the program. To review these criteria, you will need to examine the separate agreement and program description provided by them. The Firm relies on their research and due diligence to determine which portfolio managers to include and when to replace each portfolio manager.

The processes for implementing the Envestnet Programs, as well as Envestnet's process for selecting, evaluating, and monitoring approved managers, are more fully described in Envestnet's ADV Part 2A. When an IAR makes a recommendation to change a portfolio manager or model, the IAR may review the portfolio manager's performance, but BRWA does not have a review process for portfolio manager performance and any performance information the IAR reviews may not be calculated on a uniform and consistent basis.

You also have the option of retaining the services of WCM, a Memphis, Tennessee based registered investment adviser majority owned and operated by Phillip Wunderlich. B. Riley

Wealth Management Holdings Inc. holds a minority interest in WCM. Phillip Wunderlich is registered individually as an investment adviser representative with the Firm and WCM. The affiliation and partial ownership of WCM creates a conflict of interest in the operations of WCM and the Firm. The Firm may be less likely to provide the support and resources to WCM that it provides to other wrap fee programs. Philip Wunderlich is more likely to direct clients to invest their assets in WCM rather than other wrap fee programs as his compensation for WCM managed accounts is higher than in other wrap fee products. WCM's performance results are not reviewed by the Firm or any other third-party.

## Item 7 – Client Information Provided to Portfolio Managers

Your Representative will collect the required personal information necessary to open a brokerage account in your name and will work with you to identify your financial situation, stated investment objectives, tolerance for risk, and investment time horizon (collectively, "Suitability Information"). Your Representative will accept any reasonable restrictions that you impose on investments for your account. The Firm will share part or all of this information with your Custodian, and any chosen Sub-adviser, in the Wrap Fee Program where applicable.

You must promptly notify the Firm and/or your Representative of any change in your Suitability

Information, including without limitation, any changes in your investment objectives, risk tolerance, investment time horizon, investment policies or guidelines, or reasonable restrictions you wish to place on your account. You agree to provide the Firm and your Representative with additional information as the Firm or your Representative may request from time to time to assist in servicing and managing your account. Neither the Firm, your Custodian, your Representative nor any chosen Sub-adviser shall have any liability related to your failure to provide accurate or complete information to the Firm or your Representative.

## Item 8 – Client Contact with Portfolio Managers

Except for Firm-discretionary W.I.S.D.M. models, the Firm introduces clients to portfolio managers. Sub-Advisers used by the Firm maintain their own policies regarding client access and communications which are communicated to the client through the Representative. In certain instances, IARs may arrange for a client to consult directly with a portfolio manager pursuant to a written agreement with the Sub-adviser.

## Item 9 – Additional Information

### Disciplinary Actions

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to an evaluation of BRWA or the integrity of BRWA's management.

- On March 11, 2019, National Asset Management, Inc., ("BRWA"), along with 78 other investment advisers who voluntarily participated in the Securities and Exchange Commission's ("SEC") Share Class Selection Disclosure Initiative ("Initiative"), consented to a final resolution through an Order Instituting Administrative and Cease-and-Desist



Proceedings Pursuant to Sections 203(e) and 203(k) of the Investment Advisers Act of 1940 ("Order"). Through the Initiative, BRWA self-reported certain instances from January 1, 2015 to June 10, 2017 ("Relevant Period") where BRWA purchased, recommended, or held for advisory clients' mutual funds that charged 12b-1 fees when lower-cost shares of the same fund were available. BRWA and its advisers earned 12b-1 fees from these funds and this created a conflict that BRWA did not fully disclose to its clients through its Form ADV or disclosure documents. The SEC found this practice violated Sections 206(2) and 207 of the Advisers Act. To resolve the issue, and without admitting or denying the findings, BRWA consented to cease- and desist this practice, to pay disgorgement of \$664,006 and interest of \$69,417. BRWA distributed these funds to each affected investor who purchased or held shares during the Relevant Period, in an amount representing the 12b-1 fees, plus interest. Payment distribution was subject to a de minimus threshold, and subject to a review by the SEC. Additionally, BRWA agreed to update its relevant disclosures related to 12b-1 fees, evaluate whether existing clients should be moved to lower-cost shares, and notify affected customers of the settlement terms. Because BRWA self-reported this violation to the SEC, no civil penalties were imposed. The full Order may be found at <https://www.sec.gov/>.

- On October 26, 2015, National Asset Management, Inc. ("BRWA") consented to an Order of the U.S. Securities and Exchange Commission ("SEC") in an administrative proceeding initiated under the Investment Advisers Act of 1940 ("Advisers Act"). As described in the Summary section of the Order, the proceeding concerns several disclosure and compliance- related violations and events during the years from 2008 through 2012. The Order found that BRWA (1) failed to disclose to advisory clients in writing or obtain client consent to over 21,000 securities trades executed in a principal capacity, (2) failed to report in its SEC filings and timely disclose to clients the disciplinary histories of several of its associated persons, (3) failed to properly enforce its Code of Ethics when its then CEO, several directors, and many of its employees failed to submit hundreds of required reports on their personal securities trading to BRWA, (4) failed to adopt and implement compliance

policies and procedures reasonably designed to prevent violations of certain provisions of the Advisers Act and the rules thereunder, and (5) failed to conduct one required annual review of its compliance policies and procedures. BRWA agreed to the imposition of a censure, a civil monetary penalty of \$200,000, and certain undertakings, including the appointment of an independent compliance consultant to review and make recommendations regarding certain parts of BRWA's compliance policies and procedures. The Order did not find an intent to deceive. It did find that BRWA refunded to its clients the inappropriately assessed markups and markdowns on the 21,000 trades, took prompt remedial action, and cooperated with the SEC's investigation.

### Financial Industry Affiliations

B. Riley Wealth Advisors is affiliated with B. Riley Wealth Management, Inc. ("BRWM"), a FINRA registered broker-dealer. This is material to our advisory business because a majority of BRWA's advisory accounts are held by BRWM as introducing broker-dealer to its clearing firms, First Clearing and NFS. BRWA's principal executive officers and most of its IARs are also Registered Representatives of BRWM. Your IAR will take into consideration all types of accounts that could be offered (i.e., both brokerage and advisory accounts) when making the recommendation of an account that is in your best interest.

BRWM executes orders received from BRWA clients on an agency basis and receives revenue from transaction fees. BRWA uses certain BRWM facilities, administrative systems and technology, and does not currently fully reimburse BRWM for the cost of those services. BRWM receives revenue generated through trade execution, margin interest, etc. for accounts it holds.

Additionally, certain Firm employees provide tax/accounting services and insurance products through affiliated entities. Tax and accounting services are offered through B. Riley Wealth Tax Services, Inc. Fixed insurance products are offered through B. Riley Wealth Insurance, Inc. IARs may be authorized to offer and sell some or all of the following insurance products: fixed life & annuities, disability, long term care, and employer benefit products. Service arrangements with our affiliated entities

present a conflict of interest because we have a financial incentive to recommend our affiliates' services. See ADV 2A, Item 12, "Brokerage Practices." For example, a Representative whose client purchases an insurance product will receive commissions, deferred sales charges, on-going servicing fees, and other compensation because of a client's purchase of the insurance product. Consequently, these Representatives have a conflict of interest in recommending their client purchase insurance products.

Please be aware that you are under no obligation to engage BRWM as a broker-dealer, to effect securities transactions, or to purchase any other products from or through an affiliate or any of the Representatives acting on its behalf.

For each of the Wrap Fee Programs, National Financial Services, LLC ("NFS") and Wells Fargo Clearing Services, LLC ("First Clearing") act as the clearing firm/Custodian for BRWM. The client holds a brokerage account with BRWM, with trades routed for execution directly by NFS or First Clearing. BRWM maintains clearing arrangements with NFS and First Clearing that permit execution of transactions at negotiated clearing rates and use by BRWM of trading and operations systems provided by NFS and First Clearing, including research, account look-up, and reporting and presentation software. BRWA's affiliates also receive certain discounts from NFS and First Clearing, which vary depending on the volume of trades BRWM originates. This could give BRWA an incentive to generate more frequent trading in clients' accounts, and to direct trading through BRWM/NFS or BRWM/First Clearing.

#### Other Financial Industry Activities

BRWA may act as a solicitor and refer some BRWA clients to other Registered Investment Advisors. In doing so, BRWA receives a portion of the fees charged by those Advisors, which varies depending on the solicitor arrangements with each one. IARs receive a portion of the asset management fees paid to BRWA by these Advisors.

The Firm or its Representative may also be engaged to provide third-party fiduciary or related advisory services outside a traditional wrap fee arrangement. In this case, additional fees for these related services will be detailed

under a separate agreement and shared between the Firm and the Representative providing such services. You have no obligation to accept such services.

The Firm and Representative will devote as much time as they believe necessary to help you achieve your investment objectives. They will not devote all or any specific portion of their working time to your affairs, and they may devote a portion of their time to other matters. Further, the Firm and its affiliates as well as IARs may organize or become involved with other clients or in other business ventures, including other investment-related businesses. Such other businesses and the clients of such businesses may compete for the time and attention of the Firm principal executive officers and Representatives, and possibly, for limited investment opportunities, all of which can create conflicts of interest.

Please refer to the Conflicts of Interest section in Item 4 for further information with respect to compensation and conflicts of interest involving the Firm and IARs. Although the Firm and IARs will endeavor to place your interests first, the conflicts of interest described in this Brochure can influence the recommendations made or actions taken regarding your Account.

#### Code of Ethics

BRWA has adopted a Code of Ethics expressing the Firm's commitment to ethical conduct. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on trading on the basis of inside information, restrictions on the acceptance of significant gifts, and the initial, quarterly, and annual reporting of personal securities holdings and trading activity, among other things. All supervised persons at BRWA must acknowledge the terms of the Code of Ethics annually, and when it is amended. BRWA's clients or prospective clients may request a copy of the Firm's Code of Ethics by contacting BRWA's Chief Compliance Officer at the Firm's principal address.

#### Participation or Interest in Client Transactions

Officers, directors, IARs, and other supervised persons of BRWA, and its affiliates may trade for their own accounts in securities which are recommended to and/or purchased for

BRWA's clients and at or about the same time as clients, subject to applicable laws. Trades by certain of these persons may present a conflict of interest. BRWA addresses the conflicts through supervisory reviews that monitor whether an IAR's or other access persons' personal trading is consistent with recommendations made to clients, and pro rata allocations.

In limited cases, with prior client consent, BRWA affiliates may act as principal or permit cross trades.

### Personal Trading

The Firm or any of its licensed professionals may act as an investment adviser for others, may manage assets for others, may own investments in its or their own names, and/or may serve as an officer, consultant, partner, or stockholder of one or more investment partnerships or other businesses. All such activity is subject to compliance with the Firm's Code of Ethics and other written procedures. In doing so, the Firm or such persons may give advice, take actions, or refrain from taking actions differing from advice given, actions taken, or actions not taken for any client

### Reviews of Accounts & Reports

The Firm considers account reviews a continuous process, with the frequency and nature of the review dependent on several factors and situations, such as: whether the account is managed on a discretionary basis, the buying or selling of a security, balancing gains/losses for tax planning, raising or lowering cash based on market conditions, investing new capital contributions, and adjusting overall portfolio composition to maximize returns given current market conditions.

At various times, depending on the nature and reason for the review, the Firm may review the suitability of the Program in which the account participates, the securities held within the account and your financial resources and time horizon ("Suitability Information"). The Firm employs branch office managers who are responsible for performing reviews quarterly and the number of accounts assigned to each manager depends upon the size of the branch. The Firm additionally has established a centralized Supervision Department to assist the branch office managers in these duties. The

Firm uses electronic review systems that record all daily transactions and searches for trades that violate certain of its procedures. The Firm's Compliance Department will periodically review these systems and a sampling of the transactions it records to make certain it continues to alert the Supervision Department to possible procedural violations.

All clients (other than financial planning clients) will receive the following reports from the Custodian:

- confirmation of each securities transaction (unless the client waives receipt);
- all other documents required by law to be provided to security holders; and
- a quarterly statement reflecting all activity in the account during the preceding period, including all transactions made on behalf of the account, all contributions and withdrawals, all fees and expenses, and the value of the Account at the beginning and end of the period.

The Advisory Agreement for some Programs may provide for additional reports. Accounts will receive performance or other reports only as specifically provided in the Advisory Agreement.

At least annually, your Representative will contact you to determine whether there have been changes in the Suitability Information, including whether you wish to impose new investment restrictions or modify existing restrictions to the extent allowable under the terms of a particular investment strategy or Program. IARs and the Firm will make themselves reasonably available for consultation.

You will retain, with respect to all securities and funds in the account, to the same extent as if you held the securities and funds outside of the Program, the right to:

- withdraw securities or cash;
- vote securities or delegate the authority to vote securities to another person;
- proceed directly as a security holder against the issuer of any security in the account and not be obligated to join any person involved in the Program or any other client, as a condition precedent to initiating such proceeding.

The accounts of clients receiving financial planning services will be reviewed, if at all, as provided in the Agreement. The review will be

conducted by the IAR, unless otherwise stated in the Agreement. Financial planning clients will receive only the reports described in their Agreement.

### Client Referrals

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If your IAR refers you to another IAR for investment advisory services, both will share in the fees paid by the account, in such proportions as they shall agree.

BRWA may from time to time pay compensation to affiliated or unaffiliated third parties ("Solicitors") for referring clients to BRWA, as permitted under Rule 206(4)-3 of the Investment Advisers Act of 1940. Such arrangements are disclosed in writing to the client at the time the referral is made. Appropriate disclosure would be provided to the client in accordance with SEC rules and the Solicitor will be compensated by BRWA according to the specific terms of the compensation arrangement contained in the BRWA Solicitation Agreement.

BRWA may also receive compensation for acting as a Solicitor and referring you to a Third-Party Adviser. The amount of compensation will be determined in the agreement between BRWA and the Third-Party Adviser. BRWA will act as the Solicitor and deliver to you its Solicitor's Disclosure Document at the time of the referral.

Please note that payment of compensation to the Firm and IARs for recommending a Third-Party Adviser creates a conflict of interest. Although the IARs commit to acting in your best interests, the existence of such compensation could encourage them to make an unnecessary referral or cause them to withhold information about an alternative investment option that doesn't provide equivalent compensation.

### Other Compensation

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In certain cases, clearing firms or other broker-dealers who participate in the Programs or who custody Program accounts (each a "Sponsor") may agree to invest a portion of the revenues it earns from Program accounts through allowances to BRWA, the Representatives, and other advisers, broker-dealers, or representatives whose clients participate in the Programs.

The Firm may agree to provide the Sponsors with introductions to and information concerning itself or the IARs and allow the Sponsors to participate in meetings and workshops. In addition, the Sponsors may agree to provide the Firm or IARs with organizational consulting, education, training, and marketing support.

A Sponsor may pay for annual conferences designed to facilitate and promote the success of the Programs. It may offer portfolio strategists, investment managers, or investment management firms (who may also be sub-advisers for mutual funds recommended by BRWA or IARs) the opportunity to contribute to the costs of the Firm annual conference and be identified as a sponsor of a portion of the conference. A Sponsor may agree to bear the cost of airfare for certain IARs to attend the Sponsor's annual conference or to conduct due diligence visits to the Sponsor's offices. In addition, a Sponsor may, from time to time, contribute to the costs incurred by the Firm regarding conferences or other client events conducted by the Firm or an IAR.

For a number of our Programs, BRWA has a conflict of interest when recommending BRWM as introducing broker and First Clearing or NFS as clearing brokers (hereinafter "Clearing Firms"). An increase in the number of accounts, amount of assets, or number of transactions processed through First Clearing or NFS will at certain levels, help BRWM meet its minimum monthly clearing fees. This is an economic benefit to BRWM, even if no additional commissions are charged. In addition, BRWM receives other fees from its Clearing Firms such as rebates on money market or margin account balances, which are based on the number and size of the accounts and balances carried with First Clearing and NFS.

First Clearing and NFS may receive Rule 12b-1 distribution fees, shareholder servicing, or administrative fees with respect to mutual funds or money market funds held in the account. Cash awaiting investment or reinvestment is invested in cash management or money market funds at First Clearing or NFS (or an affiliate), pursuant to an automatic cash sweep program. Thus, First Clearing and NFS have an incentive

to purchase mutual funds or money market funds which pay 12b-1 Fees.

First Clearing and NFS also receive non-brokerage related fees such as margin interest, IRA fees and money market fund fees, and a money market administrative fee. It may also receive compensation from funds that it offers for the execution of purchases of Fund shares or the performance of clearance, settlement, custodial or other functions ancillary thereto (including, without limitation, recordkeeping, sub-accounting, shareholder communications, administrative, and similar services provided to such funds). 12b-1 fees received by the Firm for money market funds are not provided to Representatives as compensation. Any mutual funds (to exclude money market funds) maintained in custodial accounts for clients which provide 12b-1 fees will not additionally be included as Wrap Fee Program assets and will not be included as assets for calculations of IAR management fees.

First Clearing and NFS may provide other products and services that help the Firm or the IARs manage and administer their accounts. These products and services may include software and other technology that provide access to account data (such as trade confirmations and account statements); facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts); provide research, pricing information and other market data; facilitate payment of the Firm's fees from its accounts; and assist with back-office support, recordkeeping, and Client reporting. These products and services may be used to service all or a substantial number of the Firm's accounts, including accounts not maintained with First Clearing or NFS.

These payments and other economic benefits represent additional compensation to the Firm, over and above the Wrap Fees. Be aware that these various forms of compensation and economic benefits are strong incentives for the Firm to recommend (and to continue recommending) First Clearing or NFS over other brokers, investment advisers and custodians. Furthermore, the Firm has the same strong incentive to recommend (and to continue recommending) their investment products and services over other products and services which might provide better returns or better prices, but which do not provide

equivalent compensation or economic benefits to the Firm. BRWA intends to fulfill its fiduciary duty to act in the best interests of its clients; however, these strong economic incentives could, consciously or unconsciously, influence its decision-making. You should consider the risk from these influences on the Firm's recommendations when deciding to begin or continue a relationship with the Firm.

Other advisers may be able to provide the same or similar services without the presence of these conflicts of interest. Other advisers or custodians may be able to provide the same or similar services for a lower cost or obtain better prices or performance.

Additionally, the Firm depends, in part, on business referred to it by its Representatives. As such, it has a strong financial incentive to maintain or improve its relationships with the Representatives so that they continue to make referrals.

A securities-based loan (non-purpose loan) is one through which a client can collateralize securities held in his or her brokerage account to borrow funds for uses other than purchasing more financial securities or to pay down margin loans. Our affiliate, BRWM receives, as a referral fee, a portion of the interest paid on outstanding loan balances when the client establishes a securities-based line of credit. This creates an incentive for BRWM, BRWA, and its representatives to recommend that the client establish a securities-based line of credit as it represents a direct benefit for BRWM and its representatives, and an indirect benefit and conflict of interest for BRWA (and its IARs) as an affiliate sharing services and infrastructure (e.g., offices, staff, technology, etc.) with BRWM. While this can be a beneficial tool, it includes significant risks and may not be an appropriate option for every client. The client should carefully review the securities-based line of credit program information and paperwork before choosing to open a line of credit and borrow funds.

### Financial Information

The Firm does not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance. We are not subject to a financial condition that is reasonably likely to impair our ability to meet our contractual commitments to our clients. We have never been the subject of a bankruptcy petition.