



## ASSET MANAGEMENT SERVICES

# PART 2A

# APPENDIX 1

## PROGRAM BROCHURE

Current as of March 28, 2024

**Arbor Point Advisors, LLC**

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This brochure provides information about the qualifications and business practices of Arbor Point Advisors, LLC. If you have any questions about the contents of this brochure, please contact us at (800) 747-6111. Arbor Point Advisors, LLC is registered with the Securities and Exchange Commission (SEC) as a registered investment adviser. Registration does not imply any level of skill or training. The information in this brochure has not been approved or verified by the SEC or by any state securities authority.

Additional information about Arbor Point Advisors, LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. The CRD number for the Firm is 165127.

## **Item 2 - Material Changes**

The last annual update to the Arbor Point Advisors LLC (APA) Form ADV Part 2A and Part 2A Appendix was filed March 31, 2023. Since then, no material changes have occurred.

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## **Item 4 - Services, Fees and Compensation**

Arbor Point Advisors, LLC (“APA”) is registered as an investment advisor with the Securities and Exchange Commission (“SEC”), SEC File No. 801-77135, in order to offer investment advisory products and services to its advisory clients. Securities America, Inc. (SAI), APA’s broker-dealer affiliate, is registered with the SEC as a broker-dealer engaged in the offer and sale of securities products and is a member of the Financial Industry Regulatory Authority (“FINRA”). Advisory products and services are offered through certain Financial Advisors (“FAs”) who have registered as Investment Advisor Representatives (“Advisory Representatives”). Registration does not imply a certain level of skill or training. APA and SAI are wholly owned subsidiaries of Securities America Financial Corporation (“SAFC”). SAFC is a wholly owned subsidiary of Osaic Holdings, Inc. (“Osaic”), which is owned primarily by a consortium of investors through RCP Artemis Co-Invest, L.P., an investment fund affiliated with Reverence Capital Partners LLC. The consortium of investors includes RCP Genpar Holdco LLC, RCP Genpar L.P., RCP Opp Fund II GP, L.P. and The Berlinski Family 2006 Trust.

APA will henceforth be referred to as “we”, “us”, “our” or the “Firm”. The Program is presented to the client (“you”) by Advisory Representatives of APA.

### **Advisory Services**

In the Asset Management Services program, we offer highly customized and individualized investment strategy, crafted to focus on your specific goals and objectives. We provide this investment management service through accounts maintained at a qualified custodian recommended and selected by Arbor Point Advisors.

We offer Asset Management Services Program accounts where no separate transaction charges apply, and a single fee is paid for all advisory services and transactions (“Wrap Account”). For certain wrap accounts, the wrap fee is set-up so that the Advisory Representative pays the underlying ticket charges for securities transactions. When the Advisory Representative pays the ticket charges, a conflict exists that the Advisory Representative will trade less frequently which results in the Advisory Representative retaining a greater portion of the wrap fee. The Firm has policies and procedures to monitor and reduce the risk of this occurring.

We also offer Asset Management Services Program accounts with separate advisory fees and transaction charges (“Unwrapped Account”). As such, in addition to the monthly and quarterly account fee described below for advisory services, you will also pay separate per-trade transaction charges.

You must appoint APA as your investment advisor of record on specified accounts (collectively, the “account”). The account consists only of separate account(s) held by qualified custodian(s) under your name. The qualified custodian(s) maintain physical custody of all funds and securities of the account but you retain all rights of ownership (e.g., right to withdraw securities or cash, exercise or delegate proxy voting and receive transaction confirmations) of the account.

APA and your Advisory Representative do not act as custodians for any Asset Management Services Accounts. Generally, Charles Schwab & Co., Inc., Fidelity Institutional Wealth Services or another qualified custodian maintains custody of funds and securities. We have also entered into agreements with insurance companies that allow for managing and valuing your variable annuity accounts within the Asset Management Services program. The insurance companies’ custodians maintain custody of all variable annuity accounts.

The account is managed by us based on your financial situation, investment objectives and risk tolerance. Your Advisory Representative monitors the account and provides advice regarding buying, selling, reinvesting or holding securities, cash or other investments in the account.

We need to obtain certain information from you to determine your financial situation and investment objectives. You are responsible for notifying us of any updates regarding your financial situation, risk

tolerance or investment objective, although your Advisory Representative will contact you at least annually to discuss these matters. Your Advisory Representative is always reasonably available to consult with you regarding the status of your account. You have the ability to impose reasonable restrictions on your account, including the ability to instruct us not to purchase certain securities. You are responsible for notifying us if you wish to impose or modify existing investment restrictions.

When possible, assets in our programs are invested primarily in low cost mutual funds, usually through clearing and custodial firms or fund companies. Fund companies charge each fund shareholder an investment management fee that is disclosed in the fund prospectus. Clearing and custodial firms can charge a transaction fee when you buy funds. Stocks and bonds can be bought or sold through a brokerage account when appropriate. SAI, our broker/dealer affiliate, charges a fee for stock and bond trades. Charges for these products can be higher or lower than commissions you may be able to obtain if transactions were implemented through another broker/dealer custodian.

It is important that you understand your Advisory Representative manages investments for other clients and can give them advice or take actions for his or her own personal accounts that is different from the advice provided to you or actions taken for you. We are not obligated to buy, sell or recommend to you any security or other investment that we buy, sell or recommend for any other clients or for our personal accounts.

Conflicts can arise in allocating investment opportunities among accounts that we manage. We strive to allocate investment opportunities believed to be appropriate for your account(s) and other accounts advised by our firm equitably and consistent with the best interests of all accounts involved. However, there can be no assurance that a particular investment opportunity that comes to our attention will be allocated in any particular manner. If we obtain material, non-public information about a security or its issuer that we cannot lawfully use or disclose, we have absolutely no obligation to disclose the information to any client or use it for any client's benefit.

The client agreement between you and APA can be canceled by either party at any time. However, services provided continue until written notice of termination is given to the other party. Termination is effective upon receiving notice, although transactions in progress will be completed in the normal course of business. If the client agreement is terminated within 5 business days of signing, you receive a full refund of any investment management fees already charged. If services are terminated, any prepaid, unearned management fees are calculated and promptly refunded based upon the number of days remaining in the billing period after the termination date. Terminating the agreement does not affect the liabilities or obligations of APA, your Advisory Representative or you arising out of transactions initiated prior to termination or the provision regarding arbitration. These liabilities, obligations and provisions survive any expiration or termination of the agreement. At termination, you have the exclusive responsibility to monitor the securities in the account; APA and your Advisory Representative have no further obligation to act or provide investment services with respect to those assets.

## **Retirement Accounts**

There are additional fees relating to IRA and Qualified Retirement Plan accounts such as maintenance and termination fees. You will find these fees disclosed in the account application paperwork provided to you associated with these accounts.

Accordingly, you should review the Account Fee and the other fees outlined above to fully understand the total amount of fees you pay.

Depending upon the level of the Account Fee, your Advisor may receive more compensation:

- 1) as a result of your participation in the Program than if you participate in other programs that your Advisor offers.
- 2) if your Advisor charges you the Wrap Account Fee which wraps management, administrative and transaction costs into one fee rather than having you pay for these services separately.

As such, your Advisor could have a financial incentive to recommend the Program to you over other programs or services.

Advisory Representatives have the ability to purchase certain securities products outside of an advisory account, but which are held in the client's advisory account. Though these assets are not subject to the advisory account fee, you should be aware that the purchases are subject to commissions or loads which are earned by the Advisory Representative.

### **Administrative Services Provided by Orion Advisor Services, LLC**

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

Orion charges Arbor Point Advisors a fee for each account administered by Orion. The annual fee is paid from the portion of the management fee retained by Arbor Point Advisors.

### **Program Costs**

The maximum annual fee charged in the Asset Management Services Program is 3%. Our Advisory Representatives charge either (1) a fixed flat percentage fee on the total assets in the account, (2) a tiered fee schedule where the fee is calculated by applying different (decreasing) rates to different portions of the account (tiers) or (3) a linear fee where the percentage-based fee is lowered as asset volume thresholds are met. In a tiered fee schedule, assets in each tier are charged at the tier's corresponding rate. In a linear fee schedule, once when assets in the account exceed a set threshold, all of the assets are then charged at the lower percentage rate. Your Advisory Representative can choose to "bundle" related Asset Management Services accounts for you to achieve a break on management fees. Account bundling can be done on accounts with the same fee schedule and with clients in the same immediate family or under the same qualified plan. When accounts are bundled, the total average daily balance for all of the bundled accounts is used to determine the fee based on the fee schedule. This percentage is then applied to each account and the fee is charged to each respectively.

APA retains up to 0.25% of the Advisory Representative's annualized management fee as compensation for providing administrative and support services. APA and the Advisory Representative then splits the balance of the annualized management fee by a pre-determined payout schedule. Account bundling does not reduce our administrative fee; each account is priced separately for purposes of our administrative fee.

Management fees are billed in advance or arrears, as disclosed in the fee schedule, with the exception of the initial fee. The initial fee is billed in arrears based on the number of days that services were provided during the first billing period. Fees are calculated at the beginning of each period (monthly or quarterly) based on either the Average Daily Balance (ADB) or the Period Ending Balance (PEB) of the account assets under management for the previous period. APA retains the right to change the basis (ADB or PEB) upon which the management fee is calculated and/or the timing of billing (advance or arrears).

The market value of variable annuity accounts included in your portfolio can be included in calculating management fees. Fixed and fixed annuity holdings linked to your account are excluded from fee billing calculations as well as from management and/or valuation services. APA might not receive daily account valuation information for variable annuities from the insurance companies or their custodians. In limited

circumstances, management fees on certain variable annuity accounts can be based on the weekly or monthly average balance. You can pay more or less in management fees charged when the pricing is based on a weekly or monthly average balance compared to management fees charged when the pricing is based on the ADB. The ADB does not take into account unpriced securities or any days when accounts have a zero balance. You can also be assessed ticket charges on account transactions and other miscellaneous charges by the qualified custodian on account transactions.

Miscellaneous charges can include custodial fees levied by the custodian, and account assets can also be subject to additional fees and expenses as explained in the prospectus for mutual funds or exchange traded funds. At its discretion, APA and/or the Advisory Representative can exclude certain assets from the calculation of management fees.

Management fees are automatically deducted from your account according to authorization provided in your agreement for services. Management fees cannot be withdrawn or deducted from any variable annuity that is part of the account or which is being managed by your Advisory Representative.

If fees are deducted from an account, clients agree to maintain cash in an account investment vehicle to pay for fees and any other charges. If a client has not maintained adequate cash in the account to pay fees or other charges, APA reserves the right to direct the broker/dealer-custodian to liquidate a portion of the other account assets to cover those costs.

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

#### Sub-Advisor Fees in the Asset Management Services Program

Fees charged by an outside money manager or sub-advisor will be fully disclosed to the client. Sub-advisory or money manager fees can be paid by the Advisory Representative from the management fee he or she receives as disclosed in the client fee schedule. Paying fees to a money manager or sub-advisor may result in increased fees to the client. If such outside money manager or sub-advisor fees are not included in the management fee received by the Advisory Representative, then the client is solely responsible for their payment.

#### Brokerage, Custodial and Clearing fees

Commissions and other transaction charges, and any charge relating to the custody of securities in the account can be paid by the Advisory Representative from the management fee received. If the Advisory Representative discloses that such fees are not included in the management fee charged, the brokerage commissions and/or transaction ticket fees charged by the broker/dealer-custodian are billed directly to the client's account by the broker/dealer-custodian. APA and its Advisory Representative do not receive any portion of such commissions or fees from the client or the broker/dealer-custodian.

### **Mutual Funds**

Please be aware that Account Fees are charged on all mutual fund shares that are designated as Program Investments, including shares on which you have previously paid a sales charge. Also, to the extent that cash used for investments in an account comes from redemptions of your other non-managed mutual fund investments, you should consider the cost, if any, of the sales charge(s) previously paid and redemption fees that would be incurred. Such redemption fees would be in addition to the Account Fee on those assets. Please be aware that such redemptions and exchanges between mutual funds that participate in the Program might have tax consequences, which should be discussed with your independent tax adviser.

You will bear a proportionate share of the fees and expenses of any mutual funds selected and for money market funds used as "sweep vehicles" for uninvested cash balances. These fees and expenses typically include investment advisory, administrative, distribution, transfer agent, custodial, legal, audit and other

customary fees and expenses related to investment in Funds and are in addition to the Account Fee. Please read the prospectuses of the funds selected for a more complete explanation of these fees and expenses.

You have the option to purchase shares of mutual funds outside of the Program directly from the mutual fund issuer, its principal underwriter or a distributor without purchasing the services of the Program or paying the Account Fee on such shares (but subject to any applicable sales charges). Certain mutual funds are offered to the public without a sales charge. In the case of mutual funds offered with a sales charge, the prevailing sales charge is determined by the mutual fund (as described in the mutual fund prospectus) and may be more or less than the applicable account fee.

Mutual funds generally offer multiple share classes available for investment based upon certain eligibility and/or purchase requirements. For instance, in addition to the more commonly offered retail share classes (typically, Class A, B, and C shares), certain mutual funds also offer institutional share classes and other share classes that are specifically designed for purchase in an account enrolled in fee-based investment advisory programs. Institutional share classes or classes of shares designed for purchase in an investment advisory program usually have a lower expense ratio than other share classes. Clients should not assume that they will be invested in the share class with the lowest possible expense ratio.

### **Variable Annuities**

Variable annuity companies generally impose internal fees and expenses on your variable annuity investment, including contingent deferred sales charges and early redemption fees. In addition, variable annuity companies generally impose mortality charges. These fees are in addition to the fees and expenses referenced above. Complete details of such internal expenses are specified and disclosed in each variable annuity company's prospectus. Please review the variable annuity prospectus for full details.

## **Item 5 - Account Requirements and Types of Clients**

### **Types of Clients**

The Program is available to individuals (including high net worth individuals), banking or thrift institutions, pension and profit sharing plans, trusts, estates, charitable organizations, corporations, state and municipal governmental entities, as well as other business entities.

### **Minimum Account Size**

The minimum account size is \$25,000, which, in certain scenarios, is waived by the Advisor. This includes but is not limited to instances where the client intends to bring in additional assets or the account depreciates.

## **Item 6 - Portfolio Manager Selection and Evaluation**

Your Advisory Representative is the sole portfolio manager available with respect to the Program. Because your Advisory Representative is the portfolio manager in this Program you acknowledge that you have chosen him or her to act in this capacity. Advisory Representatives are selected by their Firms based on various criteria including experience.

## **Item 7 - Client Information Provided to Portfolio Managers**

Your personal identification, account and holdings data are disclosed to your Advisor to enable your Advisor to help determine the Program Investments that are suitable for you.

Your Advisor provides us with access to the following client related information: (i) account opening documents (which include, among other things, your investment objective, risk tolerance and any account

restrictions you imposed on management of assets); (ii) your investment guidelines (if applicable); and (iii) reports relating to the performance of your account.

Please refer to the Firm's Privacy Policy located at [www.arborpointadvisors.com/disclosures](http://www.arborpointadvisors.com/disclosures) to find details.

## **Item 8 - Client Contact with Portfolio Managers**

### **Client-Advisor Relationship**

You are encouraged to contact your Advisor with respect to any changes regarding your investment objectives, risk tolerance and requested restrictions with respect to management of your Program Investments. You should direct any questions that you have regarding the Program to your Advisor.

## **Item 9 - Additional Information**

### **Disciplinary Information**

Not applicable. Neither we, nor any of our management personnel have been involved in any disciplinary events that are material to your evaluation of our programs or the integrity of our management.

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

Advisors that offer the Program may be "Related Persons" to us. You should see the ADV Part 2A of your Advisor that will be provided to you for information regarding any of their other financial industry affiliations and for any associated conflicts of interest.

### **Code of Ethics**

We have adopted a Code of Ethics (the "Code") to address securities-related conduct. The Code focuses primarily on fiduciary duty, personal securities transactions, insider trading, gifts, and conflicts of interest. The Code includes our policies and procedures developed to protect your interests in relation to the following topics:

- The duty at all times to place your interests first;
- The requirement that all personal securities transactions be conducted in such a manner as to be consistent with the code of ethics and to avoid any actual or potential conflict of interest or any abuse of an employee's position of trust and responsibility;
- The principle that investment adviser personnel should not take inappropriate advantage of their positions;
- The fiduciary principle that information concerning the identity of security holdings and your financial circumstances is confidential; and
- The principle that independence in the investment decision-making process is paramount.

This response is only intended to provide you with a summary description of our Code of Ethics. To review our Code of Ethics in its entirety, please see the Disclosures section of the Firm's website at [www.arborpointadvisors.com](http://www.arborpointadvisors.com).

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



Individuals who are covered by our Code ("Access Persons") can buy or sell securities identical to those recommended to you for their personal accounts. In addition, any of our Related Person(s) may have an interest or position in securities which are recommended to you. Our Code requires Access Persons to report their personal securities holdings for review by us.

#### Participation or Interest in Client Transactions

Your Advisor, who may be a Related Person to us, can recommend or buy and sell securities that it or its Related Persons' have a financial interest in. Please see the ADV Part 2A of your Advisor for further details on these financial interests and associated conflicts of interest.

#### **Brokerage Practices**

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

If clients contract for our Asset Management Services Program, we require them to use particular broker/dealers recommended or approved by us. Please note that not all investment advisors require the use of particular broker/dealers. Some investment advisors permit clients to use any broker/dealer of the client's own choosing. In very rare cases, we may work with a client that wants to direct us to use a particular broker/dealer. In such cases, those clients must understand that we may be unable to effectively negotiate brokerage compensation on the client's behalf. When directing brokerage business, clients should consider whether the commission expenses and execution, clearance and settlement capabilities that they obtain through their selected broker/dealer(s) are adequately favorable in comparison to those that we would otherwise obtain for our clients. Clients with client-directed brokerage arrangements should also understand we may be limited in our trading ability (compared to platforms recommended by Arbor Point Advisors) and may be required to execute client directed trades after trades are implemented through accounts at our preferred platforms. Clients are encouraged to discuss available alternatives with their Advisory Representative.

When selecting brokerage platforms for client accounts, we consider standard benefits that are available without cost to all investment advisor firms using the platform, including our firm. These benefits include, but are not necessarily limited to, the following products and services: receiving duplicate client statements and confirmations; research related products and tools; access to a trading desk serving APA account participants; the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client accounts; the ability to have advisory fees deducted directly from client accounts; access to an electronic communications network for client order entry and account information; and access to mutual funds with no transaction fees. Some of the products and services made available by a broker/dealer through their program may benefit APA but may not benefit client accounts. These products or services may assist APA in managing and administering client accounts, including accounts not maintained at the broker/dealer providing the benefit.

APA may also receive additional services which can include assistance with transitioning assets to custodial platforms. Without these arrangements, APA might be compelled to purchase the same or similar services at its own expense. As a result of receiving such services for no additional cost, APA may have an incentive to continue to use or expand the use of a custodian's services. APA examines these potential conflicts of interest when it chooses to enter into a relationship with a custodian to determine that the relationship is in the best interests of APA's clients and satisfies its client obligations, including its duty to seek best execution. Clients can pay a commission that is higher than another qualified broker/dealer might charge to affect the same transaction where APA determines in good faith that the commission is reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including the

value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although APA will seek competitive rates, to the benefit of all clients, it may not necessarily obtain the lowest possible commission rates for specific client account transactions. Although the investment research products and services that may be obtained by APA will generally be used to service all of its clients, a brokerage commission paid by a specific client may be used to pay for research that is not used in managing that specific client's account. APA and the qualified custodians are not affiliates, and no broker/dealer affiliated with APA is involved in the relationship.

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

### **Clearing and Custodial Arrangement**

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

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

### **Schwab Advisor Services**

APA can also recommend or require that clients establish brokerage accounts with the Schwab Advisor Services division of Charles Schwab & Co., Inc. (Schwab), a registered broker/dealer, member SIPC, to maintain custody of clients' assets and to effect trades for their accounts. The final decision to custody assets with Schwab is at the discretion of clients, including those accounts under ERISA or IRA rules and regulations, in which case the client is acting as either the plan sponsor or IRA accountholder. APA is independently owned and operated and not affiliated with Schwab. Schwab provides APA with access to its institutional trading and custody services, which are typically not 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. Schwab's services include brokerage services that are related to the execution of securities transactions, custody, research (including that in the form of advice, analyses and reports) 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.

Schwab generally does not charge separately for custody services for APA client accounts maintained in its custody. Instead, it is generally compensated through commissions or other transaction-related or asset-based fees for securities trades that are executed through Schwab or that settle into Schwab accounts. Because APA pays Schwab the execution costs associated with securities transactions, there is a potential disincentive to trade securities. Arbor Point Advisors does not receive any portion of the commission or fees from either Schwab or from clients.

In addition, clients can incur certain charges imposed by third parties other than us in connection with investments made through your account including, but not limited to, wire fees, overnight check fees, mutual fund sales loads, 12b-1 fees and surrender charges, variable annuity fees and surrender charges and Advisory Representative and qualified retirement plan fees. APA's fees are separate and distinct from the fees and expenses charged by investment company securities that may be recommended to you. A description of these fees and expenses is available in each security prospectus.

The Arbor Point Advisors Asset Management Services program can cost clients more or less than if the assets were held in a traditional brokerage account. In a brokerage account, clients are charged commissions for each transaction and the Advisory Representative has no duty to provide ongoing advice with respect to the account. If clients plan to follow a buy and hold investment strategy for the account or do not wish to purchase ongoing investment advice or management services, they should consider opening a brokerage account rather than an Asset Management Services account.

Schwab also makes available to APA other products and services that benefit us but may not benefit our clients' accounts. These benefits can include national, regional, or specific APA educational events organized and/or sponsored by Schwab Advisor Services. Other potential benefits can include occasional business entertainment of APA personnel by Schwab Advisor Services personnel, including meals, invitations to sporting events (including golf tournaments) and other forms of entertainment, some of which may accompany educational opportunities.

Other of these products and services assist Arbor Point Advisors in managing and administering clients' accounts. These include software and other technology (and related technological training) 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 Arbor Point Advisors' fees from its clients' accounts, and assist with back-office training and support functions, recordkeeping and client reporting. Many of these services generally may be used to service all or some substantial number of Arbor Point Advisors' accounts, including accounts not maintained at Schwab Advisor Services.

Schwab Advisor Services also makes available to Arbor Point Advisors other services intended to help Arbor Point Advisors manage and further develop its business enterprise. These services may include professional compliance, legal and business consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance, employee benefits providers, human capital consultants, insurance and marketing. In addition, Schwab can make available, arrange and/or pay vendors for these types of services rendered to Arbor Point Advisors by independent third parties. Schwab Advisor Services can discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to Arbor Point Advisors. As a fiduciary, Arbor Point Advisors endeavors to act in its clients' best interests, but its recommendation and/or requirement that clients maintain their assets in accounts at Schwab can be based in part on the benefit to Arbor Point Advisors of the availability of some of the foregoing products and services and other arrangements and not solely on the nature, cost or quality of custody and brokerage services provided by Schwab. This may create a potential conflict of interest.

### **Fidelity Institutional Wealth Services**

Arbor Point Advisors can also recommend or require that clients establish a brokerage account with Fidelity Institutional Wealth Services (Fidelity) to maintain custody of clients' assets and to effect trades for their accounts. Arbor Point Advisors is independently owned and operated and is not affiliated with Fidelity.

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

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

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

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

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

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

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

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

## **Order Aggregation**

When possible, Arbor Point Advisors and your Advisory Representative can aggregate client transactions to improve the quality of execution. Mutual funds held in client accounts do not lend themselves to aggregate or block trades. To the extent other securities are purchased that do lend themselves to aggregating or block trading (e.g., stocks or exchange traded funds), Arbor Point Advisors and your

Advisory Representative can aggregate client transactions or allocate orders whenever possible. Arbor Point Advisors and our Advisory Representatives allocate trades to advisory clients in a fair and equitable manner that is applied consistently to all clients. When trades are not aggregated, clients may not enjoy the effects of lower transaction per share costs that often occur as a result of aggregating trades. As a result, you can pay a higher transaction cost than could be received elsewhere. Personal accounts of our Advisory Representatives, associated persons and their family members are not treated more favorably than any other client account. Arbor Point Advisors and your Advisory Representative strive to allocate investment opportunities believed to be appropriate for their client's account and other accounts in a manner that is consistent with the best interests of all accounts involved. However, there can be no assurance that a particular investment opportunity that comes to Arbor Point Advisors or your Advisory Representative's attention will be allocated in any particular manner. You should be aware that if an order is not aggregated, you can pay higher brokerage costs.

### **Trade Errors**

Occasionally, a trading error can occur where either we, or our Advisory Representatives, are at fault for effecting one or more erroneous securities transactions for a client's brokerage account. If this occurs in your account, the error will be corrected, and your account will be restored to the same economic position had the error never occurred. In the process of restoring your account, a profit may be realized, or a loss suffered in connection with correcting this error. Neither losses nor gains realized will be passed on to you. As a result, trade corrections can result in a financial benefit to us or our affiliated broker/dealers.

By opening an account with us, you are directing us to follow the error correction policy described above and to retain the financial gains, if any, recognized from error-correction transactions in the manner described as the payment of reasonable compensation for services provided.

### **Recommendation of Securities America, Inc.**

Clients can choose to work with Advisory Representatives on a strictly commission basis to implement advice; if they do, clients must work with an Advisory Representative who is also a registered representative of our affiliated broker/dealer, Securities America, Inc. When acting in their separate capacity as registered representatives, they are required to use the services of SAI and SAI approved clearing broker/dealers. SAI serves as the introducing broker/dealer; all accounts established through SAI will be cleared and held at NFS or Pershing.

SAI has a wide range of approved securities products for which it performs due diligence prior to selection. SAI's registered representatives are required to adhere to these products when implementing securities transactions through SAI. Transaction fees charged for these products can be higher or lower than transaction fees clients can obtain if transactions were implemented through another broker/dealer.

### **Review of Accounts**

Your Advisor periodically reviews your account and contacts you at least annually. For further account review details, please see the ADV Part 2A of your Advisor.

### **Custodial Referrals and Economic Benefits**

Some clearing and custodial firms can refer financial professionals to Arbor Point Advisors to possibly join our firm as Advisory Representatives. Any such referring broker/dealer or clearing/custodial firm does not supervise Arbor Point Advisors and has no responsibility for supervision of our Advisory Representatives, managing client portfolios or other advice or services. We have the final authority and responsibility for approving all Advisory Representatives licensed with our firm. Our receipt of Advisory Representative referrals from these firms raises potential conflicts of interest. Such firms will most likely refer potential Advisory Representatives to Arbor Point Advisors when we encourage those Advisory Representatives' clients to custody their assets at the referring firm and whose client accounts are profitable to that firm. Consequently, in order to obtain Advisory Representative referrals, Arbor Point Advisors has an incentive

to recommend to clients that the assets under management by Arbor Point Advisors be held in custody with the referring firm and to place transactions for client accounts with that same firm. Our arrangement does not diminish our duty to seek best execution of trades for client accounts. A referring custodial or clearing firm does not receive solicitor or referral fees from us for providing Arbor Point Advisors with a potential Advisory Representative referral.

### **Indirect Compensation and Revenue Sharing Disclosure**

The Advisor and Broker-Dealer offer a range of investments and services to its clients. As you work with your Advisory Representative to determine the right investments and services to achieve your investment goals, it is also important for you to understand how your Broker-Dealer, Advisor, and Advisory Representative are compensated. This is because various forms of compensation create potential conflicts of interest, and it is important for you to assess potential conflicts of interest in making investment decisions. To better understand how your Advisor and Advisory Representative are compensated, please refer to APA's Form ADV Part 2A. For additional information regarding Broker-Dealer and APA compensation please refer to the "Indirect Compensation" disclosures in the "Disclosures" section of our website [www.arborpointadvisors.com/disclosures](http://www.arborpointadvisors.com/disclosures).

### **Client Referrals and Other Compensation**

As Program Sponsor, we receive a portion of the Account Fee as described in Item 4 above. For further details on compensation and other economic benefits that your Advisor receives, please see their ADV Part 2A.

### **Financial Information**

This item is not applicable to Arbor Point Advisors. The Program does not allow, require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance. Therefore, we are not required to include a balance sheet for our most recent fiscal year. We have no financial condition that might impair our ability to meet our contractual commitments to clients and have never been the subject of a bankruptcy proceeding.